
Digital Transformation Polices: *Learnings from other Developing Countries*

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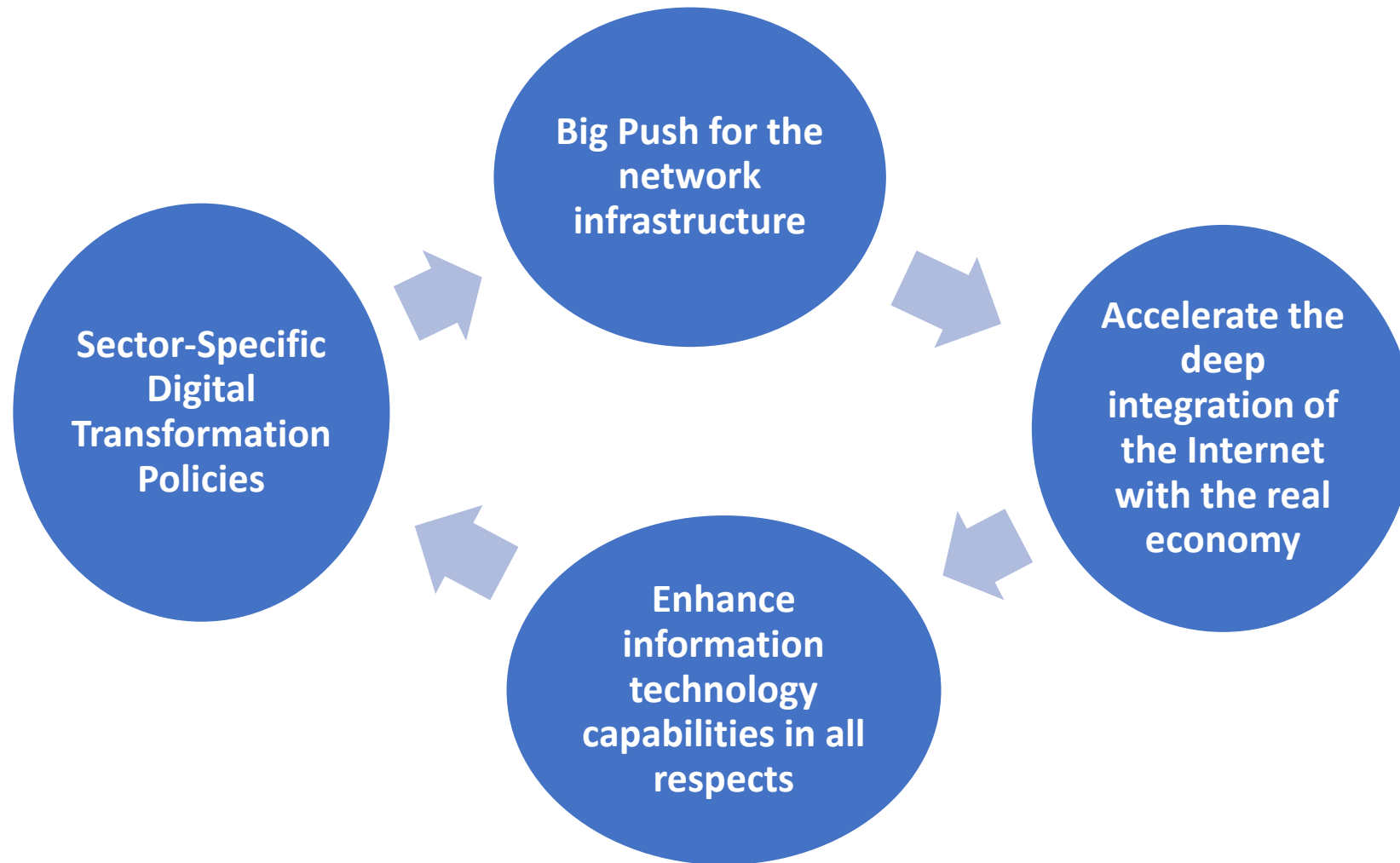


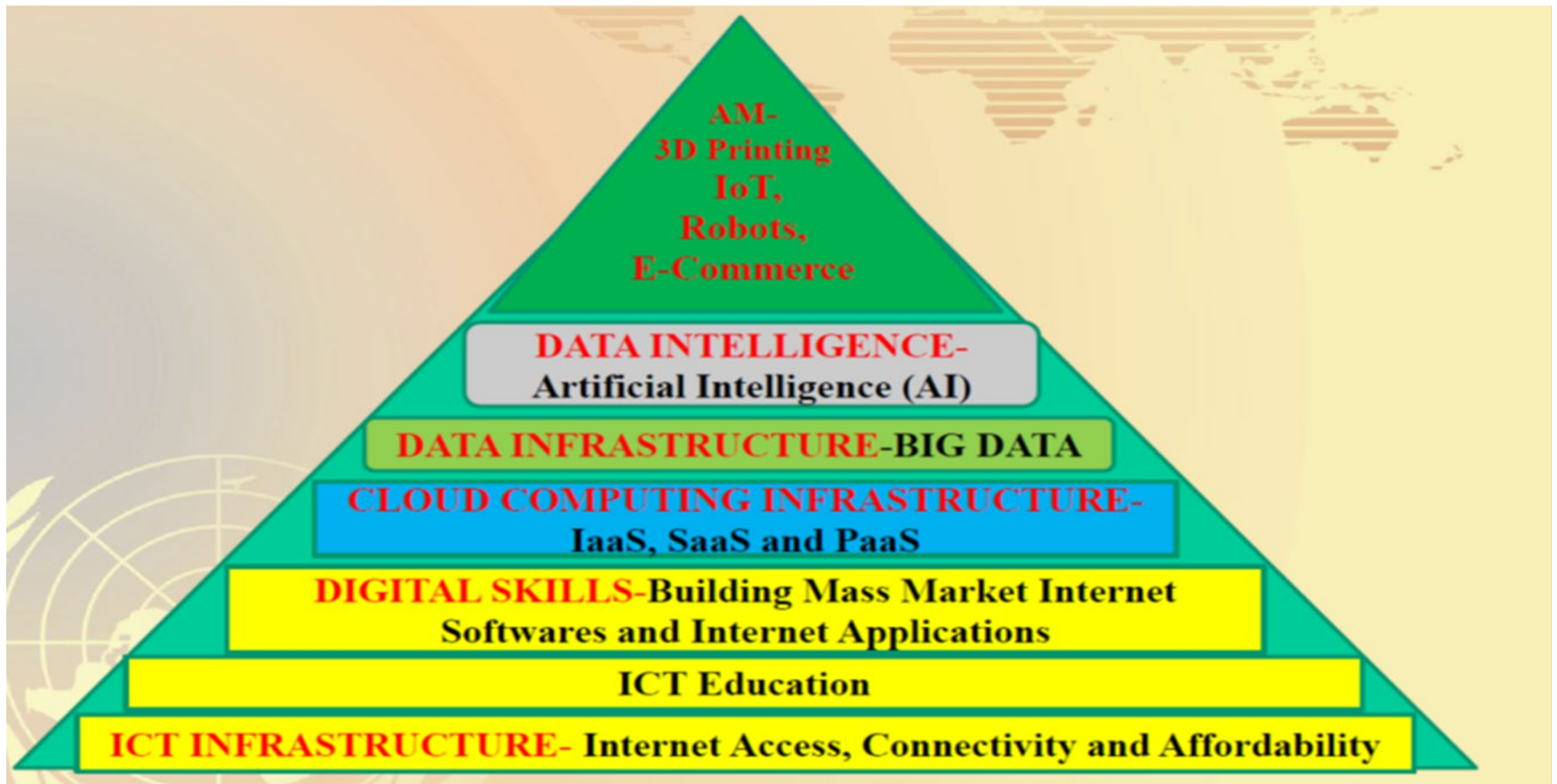
UNCTAD's Platform for Policy Sharing

- The platform shares policy experiences of developing countries in their structural transformation. Areas of focus include macro-finance; digital economy; trade and industry; and debt sustainability. Policy experiences in these areas of many countries are available including Ethiopia, China, Indonesia, Malaysia, Sri Lanka and South Africa.
- Digital transformation is one of the focused areas where many developing, least developed countries and SIDS have initiated their national policies, strategies and plans.
- Peer learning can help the Global South



Addressing both demand and supply side constraints





Digital Infrastructure is multilayered

Data Infrastructure is the Core

- ❑ **Data is the key resource of digital economy** and is called the new oil which needs to be processed for it to bring development.

- ❑ **Who owns Data and who controls data?**
 - **Data Ownership** requires legal rights over data;
 - **Data Sovereignty** requires data of nationals to be governed under national laws and regulations
 - **Data Localization** goes a step further in requiring that initial collection, processing, and storage occurs within the national boundaries.

- ❑ **Data Centres are the new the factories!**



2021	Sri Lanka	Barbados
Per capita Income	\$4,013	\$17,225
Population, total	22'156'000	281'200
Active mobile-broadband subscriptions per 100 inhabitants	78.3	67.4
Fixed broadband subscriptions per 100 inhabitants	11.9	36.5
Mobile-cellular subscriptions per 100 inhabitants	141.3	112.6
Population covered by a mobile-cellular network (%)	99.0	100.0
Population covered by at least a 4G mobile network (%)	96.0	99.0

Sri Lanka's Digital Transformation

- *Sri Lanka has identified 'Building a Technology based society' a key national initiative in its National Policy Framework (NPF) adopted in December 2019*
- **Setting up of a Ministry responsible for Digital Transformation-ICTA**
- **Measuring Digital Economy**
- **Comprehensive National Digital Policy with clear short-term; medium-term; and long terms goals**
- **Assessing the existing digital transformation capabilities**
- **Identifying Key Enablers**
 - *Digital Government*
 - *Enabling Legal Environment*



Scope of ICTA

Digital Government

Digital Foundation/Nat'l Data X

Shared Solutions

Lines of Business Digitalization

Common Access

Digital Economy

Tech Industry Development

Startup Ecosystem Development

Technology Diffusion

Capacity Building

Regional Cluster Development

Digital Services

Government Tech Infrastructure Services

Technology and Transformation Consulting Services

Digital ID and Authentication Services

Digital Payment Services

Digital Laws & Policies

Measuring Sri Lanka's Digital Economy size

	Component	Size in LKR million	Size in USD millions(Taking 1 USD = 200 LKR)	Percentage of GDP	Original Source
1	ICT equipment and semiconductors industry	162,800 ¹	814	1.01%	SLEDB, 2019
2	Telecommunication and Internet access services	192,000 ²	960	1.19%	Central Bank of Sri Lanka, 2021
3	Data processing, software and other information services	291,000 ³	1455	1.80%	Central Bank of Sri Lanka, 2021
4	Online platforms, including e-commerce platforms	60,000 ⁴	300	0.37%	Daily News, 2019
5	Platform-enabled services, (e.g., the "sharing economy") ⁵	-	-	-	-
	Total	693,800	3,469	4.37%	

National Policy Framework: Sri Lanka

- **Four Strategies for Establishing a Technology-Based Society (Smart Nation)**

I. Establish Sri Lanka as a Global Innovation Hub:

- Maximize the use of innovative measures in Internet of Things (IoT), Artificial Intelligence (AI), Biotechnology, Robotics, Augmented Reality, Cloud Computing, Nanotechnology, 3D printing.

II. Set up a Citizen-Centric Digital Government for the convenience of citizens:

- Establish nine Citizen Service Centres to adopt new technologies for public service delivery (ID cards, passports, driving license etc.);
- Introduce a digital and electronic payment system to pay traffic fines;
- Establish an e-procurement system to eliminate bribery and corruption.

III. Establish Digitally Inclusive Sri Lanka:

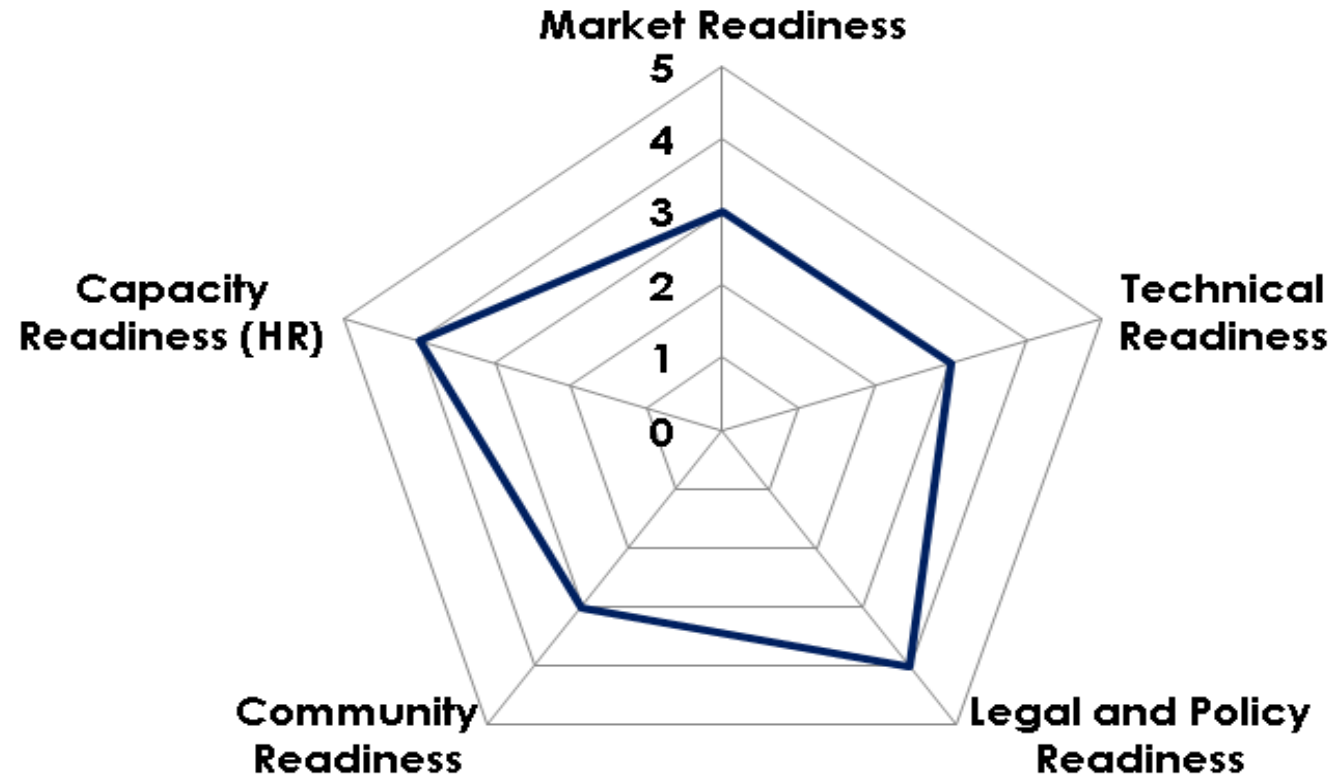
- Establish a countrywide high-speed optical data transmission system and a high speed 5G Mobile Broadband System to facilitate data transmission;
- Establish digital cities with digital administration and monitoring;
- Introduce a mobile and digital payment system to handle all financial transactions;
- Place a cross border e-commerce and International e-payment system;
- Introduce new legislation to ensure data protection, cyber security and Intellectual Property Rights.

IV. Promote IT Entrepreneurship:

- Make USD 3 million worth export industry by 2025 by developing Business Process Outsourcing(BPO) and Knowledge Process Outsourcing (KPO);
- Set up IT centres and BPO centres in connecting cities;
- Increase no. of software engineers and programmers to 300,000 by 2025;
- Encourage local software engineers and IT designers to develop software locally instead of importing;
- Support local entrepreneurs to develop software for the international market

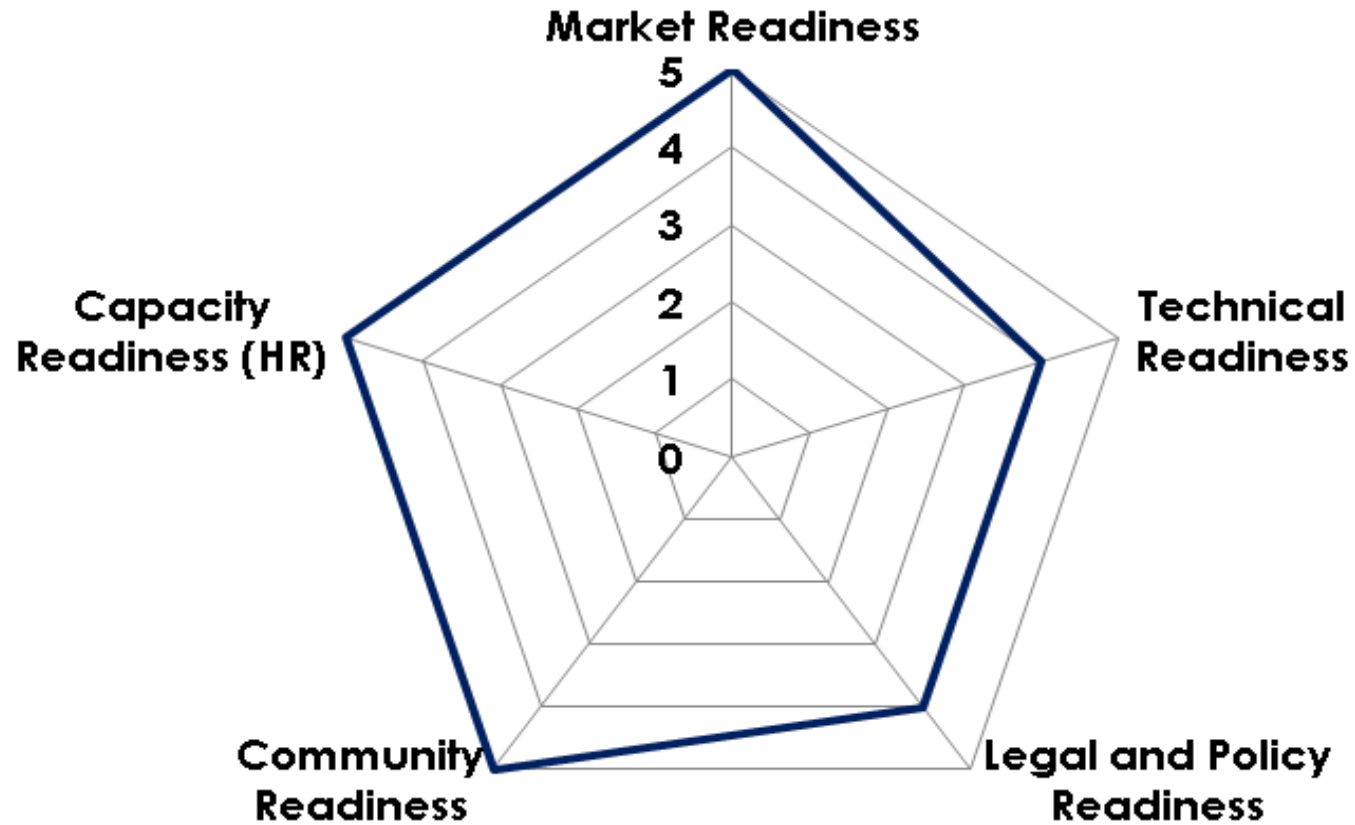
Assessing the existing digital transformation capabilities

Sri Lanka's Readiness: Data Centres



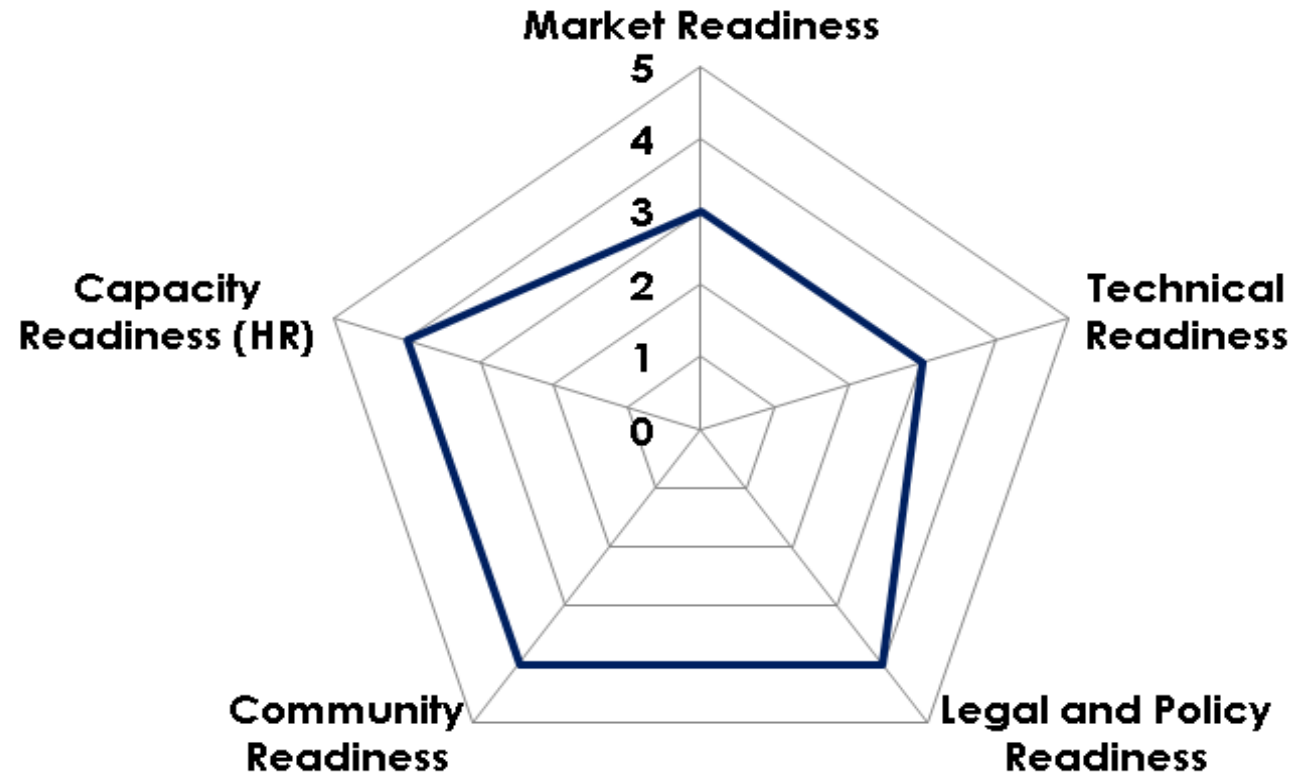
Replicability: **Immediate**

| Sri Lanka's Readiness: E-Commerce



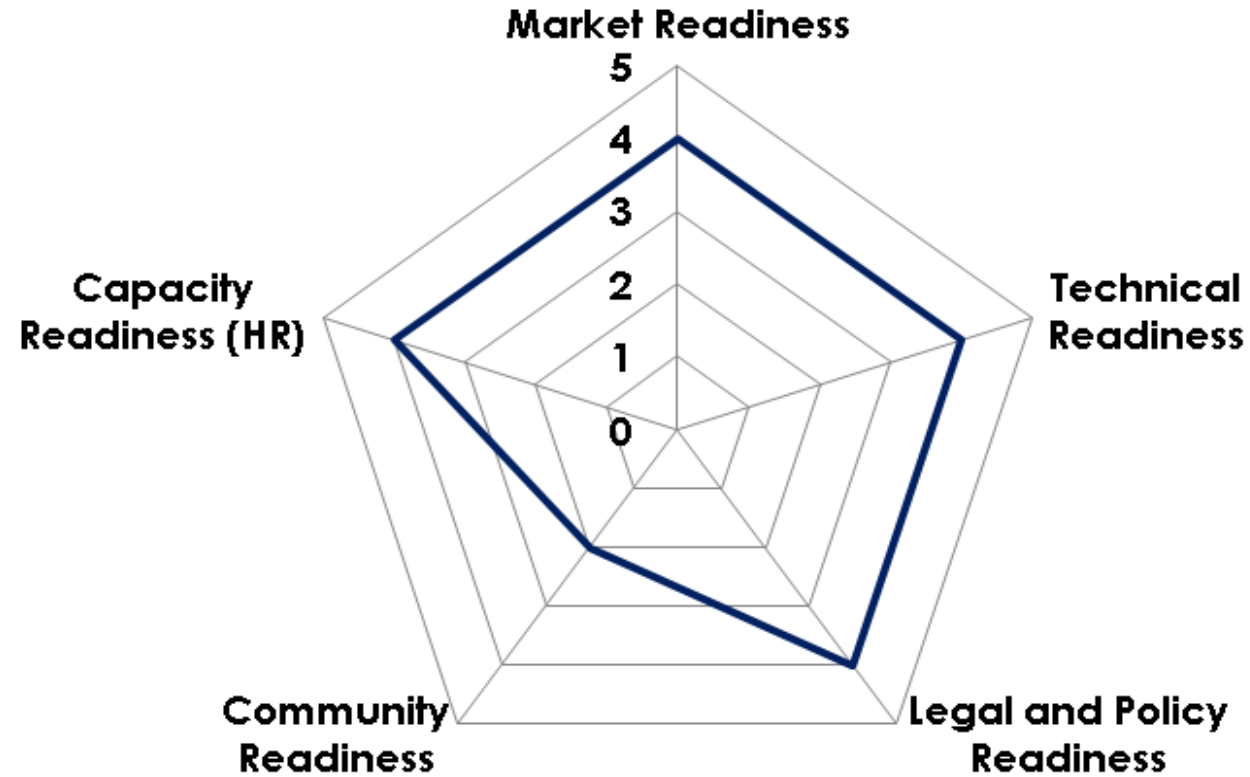
Replicability: **Immediate**

Sri Lanka's Readiness: Startups



Replicability: **Immediate**

Sri Lanka's Readiness: Fintech



Replicability: **Short Term**

Sri Lanka's Readiness: Electronics Industry



Replicability: **Long Term**

Laws and Regulations governing Data

- ❑ Sri Lanka is in the process of drafting a **Data Protection legislation**. The Draft Bill aims to impose several obligations on those who collect and process personal data of Sri Lanka's citizens.
 - For instance, personal data could be collected only for a specified purpose
 - Data subject (individuals) will have the right to withdraw his or her consent given to Controllers and will also have the right to rectify the data without undue delay
 - the Data Subjects have been given the right to object to processing of their data.

- ❑ Draft Bill has included many lessons from EU General Data Protection Regulation and laws enacted in other jurisdictions such as United Kingdom, Singapore, Australia and Mauritius, Laws enacted in the State of California as well as the Indian Data Protection Bill.

Rwanda's 'Data Revolution Policy'

- = based on the principle of national data sovereignty whereby Rwanda retains exclusive sovereign rights and power on its national data.
- = It has decided to be open to host its sovereign data in a cloud or co-located environment in data centers within national premises or outside of Rwanda under agreed terms and governed by Rwandan laws.
- = It has decided to put in place adequate legal, policy, infrastructure and privacy environment conducive for offering data hosting services to other external governments or private data owners.

Regional Digital Cooperation can play an important role in supporting digital transformation of Small States



UNCTAD's Proposed Agenda for Regional Digital Cooperation Agenda for Small States

- **Building a Regional Data Economy.**
- **Building Regional Cloud Infrastructure**
- **Strengthening Regional Broadband Infrastructure**
- **Promoting Regional E-Commerce Platforms**
- **Promoting Regional Digital Payments**
- **Progressing on Single Digital Market in the Region.**
- **Sharing Experiences on E-Government.**
- **Forging partnerships for building Smart Cities**
- **Promoting Digital Innovations and Technologies**
- **Building Statistics for measuring Digitization**

CONCLUSIONS

- ❖ Many challenges facing SIDS and other small developing countries are similar in the digital era. Digital transformation is challenging but provides a potential opportunity for economic diversification.
- ❖ Many countries have designed their National Digital Transformation Policies and are on their digital transformation trajectories. Global South can learn from the policy experiences of peer countries.
- ❖ Regional digital cooperation can play an important role in providing support to small states for their digitally transformation.



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