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I. New DCED publications

SYNTHESIS NOTE



PSD and Digitalisation

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Main takeaways:

» The COVID-19 pandemic has significantly boosted the profile and uptake of digital applications worldwide and gives developing countries a new opportunity to accelerate their digital progress. Digital technology applications have already had a transformative impact in the financial sector. The potential for poverty reduction in areas such as agriculture is also likely to be significant.

» The costs and benefits of digitalisation are not equally shared between regions, countries and communities. Developing countries risk remaining largely passive consumers of digital products and services produced elsewhere. While the net impact on job creation is still unclear, there is real risk of a growing digital divide based on gender, age and geography.

» Harnessing the opportunities and addressing the risks associated with digitalisation requires pro-active and sustained measures from governments, the private sector and donors. Priorities include additional investments in digital infrastructure, skills and regulatory frameworks and nurturing tech firms and industries that use local knowledge to respond to local needs.

This synthesis note provides an introductory overview of risks and opportunities of digitalisation for private sector development (PSD) in developing countries, including practical programming options for PSD practitioners.



INTRODUCTION



The fourth - or 'digital' - industrial revolution of the 21st century promises transformations of economies and industries at a scale never seen before.¹ The COVID-19 pandemic is likely to accelerate the speed of change already seen in recent years. As a result, digitalisation support is now a key priority in donor agencies' COVID-19 recovery strategies.

The impacts of new digital technologies such as artificial intelligence, big data, advanced robotics and the internet of things are very difficult to predict. However, what is known is that the benefits and costs of digitalisation are unlikely to be shared equally between regions, countries and communities. Digital giants in the US, China, East Asia and Europe are in prime position to reap the rewards from technological change because of their dominant market positions and digital ecosystems with access to skills, networks and other ingredients for success. The private sector in developing economies, and disadvantaged groups in particular, are likely to require sustained support to make the most of digitalisation. Indeed, appropriate support to digital technology applications in some sectors, e.g. finance and agriculture, has already accelerated development even in some of the world's poorest areas.

¹ The first industrial revolution of the late 18th century saw the rise of mechanised industry powered by coal and the steam engine. Electricity, gas and oil facilitated the emergence of new technologies like the internal combustion engine and the telephone during the second industrial revolution in the 19th century. The third industrial revolution of the second half of the 20th century brought electronics, computers and modern telecommunications. Robot technology facilitated the increasing automation of industry.

DONOR COMMITTEE FOR ENTERPRISE DEVELOPMENT

A DISCUSSION PAPER

Business Environment Reforms in Fragile and Conflict-Affected Situations

BUSINESS ENVIRONMENT WORKING GROUP



Simon White
October 2020



The Donor Committee for Enterprise Development

For more information on DCED:
www.Enterprise-Development.org
www.twitter.com/TheDCED

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RESOURCES ON DIGITALISATION

The DCED have recently launched a new [Knowledge Page on digitalisation and PSD](#), as it is widely recognised as a key force shaping the future of the global economy.

The DCED's new [Synthesis Note on PSD and Digitalisation \(DCED, 2020\)](#) gives an overview of risks and opportunities of digitalisation for private sector development in developing countries, including practical programming options for practitioners.

BUSINESS ENVIRONMENT REFORM IN FCAS

[Business Environment Reforms in Fragile and Conflict-Affected Situations, DCED, 2020](#). Directed towards reformers, this report focusses on the way humanitarian and transitional development assistance lays the foundation for PSD programmes and the introduction of BER measures.

THE DCED AUDIT EXPERIENCE: NEW VIDEO

For those programmes seriously engaged in monitoring their results, the DCED can organise an audit of the monitoring system. Learn about the DCED audit experience with this new 7-minute video, hearing from projects in Ethiopia and Nigeria, and find out more on our [webpage about the audit experience](#).

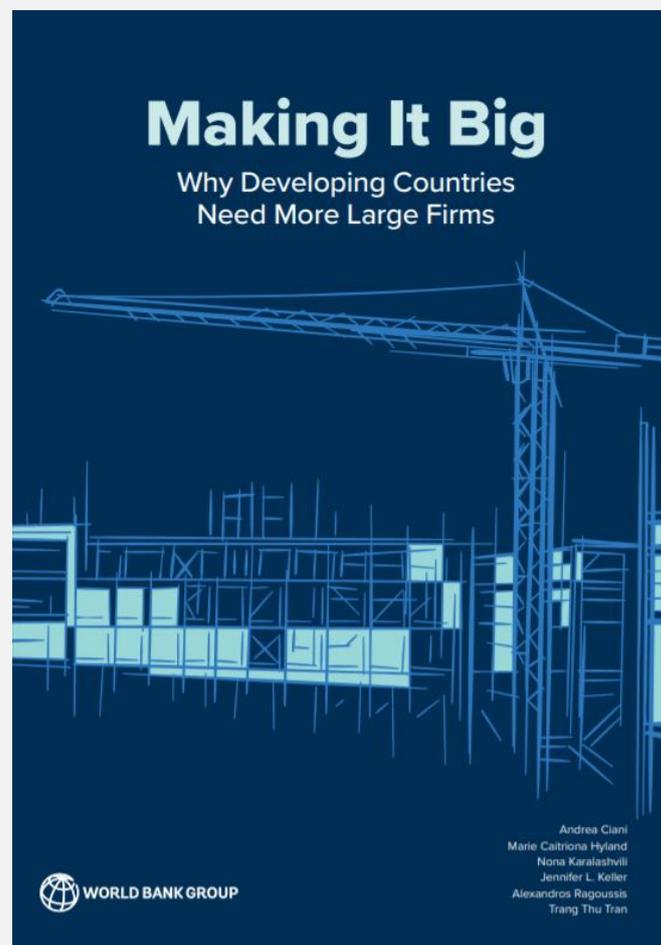
The DCED Audit Experience



DCED

The Donor Committee for Enterprise Development

II. New PSD publications of other agencies



DEVELOPMENT OF SMALL AND LARGE ENTERPRISES

- [Small Business Training to Improve Management Practices in Developing Countries: Reassessing the evidence for "training doesn't work", World Bank, 2020.](#) Revisits the evidence for whether small business training works, with meta-analysis suggesting that training increases profits and sales by c. 5-10% if specific training elements are incorporated.
- [Making it Big: Why developing countries need more large firms, WBG, 2020.](#) An assessment of how large firms are created in low- and middle-income countries and their role in development, arguing that large firms advance a range of development objectives in ways that other firms do not.

PRIVATE SECTOR ENGAGEMENT

- [Case Study: Transforming fruit production in Manica Province, Mozambique, AgDevCo, 2020](#). An analysis of the impact of AgDevCo's investment in Westfalia Fruto Mozambique, a subsidiary of a leading supplier of fresh fruit to international markets.
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BUSINESS ENVIRONMENT REFORM

- [Business Environment Reform Guidelines, EC, 2020](#). Practical up-to-date guidance on BER to help prioritise, design and implement interventions in partner countries.
 - [Applying Labour Law to MSMEs: A comparative study of 16 countries, ILO, 2020](#). In many countries, MSMEs are excluded from labour laws. The current trend, in the 16 countries studied, however, is towards the extension of equal protection to workers regardless of enterprise size.
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PSD IN CONTEXTS OF FRAGILITY AND FORCED DISPLACEMENT

- [States of Fragility, OECD, 2020](#). Examines PSD in FCAES, looking at fragility pre- and post-covid-19. OECD set a policy agenda as the crisis challenges the ambitions of the 2030 Agenda for Sustainable Development and the Paris Agreement.
- [Private Sector for Refugees Portal, International Chamber of Commerce, 2020](#). A new portal showcasing public-private sector collaborations that integrate refugees into the global economy.

III. Training in PSD

These and other training and events can also be viewed [here](#).

- [PAGE course and teaching materials on green industrial policy, UN CC:e-Learn](#), self-paced, 30 hours. This online course is designed to advance learning on green industrial policy at a high technical level, for individual learners and instructors. It

identifies concepts, challenges and opportunities as well as strategic development of green industrial policy.

- [Cutting Local Red Tape](#), online, **Dr Simon White**, 3-4 hours per week, 7 – 21 December 2020 (2 weeks), instructor-led in English. Participants will learn about the role of local governments in creating a business environment that is conducive to small business development, innovation and economic growth while enhancing the quality of local laws and regulations.

IV. Upcoming online events

[Launching the Investment Promotion Agency \(IPA\) Toolbox, GIZ and WAIPA](#). **25 Nov, 12 - 1pm CET**. Join this live online event to learn about the new free-to-use IPA Toolbox, which offers practical guidance for IPA staff as well as for staff of technical assistance providers.

V. Vacancies in PSD

Vacancies can also be viewed [here](#).

- **ILO** seeks a [Senior Informal Economy Specialist](#). Apply by 4 December.
- **USAID** seeks [Private Enterprise Officers](#) to join the Foreign Service, to assist in the planning, analysis, implementation, monitoring and evaluation of economic growth projects. Apply by 2 March 2021.