



Lessons from implementing the Digital Economy Kit: Moving from diagnosis to action

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Introduction

For the past two years, Digital Pathways at Oxford (originally the *Pathways for Prosperity Commission*) has been developing, piloting and supporting the roll out of its [Digital Economy Kit](#); a toolkit to deliver digital transformation. The kit is a process by which countries develop a home-grown strategy for digital transformation, bringing together stakeholders across government, business and citizens' groups, and balancing key trade-offs that come with structural change.

Across 2019 and 2020 we have worked with six countries to use the toolkit: South Africa, Mongolia, Ethiopia, Benin, Bangladesh, and Malawi; each with variation of emphasis to suit the country context and specific situation. This has led to significant impact. For instance, in Ethiopia, the resulting strategy was published by the Prime Minister's Office. In South Africa, large swathes of the policy recommendations went into the President's jobs plan, while others were implemented by self-organising industry groups outside of government, and others still were implemented through a whole-of-government master planning process. In Malawi the identified opportunities are already feeding into the country's next Five Year Plan.

The toolkit process is as much about the politics of economic and social transformation, as it is about technical matters of digitalisation or growth. Inclusion, for instance, is a major objective in the development of the digital transformation strategy. There will always be relative winners and losers during significant change – our toolkit aims to catalyse inclusive, constructive dialogue on the trade-offs, leading to a lasting agreement for digital transformation. For this reason, we think there are lessons from our experience that generalise well to other initiatives that are trying to achieve durable impact and change where the country is in the driver's seat.

In practical terms, the Digital Economy Kit is a three-step process which begins by conducting an in-depth diagnostic assessment of the kit's key pillars (infrastructure, people, finance, and policy & regulation). This is followed by dialogues with relevant stakeholders to assess trade-offs and articulate shared priorities. Finally, this culminates in what we have called a 'strategy primer' for national digital transformation. Note that we call it this because only the national government, and they alone, should write the country's strategic plans. Our strategy primer is not meant to be the final word in the government's policy, but the start of more integrated whole-of-government planning, capturing insights, priorities and key lessons from the three-part Kit process.

1. Put countries in the driver's seat

The successful implementation of the toolkit and uptake of the outputs of the process hinge on strong country ownership and leadership. In practice, this means that we have only supported implementation of toolkits in countries where there is strong demand for the process from senior government leadership who will endorse or effectively sponsor, the project. In the case of Ethiopia, this was the Minister for Innovation and Technology, the Minister of Finance and the Prime Minister's Office; in South Africa, demand came from a multi-stakeholder leadership group with endorsement from the Presidency's technology commission for instance.

Having a senior sponsor in a country helps bring other stakeholders to the table - when otherwise, they might decline what could be seen as an academic exercise - and gives the project local legitimacy. It also helps to garner support around a whole-of-government approach to supporting digital transformation - in other words the vital notion that if a country wants to reap the full benefits of a digital transformation, this will need the collaboration of a wide range of line ministries, not simply an ICT department or digital agency. The latter model is doomed to death by silo (for more on this, see below).

While foreign donors often provide money to carry out the work, it is important that their own priorities and interests do not shape it. Of course, we have made sure to include bilateral and at times multilateral donors in stakeholder dialogues or consultation sessions, but we keep agenda-setting and project steering firmly in the hands of country leaders and political sponsors. We have not let funders editorialise or dictate the strategy, and generally they have not been involved in steering groups or project leadership - because they've understood the fundamental importance of change not being driven from the outside.

On that note, the role of our team at Oxford is largely one of light-touch advisory support, not authorship. We bring in perspectives and lessons from other countries where we have run similar projects. But the real work - the analysis and network-building - is done by our in-country partners; often a local research institute or consultancy. Point 4 below discusses the role of these in-country partners further.

To reiterate: ultimately for the strategy to have resonance and to be implemented, it has to be owned by local stakeholders - and not just in a token sense, but in a sense of true authorship. This is far more important than having a strategy written by development contractors or an academic institution like Oxford, even if it means that, at times, we have ended up with outputs that are less polished than we might have written ourselves.

2. Include central (oversight) agencies with broad mandates across the economy in addition to ICT departments

Digital transformation – in its full expression – will broadly impact across a country, including fundamental economy-wide shifts in labour, production, trade and service delivery. To ensure success in the countries where we have delivered the Digital Economy Kit, we made sure that government engagement went beyond digital agencies to promote a whole-of-government approach.

Many countries place all “digital” issues under a single line department; often a niche technical agency with a narrow mandate (in one country, our main government contact point was a service delivery “e-government” agency, in another country, the telecommunications agency). A common challenge we faced is that senior political sponsors from these agencies only engaged closely with issues relevant to their (narrow) mandate. This risked overlooking some of the ideas in transformation with the most potential – such as automating factory production lines, or creating new digital marketplaces.

To ensure a whole-of-economy perspective, we purposefully expanded the set of relationships involved in the process, consciously drawing in government leaders with broader mandates. In Benin, the project was co-led by the Digital Transformation Ministry and the Presidency. In Malawi, the main government sponsor was the National Planning Commission, which already had a broad whole-of-economy mandate.

Apart from maintaining the breadth of the Digital Pathways intellectual framework, close involvement with central agencies (such as a presidency or planning ministry) ensures that the outputs of the process are aligned with the departments which hold central decision-making power, and that there is a credible path to implementation across the government. Indeed, involving a range of line ministries from the outset not only promoted the full ownership, but meant that implementation was as far as possible baked, as the ministries had been part of building the process, and could clearly see how its outcome would benefit their mission.

3. An all-inclusive approach to stakeholder participation to create broad support and ownership

The previous points discuss the importance of government leadership. In addition to this, we have found it important to support the building of a diverse governance structure, rather than concentrating ownership in a single person or entity.

Wherever possible, we have strongly encouraged the involvement of private sector actors as well as civil society representatives in project governance (and in that process having them become co-owners, rather than stakeholders for consultation). This ensures that the process has broad visibility, and instils a commitment and sense of ownership in major stakeholders outside as well as inside of government. It also means there are a greater number of potential champions for the resulting policy recommendations.

Champions can move on: in some of the countries we worked with, such as Malawi, elections were held during (or shortly after) the project: the broad base of support and ownership that had been established meant the long-term implementation of the strategy was robust to shuffling of personnel and priorities.

An added benefit is that this also creates a deeper pool of people to implement reform. Our projects formally conclude with a strategy primer, a document. When it comes to *implement* the components of the strategy, we have seen the governments still have to further triage and prioritise because of capacity constraints – no government has (yet) been able to simultaneously implement every component of their strategy primer. However, in countries with many actors involved in toolkit project governance, we saw other actors (such as business groups) pick up components of the strategy and implement in parallel with the government.

In some countries, such as South Africa, this broad leadership was formalised in a steering committee, largely composed of CEOs of major national corporations and ex-civil service leaders. In other countries, such as Mongolia, this was more informal: a series of regular, bilateral meetings between the local project team and several supporters of the process across the business community and civil society. In spite of this informality, by the end of the process in Mongolia, we had significant buy-in from these external leaders. (We discuss how to include the voices of marginalised people in point 6 below.)

4. Find in-country partners that can balance analytical excellence and political nous

We chose in-country partners by seeking institutions with skills along two key dimensions: technical analysis and political connectedness. In other words, the ideal choice is a local organisation (for the reasons outlined above) that are analytically capable, with strong government connections and trust.

An good example of optimising along both dimensions is our partnership with Genesis Analytics in South Africa, a pan-African economic consulting firm with a strong analytical focus coupled with decades of engagement specifically with the South African government.

We also worked with Genesis in Malawi, where they have a shorter history of work don't have the same depth of connection with the government, and don't have a physical presence (so is neither a domestically-owned organisation, nor one that has an office in the country), but we had not been able to identify a Malawian institution with the right technical capabilities. To compensate for this, we worked closely with the Malawian National Planning Commission to bring senior stakeholders to the table and anchor the process in their premises. We also included a Malawi-based consultant in the team. In Bangladesh, a similar situation was resolved, again by engaging an additional consultant – an ex-civil servant who spent over a decade as a secretary of several departments – to help the BRAC Institute of Government and Development team (our main partners) navigate their engagements with the government.

The reverse was true in Ethiopia, where we worked with the Tony Blair Institute for Global Change. The Institute already had a strong team of Ethiopians working with the most senior members of government and embedded in various line-ministries. Their local team is well connected to and trusted by the upper echelons of the government and business communities, and understands the complex authorising environment. But they didn't have analytical economists within their existing team, so we brought in an external consultant to support this side of the work.

The ultimate goal of the toolkit is to influence long-term policymaking, this isn't possible without *both* analytical strength and political nous. In one case, we contracted with an in-country partner based on their pitch to do all the work themselves, but it turned out they did not have adequate expertise on one of the dimensions above. We have not shied away from course correction when there are bumps in the road; and we have responded by bringing in additional support, re-allocating elements of budgets to other providers, and creating a hybrid delivery team as the situation has demanded. Working on fast-moving and contentious issues requires active management on our part, we have to constantly adapt our process to best fit the specific country context.

5. Actual success depends as much on bureaucrats as it does on grand politics

For the project to be effective and sustainable, it is necessary to embed it in the public sector agenda. In the earlier parts of this note, we discussed buy-in from high-level leaders in government and society. But this is not enough: top political leadership is a necessary, *but not sufficient*, condition for success. Successful implementation will depend on the work of many mid-level civil servants.

Our best and most successful projects over the long-term also established an implementation runway comprised of such mid-level civil servants that understand the new mandate being developed and were able to support it.

In some countries we observed a gap in getting from the strategy primer to implementation – the public sector couldn't immediately execute on the vision developed by high-level leaders. For instance, in one country, non-digital line ministries were unprepared for an expanded mandate, and several parts of the strategy fell by the wayside as they were delegated out for implementation. In another country, a non-digital line ministry was eager to support the strategy, but their lack of experience in the field meant that it took over a year for them to understand and plan the operational changes needed. This wasn't for lack of organisational will from leadership, but simply a lack of understanding, motivation, and capacity from the middle-managers down.

It is impractical to involve junior civil servants from every line agency in every part of the strategy formation process. But we did find we had more long-term success in countries where mid-level bureaucrats were engaged in the process. For instance, in some of the South African dialogue sessions we had civil service managers (at the division head level) join relevant discussions, and this helped build understanding and momentum beyond the secretary/ministerial level.

A final important point is that while our process helps countries identify and articulate a strategy, it doesn't necessarily mean that agencies will be given additional budget or resources to implement these priorities. Indeed, this is the capacity constraint we mentioned briefly above in point 3. We often continue to work with countries beyond the conclusion of our projects to help fundraise and plan for implementation (precisely because before a policy is owned by a line ministry as part of a strategy, it will not have budget or people attached to it to get it to a place where it can be part of that strategy. We have continued to support to ensure that implementation doesn't get stuck in a Catch-22 situation). For instance, in South Africa, we funded a project working with the MNO sector and government to develop new data pricing models. And in Ethiopia, we are helping line ministries package reform priorities into fundable projects for donors. We also continue to convene a group of implementation leaders from across the countries we work with, helping them to learn from each others' experience of the transition from strategy to implementation.

6. We intervene judiciously to ensure that inclusion is central to work and not peripheral

Our projects have a strong element of elite sponsorship: we ultimately want national leaders to take forward the strategy, so we want them to own the process from the beginning. But this means we make a deliberate effort to ensure this doesn't result in elite capture, where the agenda is entirely set by CEOs and ministers. This is not a question of malign intent (although of course this can be about deliberate exclusion): our experience has been rather that the people in the halls of power do not always think to include marginalised groups.

When included in the discussion, civil society groups, local governments, and non-governmental organisations can help identify knowledge gaps and enrich discussion of real trade-offs. However, the inclusion of these groups, often seen as low-priority stakeholders, tends to become an afterthought in the execution of the process unless it is embedded from the onset. We saw this happen in some of our project countries, where the in-country project team made impressive inroads working with ministers and CEOs, but only made a minor effort to expand the discussion to other groups. Frankly, the incentive for everyone involved is to cater to the interests of, and be visible to, the elite sponsors in the presidency or the minister's office. We took it upon ourselves to push against this.

Our project in Mongolia was an instance where this tension was successfully managed. During the dialogue sessions, a representative from a slum district described the true state of digital disconnection and patchy service provision experienced in their community. This was news to the MNO executives and government leaders: their official statistics obscured these experiences. Indeed, this challenged the prior assumptions of government members, who had not thought it would be a priority at all until they heard this first-hand account. And in Ethiopia, interviews and field visits by the project team with state-level governments helped start crucial discussions on the country's transport infrastructure.

7. All documents should present an analytical narrative, not just facts and figures

The objective of project outputs (in our case, the diagnostic assessments and the strategy primer) is to illuminate gaps in digital readiness, identify opportunities, and make a case for joint solutions and economy-wide reform. This straddles the border between being a document intended for a technical audience and one for a political audience. The ultimate consumers of the recommendations from our process are political decision-makers and business leaders, and they will respond to a document that clearly outlines actions to be taken and limitations to be overcome.

For these projects, we made a strong effort to establish a clear analytical narrative which threads together the data and evidence. In some cases this was not easy; we had a wide variation in the approach of our in-country partners. Some of our more academic and research-oriented partners could produce a solid descriptive technical report (eg. gathering and analysing statistics on digital connectivity), but struggled to make the judgement calls required to tell the reader what it actually *means* for the country's economic strategy.

This can be resolved in a number of ways. In some countries – such as South Africa – the process created hypothetical scenarios of the future, with the technical analysis often referring back to one or another of these scenarios. Case studies are also a particularly useful tool. Even if they are anecdotal or singular examples, they help an otherwise abstract analysis resonate with country leaders. Examples like these can demonstrate the art of compromise, illustrate pitfalls, provide benchmarks from comparable countries. They can also help motivate domestic leaders with a sense of competitiveness. In Benin, for instance, we continually referred to a handful of comparator countries, to elucidate how Benin's trajectory (and needs) are different or similar to other well-known countries.

Conclusion

In our experience, the Digital Economy Kit has proven most effective when the process is inclusive, tailored to the needs of the partnering country, and has meaningful buy-in from domestic leadership, as set out in this note.

As we partner with more countries, and as the completed projects move from strategy to implementation, our experience of what works, and where the challenges lie, will grow as well. Thus, while these lessons are a reflection of the unique challenges that we have faced in the projects undertaken thus far, this note is very much a living document, and future projects will undoubtedly add more lessons and help further develop the existing ones identified.

But what we are clear about is that the Digital Economy Kits have resulted in rapid impacts (such as the Ethiopian digital strategy which went from initial discussion to sign off in less than six months – albeit because this was a key priority for the Prime Minister), and that the way they have been delivered has deviated significantly from the typical model of development project or capacity building exercise. We have tried to capture in this note the essence of that deviation, in the hope that this may inspire others to model their support to developing countries – in the digital space but also more broadly – along similar lines. In turn, we continue to learn from our policy maker and other colleagues and counterparts in our partner countries, and look forward to adapting our process further in the future so that we can better serve improved policymaking – the very mission of the Blavatnik School of Government – going forward.



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