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# EU-Australia Leadership Forum

## Post - Event report

*Sectoral Policy Workshop – Digital Development*

Canberra 28 March 2017





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# Sectoral Policy Workshop: Digital Development

Canberra, 28 March 2017

## Co-Chairs' Report

Chris Locke, Founder of Caribou Digital

Claire Rogers, CEO of World Vision Australia

The first Sectoral Policy Workshop of the EU-Australia Leadership Forum was held at the Australian Department of Foreign Affairs and Trade in Canberra on 28 March 2017. The EU-Australia Leadership Forum is a three-year project funded by the European Commission to broaden and deepen existing ties to assist in shaping the future of the bilateral relationship.

The objective of the workshop was to bring experts from various sectors from the EU and Australia together to discuss the potential of Information and Communications Technology (ICT) in international development around the topic "Digital Development: ICT as a development enabler." The full list of attendees is available in Annex I.

The following officials presented to the group to share their expertise:

- Stefano Manservigi, Director-General of the European Commission's Directorate General for International Co-operation and Development (DEVCO)
- HE Tobias Feakin, the Australian Ambassador for Cyber Affairs
- Natasha Smith, First Assistant Secretary, Department of Foreign Affairs and Trade

### Introduction

Co-Chairs Chris Locke and Claire Rogers set the scene for the day. **Chris Locke** identified the increase in private sector investment and involvement in societal connectivity transformation. Although connectivity used to be a public-private interaction, it is becoming increasingly private. The challenge is now to accelerate relationship between the public and private sector to inspire innovation, while still holding companies accountable for their actions and tying them to civic society rules.

New ICT platforms have significant impact, constantly redefining the relationship between commercial opportunity, online identity and privacy. Developing countries' citizens are as engaged by technology and platforms as EU and Australian citizens are, though the level of technological maturity is not always the same, such as 2G not 4G. Platforms need to be free, fair and equal, so there is clarity on the boundaries of what is acceptable.

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*"How do we ensure that companies like Facebook and Uber leave more behind than they take away?"*

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The penetration of ICT into developing societies raises the issue of how to do development in a digital age. For example, ICT creates the potential for a shift towards 'direct giving' funds transfer. This is an existential threat for non-government organisations (NGOs) and could potentially eliminate the role of NGOs completely.

**Claire Rogers** presented the work of World Vision and discussed its engagement with ICT and the places and ways it has found this powerful. ICT has the potential to connect donors with their impact and to make the personal connection to giving more powerful, especially for the generation who have grown up consuming many services through technology.

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*“One development is the donor-beneficiary relationship and how we can use digital to connect better with our donors”*

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Digital technology is also being used to increase effectiveness in the field and create scale for impact and efficiency where money is scarce. Social media connects with the 'democratisation of voice' and can enable transformation, allowing new groups to lobby and create change in poverty contexts.

The concept of 'direct giving' is already in use (often called cash transfers), but shifts in dominant social structures are needed to ensure change is lasting and inclusive – suggesting that NGOs' interventions can work symbiotically. Technology for technology's sake does not drive change – we must start with the problem to be solved and then, when proven, drive for scale.

Incumbent NGOs' response has sometimes been slow as digital is perceived as a luxury. NGOs need to build ICT into their programming or they won't survive.

## Discussion

- The public sector should not try to mimic the private sector. It should complement and support rather than replicate.
- Governments' role includes investment in underlying infrastructure as well as smaller, easily deployed projects.
- Randomised control trials can provide data, for example where digital comes on top of existing projects.
- There are examples of successful movements using technology to aggregate the voice of active citizens.
- In country Government has a role in equipping people with the education and personal skill sets to enable innovation to thrive.



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## Lessons from ICT for Development

Governments need to consider the sustainability of their interventions with long timeframes and stable planning mechanisms. Governments should not build technology themselves but use opportunities to grow businesses. Decentralisation is key as ICT projects that are too big are doomed to fail.

Knowledge is a precondition for development. Governments can help set the conditions in place for human capital development. However, a broadcast model does not work: change in poverty contexts has to work in local contexts and is too rapid for simplistic models. Governments should focus on education that prepares citizens for a digital world, including visual literacy, broader literacy and the ability to use tools. Education must also produce people who are able to produce digital goods, including those who can code.

In many places governments are weak and can't motivate people to use technology; this role may be played by the private sector, such as banks. Where transactions are creating digital identity, this identity should be same for government and for the private sector rather than separate. For example, biometric mobile phone accounts create a secure digital identity and promote financial inclusion.

Aid organisations are slower than the private sector in adopting technology. Aid organisations need to be better at selling innovation to government to gain support for technology projects. Funders should talk with each other more on levels of innovation and about flexibility in core funding programs to encourage innovation.

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*“The model of development that sees aid as raising money here to send overseas so they can be more like us, that's dead. It won't last the decade”*

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Big data can help improve operational processes in aid and development. Government has a role in ensuring that data is accessible for data mining.

Innovation is discovery-led and comes from not knowing everything. The key is to try things and learn from what works in an iterative way. With the trend to megacities, there is the potential to use lessons from smart cities to assist in urban development in emerging contexts. Emerging economies without legacy infrastructure can sometimes leapfrog technologies more easily than developed nations.

A serious issue is that the incentives built into government development programs do not encourage innovation. Aid is perceived as a low risk investment and most aid funding is structured to be zero risk. Deep systemic and cultural change is needed to accept the reality of risk that is inherent in innovation in difficult environments. In Australia, the innovationXchange is an example of taking this approach and enabling this to drive cultural change in the aid program as a whole.



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Venture capital investments may be needed as they are quicker than government. EU and Australia can work together with developing countries to assist in obtaining capital, for example for ICT infrastructure.

Government aid spending should and will shift from a predominantly cost-based procurement approach to asking aid organisations to show the value they add; this requires investing in NGO's capability to innovate, embed 'test and learn' approaches and implement fit-for-purpose risk management systems.

## **Development in the Digital Age**

We are in the midst of a huge technology revolution, involving both mobile and the internet; the next revolution will be machine-to-machine communication. It is not possible to anticipate the specifics of technological development and this should be accepted by policymakers; instead of trying to guess the next development, policymakers should see themselves as curators rather than originators.

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*"Instead of trying to 'watch where the puck is going', we need to accept that we have no idea what's next"*

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Technological change gives developing societies the opportunity to leapfrog in their development. However, innovation is not neutral; all innovation is political. Algorithms are a form of power and bring in unconscious biases. Ratings in people's digital identity can affect their ability to do things offline as well as online. Innovation is inevitably linked with social change.

Digital identity is a core value for developing economies. The high levels of ownership of mobile phones, especially with biometric registration, and their use for financial transfers creates digital identity that can be put together with existing government channels. There is the need to work with governments on their own terms to identify roadblocks and encourage a whole-of-government approach to create linkages. There is great potential for digital identity in the fields of education and health. Public sector investment should focus on cases like these that may take longer to show results.

Funders need to be risk-takers: they need to allocate a greater proportion of expenditure to fund things that are not yet proven so the best new thinking can be tested and then stepped to scale. Currently there is the opposite bias: everyone wants to fund what they know works. Investing must not be risk-averse and should accept the need to make lots of investments, including failures. There is a role for NGOs to incubate 'use cases' and use this to drive bigger programs.



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There is the need to support innovators in the developing world who know the problems on the ground. Crowdfunding is one option to fill the gap. Other options include co-funding and matched funding.

Developing country innovators on the ground need training, coaching and encouragement. This could be built into existing scholarship programs by adding training on social change and technology. There is the need to invest in social entrepreneurs through mentoring and coaching.

Jointly-founded projects where a developed country founder puts in funds matched to the country project can be very successful. More examples and long term commitments are required for sustainability; this need might be met through existing NGOs partnering with government and the private sector. It would also ask the NGO sector to think more in terms of mergers and acquisitions, acquiring successful models to take to a larger scale.

NGOs should see digital as a required capability for staff. People within organisations need to be able to cope with change: be able to try things, see what happens and handle the unknown. They need to be digitally savvy in order to apply technology in any context successfully.

Digital change will continue to be disruptive, with changes to the workforce and jobs in developing economies. Other paradigms than aid may develop, such as universal basic income, which is an extension of cash transfers.



## **Key Recommendations:**

### **1. Establish an EU-Australia "Digital Development Innovation Fund"**

This would include:

- a funding pool
- a support program

The funding would provide different levels of investment and be willing to accept risk in order to test new ideas and act as a catalyst. It would study cases funded and require sharing of lessons learned. The support program would focus on creating an enabling environment - including mentoring, training and support for change agents.

### **2. Institute an EU-Australia eGovernance Cooperation Programme in the Pacific**

The cooperation would focus on capacity building of Pacific governments, including through public-private partnerships and seconding civil servants. Key issues for focus would include digital identity and architecture. Efforts should include wider education in digital literacy.

### **3. Investigate EU-AU Cooperation in Infrastructure to Support Digital Development**

The EU and Australia are the two actors best placed to address this issue which is holding the Pacific back, especially in electricity generation. This could involve co-funding.

### **4. Design a Joint Program on Digital Voice**

The EU and Australia could work jointly on a program to promote active and engaged digital citizens in the Pacific. This should be informed by existing programs.

### **5. Extend EU-Australia Data Sharing Agreements to Aid and Development**

### **6. For the EU to Create an Equivalent of DFAT's innovationXchange**

This would enable the EU and Australia to work together in this rapidly evolving area.



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**ANNEX I:**

**Sectoral Policy Workshop: Digital Development**

**Canberra, 28 March 2017**

**Participants**

Chris Locke, Founder, Caribou Digital (Co-Chair)

Claire Rogers, Chief Executive of World Vision Australia (Co-Chair)

Adam Bruun, Head of Pacific Regional Office, European Investment Bank

Alasdair Grant, Head of Asia Pacific, GSMA

Dr Arvo Ott, Executive Director, e-Governance Academy, Finland

Frederic Pivetta, Co- Founder and Managing Partner, Dalberg Data Insight

Joseph Thompson, CEO and Co-Founder, Aid:Tech

Tom Dawkins, CEO, Startsomegood

Masseh Haidary, Director – Federal Government, Optus Business

Phil Morle, CEO, Pollenizer

Jennifer Moroney, Director, RAND Corporation Australia

Carolyn Phiddian, General Manager - Technology Strategy, Nbn™

Brendan Rigby, Co-Founder and Managing Director, Why Dev

Chris Roche, Director of the Institute for Human Security and Social Change, Associate Professor at La Trobe University

Dr Euan Sangster, Deputy Director, CSIRO Information Management and Technology

Chris Vein, Former Chief Innovation Officer, World Bank and current Partner for Global Government Digital Transformation at PwC Australia



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## **Officials**

Stefano Manservigi, Director-General of the European Commission's Directorate General for International Cooperation and Development (DEVCO)

Julian Wilson, Head of Division, Japan, Korea, Australia New Zealand, Pacific, European Union External Action Service

Christoph Wagner, Head of Cooperation, Delegation of the European Union to Pacific

### **Delegation of The European Union to Australia**

HE Sem Fabrizi, Ambassador of the EU to Australia

Scott Wyatt, Advisor – Energy, Pacific, Development, Fisheries

Aglaia Papageorgiou, Political, Press and Information

### **Department of Foreign Affairs and Trade**

HE Tobias Feakin, Ambassador for Cyber Affairs, Department of Foreign Affairs and Trade

Natasha Smith, First Assistant Secretary, Multilateral Development and Finance Division, Department of Foreign Affairs and Trade

Matthew Steine, Director of Innovation, Innovationxchange

Jo-Hannah Lavey, Consultant, Innovationxchange

## **EU-Australia Leadership Forum Team**

Melissa Conley Tyler, Team Leader and National Executive Director, Australian Institute of International Affairs

Antonia Mochan, Key Expert for Media and Communications

Michael Zetting, Key Expert for Events Management and Director of Policy, German-Australian Chamber of Industry and Commerce