

# A Digital led Recovery for Developing Economies

Thursday, 6 May, 2021 - 11:00



Around the world, the COVID-19 pandemic has tested the limits of health care services, exacerbated poverty, reduced employment, disrupted businesses, and destabilized societies at extraordinary levels. While the world is still **struggling to recuperate from the debilitating effects of the pandemic**, digital transformation is an area that has witnessed unprecedented levels of progress. To quote Satya Nadella, CEO of Microsoft, "two years' worth of digital transformation has been achieved in two months".

# Pandemic Driving the Digital Transformation

The world has witnessed an aggressive acceleration of technologies like Cloud computing, Big Data, AI, and much more associated with the Fourth Industrial Revolution (FIR). Highly digitalized nations like Taiwan and South Korea were able to achieve great successes in combating the virus through the integration of digital technology in their COVID-19 containment and mitigation processes, including live monitoring of **potential cases and sophisticated use of medical data**.

Technology-based businesses have seen the largest growth during the pandemic, with internet traffic increasing significantly since the outbreak. Organizations have now seen the benefits of working-from-home, which have **significantly cut down costs** but not necessarily at the expense of productivity. In the span of only one week, Microsoft's online collaboration software, Teams, saw a 40% spike in active users. Amazon hired 175,000 additional people to meet new demands. Netflix enjoyed 16 million new signups during the first three months of 2020.

## The risk for developing countries of being left behind

Given this ongoing digital transformation, labor markets are facing an intense upheaval as employees and organizations adapt to skills and processes in the workplace that are continuously evolving. Countries that are ill-equipped to handle this paradigm shift stand to suffer from future political and economic instability. Underdeveloped countries, in particular, are at high risk as they are the last to adopt —and adapt to — new technologies. Hence, there remain significant barriers for developing and underdeveloped economies **towards driving global digital**

**transformation.** In the LDCs, only 1 out of 5 people is connected to the internet, while in most developing nations less than 5% people shop online. The quality of broadband connection is also a major barrier as many southern economies barely get proper 3G connection while the developed world is preparing for 5G technology. Consequently, mobile data is extremely expensive; ultimately limiting access to many essential activities done digitally. A recent study in Bangladesh found that Distance Learning Programs conducted through television, radio, and internet were largely ineffective. An interview covering around three thousand respondents indicated that roughly 70% of the students did not participate in the programs, while around 58% of them cited 'lack of devices' as **the reason behind the program's failure.**

The gendered impact of the digital transformation are another matter of grave concern in developing economies, given the disadvantage women face around access to digital technologies and the skills necessary to use them. Even before the pandemic, the World Bank reported that 300 million fewer women than men in low and middle income countries use mobile internet. In India, where the gender gap in smartphone ownership is around 60%, **women were likely to be excluded from Covid relief and government digital cash transfer programs.**

## Hopeful signs during the pandemic

Historically, developed economies have led digital innovation efforts, in lieu of their rich, stable, and democratic economies. 19 out of the top 20 most innovative economies worldwide are developed countries, with the exception of China. However, unlike previous cases, many of the recent digital transformations occurred in developed, developing, and underdeveloped nations alike. While the pandemic has isolated many of the southern economies from its developed, northern counterparts, it has also provided an extraordinary opportunity to **show the merit and resilience of people from the developing South.** They have devised ways to use technology that does not exclusively cater to a certain group, but for the wider population at large.

One of the key constraints in developing economies is connectivity and access to smartphones, which limit people's ability to access data-heavy contents. For any intervention to be successful, these limitations need to be taken into account. Solutions need to work on simple handsets and slower, 3G networks to ensure they can reach a large portion of the population. For example, an initiative in Botswana between the government and an NGO provided after-school text message learnings for students to ensure **the continuation of education through mediums that they can afford and can access**. Countries such as India, Cambodia, and Bangladesh have effectively utilized digital and social media platforms to swiftly develop and transmit free educational content to students. Elsewhere in Tanzania, a food distribution portal has gained significant traction during the pandemic, while in Kenya, a telephone-based application for contact-tracing has achieved significant success. In addition, drones have been used to deliver samples to medical laboratories in Rwanda and Ghana during lockdowns.

## The Way Forward

While developing economies have demonstrated resilience in their response to the pandemic, the crisis has shown that for the world to move forward through digital transformation, there is no alternative to inclusivity. Increased international cooperation in closing the digital divide is currently of the utmost importance, as well as the mitigation of human rights violations in digital contexts and, importantly, the establishment of citizens' and institutions' ability to keep up with the digital transformation. Governments need to direct investment towards reskilling and upskilling, especially for young people, **to keep up with automation and the loss of jobs created by technological advancements**.

Human rights and dignity need to be put at center stage. Rather than coming up with short-term initiatives, governments ought to plan long-term, sustainable solutions. No longer viewed as a luxury, but a human right, the provision of **safe, affordable, inclusive, and universal internet services needs to be prioritized**. Most importantly,

the usage of digital technologies must be based on the principles of transparency, accountability, and inclusion, especially when it comes to citizens' personal data and their right to privacy.

Every industrial revolution in the past has required a catalyst to propel it to the next level: for better or worse, the pandemic might be that ideal catalyst spurring the world to its next development stage, aided by digital technologies. However, the challenge is to ensure inclusivity that takes into consideration the needs of the poor and marginalized, so that no one is left behind in the digital revolution and resulting digital transformation.

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