



THE REPUBLIC OF UGANDA
MINISTRY OF ICT & NATIONAL GUIDANCE

DIGITAL TRANSFORMATION IN LDCs: THE ROLE OF GOVERNMENT IN SUPPORTING DIGITAL TRANSFORMATION

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The world over, the cardinal duty of governments in supporting the transformation and development of any given sector remains unchanged – to put in place an enabling environment in which all players and stakeholders from both the public and private sectors have little or no limitations in their pursuit of excellence. Overall, an enabling environment can be actualized through formulating and enacting policies and regulations that favour rather than hinder the activities and programmes that build a particular sector. This is indeed true for the development of the broad ICT sector and digital transformation in Least Developed Countries (LDCs).

Without a doubt, digital transformation is a critical and topical issue today that all governments ought to give prominence. It continues to claim more space as a prerequisite to one's full engagement in the twenty-first century. Unfortunately, in many LDCs, the digital economy is disconnected from the 'traditional economy'; and in most cases from the state with digital innovation being left to 'young innovators', and the innovators not looking to governments for direction. To analyze the role of governments in supporting digital transformation in LDCs, we need to answer the singular most important question: Do governments in LDCs consider digital transformation a worthwhile pursuit? Is digital transformation a priority in the governments' overall development agenda?

Digital transformation as a driver of the national development agenda: lessons from Uganda

Digital transformation is a major enabler for sustainable development in growing economies. The role of digital in economic transformation becomes even more profound in a country like Uganda, where more than 77 percent of the population is below the age of 30 and with a literacy rate of 89.4 percent (in 2018). Despite the undisputed place of digital transformation in revolutionizing livelihoods – from transforming the way we obtain information, do business, study, communicate, receive services to how we consume entertainment – digital has not always attracted sufficient budget allocation within most LDCs.

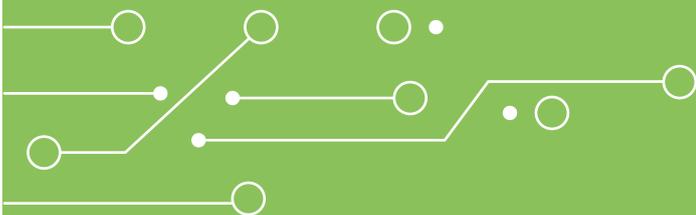
The government of Uganda's commitment to actualize digitalization as a critical cog in the development agenda of Uganda can be seen from the sector's growth trajectory over the years. The establishment of a fully-fledged Ministry of ICT in 2006, consolidating the leadership of ICT strategies and harmonizing policy development, laws and regulations demonstrates the instituting of the sector as high priority in accelerating national development.

Indeed, the government of Uganda has continued to duly position digital transformation as a strong contributor to Uganda's Vision 2040 – where Uganda aspires for a "transformed Ugandan society from a peasant to a modern and prosperous country." In the recently completed National Development Plan (NDP III), ICT is identified as a "fulcrum of development, an accelerator, amplifier, and augments of change"; with a huge potential to improve national productivity by making government and business enterprises more efficient, effective and globally competitive.

Creating policies and regulations for the digital era

There is no doubt that realizing benefits from digital transformation calls for investment in complementary factors such as enabling policies, human capital, new institutions and infrastructure. However, while the digital economy is constantly and quickly evolving, policy formulation does not happen as fast. For governments to promote a dynamic ICT ecosystem, there is a need for agility in creating policies that facilitate operations of a dynamic digital economy.

Over the years, the government of Uganda has enhanced the policy, legal and regulatory environment of ICT through the establishment of a National ICT



Policy, the National Broadband Policy, Data Protection and Privacy Act and several regulations under the Uganda Communications Act and the National Information Technology Authority Uganda Act.

The enabling environment has seen the ICT sector grow at an average growth rate of 14.8 percent with significant growth seen in areas of use of mobile devices, computer applications, information processing, storage and dissemination as well as mobile finance, global connectivity and online trade.

While development partners have been key in supporting digital transformation in Uganda, like in many other sectors, there is always a risk of working in silos and duplication of efforts. To mitigate this, the Ministry of ICT has established and formalized the ICT sector working group to ensure efficient utilization of resources within and across sectors. The ministry is also developing the Digital Uganda Vision that provides a unified direction for ICT and aligns ICT investments in various sectors.

Building e-government capabilities

LDCs have the opportunity to harness the power of digital transformation to make service delivery more efficient, and enhance transparency and accountability. As COVID-19 further accentuates the case for digital transformation that some public institutions have been sceptical about, digitalization of government and its services is no longer an option. In Uganda, improvement of National Backbone Infrastructure (NBI) has paved the way for improved connectivity and e-government service delivery across the country. The ministry of ICT is now focusing on mainstreaming ICT in all sectors of the economy, and digitalization of service delivery.

Supporting research and innovation

LDCs must facilitate the creation of an ICT innovation ecosystem and marketplace for innovative digital products, and support commercialization of local knowledge products. While Uganda has embraced ICT research and innovation by supporting the creation of innovation hubs and workspaces countrywide, innovative initiatives seldom reach the market realization stage. Support to innovators needs to go beyond technical assistance and grants towards the establishment of an open multidisciplinary ecosystem that nurtures sustainable innovations that can thrive and reach scale. Mobile money, which has revolutionized digital financial inclusion in Uganda, is a perceptible example of how innovation can facilitate effective, efficient and sustainable development.

Fostering an inclusive digital economy

The lessons and successes notwithstanding, Uganda still remains one of the countries with the lowest ICT Developmental Index at 1.94 (ranked 152 out of 176 in the world). The limited network coverage, high costs of devices and internet, limited access to energy and inadequate digital skills among others put a big population of Ugandans at risk of being left out of the digital economy. As part of the NDPIII digital transformation agenda, the Ministry of ICT is working to achieve a digitally enabled modern society that empowers citizens to enjoy access to affordable digital services and content. The government of Uganda recognizes its duty to ensure that citizens are empowered to take advantage of the opportunities that digital transformation offers, while at the same time protecting them from the risks it presents. We are continuously assessing the current policies and regulations to determine further policy reforms. Leveraging the Inclusive Digital Economy Scorecard developed by UNCDF, the Ministry of ICT is committed to measuring and tracking the level of development and inclusiveness of Uganda's digital economy, to ensure that efforts towards driving digital transformation reduce and not exacerbate the digital divide.