Skills training in Virtual Reality – pilot test with students in Tanzania

CAPABILITY STATEMENT

DIGITALISATION FOR PRIVATE SECTOR DEVELOPMENT

HELVETAS

Zurich, May 2023

ICT4D AT HELVETAS

Digitalisation is a major trend influencing politics, economies and societies globally. It comes with enormous opportunities, but also bears the risk of leaving already disadvantaged people even further behind. Information and Communication Technology for Development (ICT4D), which is the use of digital technology for more impact and scale in development and humanitarian actions, has gained importance over the past decade — and the trend is accelerating. Helvetas aims to use the tremendous opportunities ICT4D offers, while being conscious about the risks.

ICT4D IN THE PSD WORKING FIELD

Private Sector Development at Helvetas

Helvetas Swiss Intercooperation works with local partners to support the development of sustainable and inclusive economic growth, with a focus on small and medium-sized enterprises and entrepreneurs. This support can take many forms, including providing access to finance, training and capacity building, and technical assistance. By supporting the growth of the private sector, Helvetas Swiss Intercooperation aims to create jobs, increase incomes, and improve living standards for people in developing countries.

Millions of young people join the labour force each year. The local private sector in our partner countries must be strengthened in order to absorb all these resources and promote more and better jobs. Micro, small and medium enterprises (MSMEs) are growth drivers and can create employment opportunities for young people, but they require assistance to enhance their business performance (e.g. through access to information, markets, inputs, knowledge, better market linkages, technology and innovation). MSMEs require both financial services (access to finance, financial literacy) and non-financial services (business development support).

Helvetas supports the development of MSMEs and entrepreneurs' productivity and their ability to better compete on domestic and international markets. This improved efficiency and competitiveness will ultimately result in the creation of jobs and support economic growth. MSMEs and business owners rely on favourable regulatory framework circumstances, hence the Private Sector Development (PSD) working area is paying special attention to advocacy and, for instance, building business associations' organizational capacities to better support their member enterprises and engage in joint advocacy.

The PSD working area at Helvetas also puts particular focus on digitalization and the green economy. PSD initiatives will assist MSMEs and business owners in going green with their operations (i.e. support in resource efficiency, electricity savings, trash management, etc.) and digitizing their business for greater efficiency and scale (e.g. digital accounting, online marketing).

ICT for Private Sector Development

Information and communication technologies (ICT) can play a significant role in promoting private sector development in developing economies. ICT can help to improve the efficiency and productivity of businesses, making them more competitive in the global market. For example, ICT can facilitate the access of businesses to new markets, reduce transaction costs, improve supply chain management, or even enable access to finance. ICT can also help to improve access to information and knowledge, enabling better business decisions and innovation. Additionally, ICT can support the development of new industries and businesses, such as e-commerce and digital services. Overall, ICT can be a powerful tool for promoting private sector development and supporting sustainable economic growth in developing countries. Helvetas has extensive experience in both supporting digital ecosystems and promoting private sector development through the use of digital solutions. In the following chapters, we will elaborate on our strategies and illustrate them with case examples.

Opportunities emerging from Digital Ecosystems and promoting Digital Solutions

Access to markets: ICT can help businesses to reach new customers and access new markets, both within their own country and internationally. This can help to increase sales and revenue and create new jobs.

Efficiency and productivity: ICT can support businesses to improve their operations and increase their efficiency and productivity. For example, digital tools can be used to automate certain processes, reduce transaction costs, and improve supply chain management.

Access to data, information, and knowledge: ICT can help to improve access to data, information, and knowledge for businesses and individuals. This can help to make better decisions, innovate, and improve the overall quality of life.

Business opportunities: ICT can support the development of new industries and businesses, such as e-commerce and digital services. This can create new opportunities for entrepreneurs and business owners and can help to diversify the economy.

Job Creation: ICT can create new jobs and business opportunities in areas such as software development, digital marketing, e-commerce and digital services. However, ICT can also produce negative impacts on employment and disrupt labour markets (e.g. through Artificial Intelligence)

Financial inclusion: ICT can contribute to increasing access to financial services for people and MSMEs in developing countries, particularly for those who are underbanked or unbanked. This can help to increase access to credit and savings and support economic growth.

Public services: Governments can use ICT to improve the delivery of public and business-focused services, such as healthcare, education, social welfare, business registration/licenses, access to information, tax services and public procurement. ICT can increase access, reduce costs, and improve the quality of services.

Empowerment of women and marginalized groups: ICT can empower women and marginalized groups, by providing access to information, education, and financial services, as well as creating new opportunities for economic participation, such as working from home in contexts where mobility is restricted. ICT can also facilitate the work in combination to household tasks or childcare. Also here it is important to note that it can also increase the burden for already vulnerable people.

Supporting Digital Ecosystems

Thriving digital ecosystems, which enable the supply and demand of digital products and services, are key for supporting improved efficiency and competitiveness of MSMEs and entrepreneurs. This can involve implementing infrastructure and policies that support the growth of digital industries, as well as promoting digital literacy and access to technology among individuals and businesses. In addition, governments and organizations can work to create a conducive legal and regulatory environment for the development and use of digital products and services. This can include measures such as protecting intellectual property rights, ensuring data privacy and security, and promoting fair competition. By supporting the supply and demand of digital products and services, governments and organizations can help foster the growth and development of digital ecosystems.

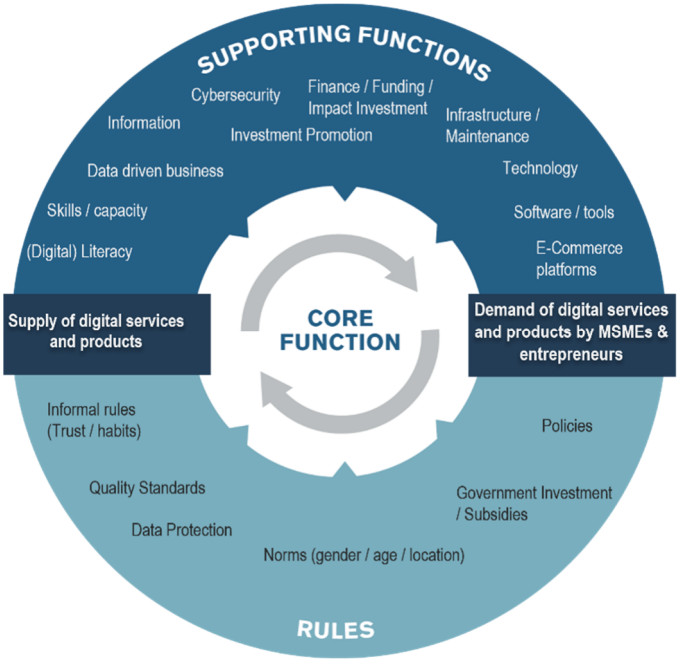

Figure 1: Enabling the supply and demand of digital products and services (supporting digital ecosystems)

To support the development of digital ecosystems, Helvetas seeks to address the underlying structural issues within a market system that constrain the supply and demand of digital products and services. Figure 1 illustrates the key Support Functions and Rules & Regulations that influence the supply and demand of digital products and services. The support functions illustrated in figure 1 enable the supply and demand of digital products and services to take place. These support functions include:

- Skills
- Information
- Finance
- Infrastructure
- Technology

The bottom part of figure 1 display the Rules & Regulations. Rules and regulations provide a framework for how the market operates. They can include both formal laws and regulations as well as informal norms and customs. Rules and regulations can have a significant impact on the functioning of the market, affecting issues such as competition, consumer protection, and environmental and labour standards. Examples of rules and regulations that set a framework for the supply and demand of digital products and services are:

- Informal Rules (trust/habits)
- Contextual factors (e.g. age, gender, location)
- Government policies (such as consumer protection laws)
- Government investment/subsidies

Helvetas works with local actors, addressing both support functions and rules and regulations to create a more inclusive and equitable economic system that allows excluded groups to participate and benefit from economic growth. Below, we present a curated selection of our projects that work on fostering digital ecosystems.

Our project experiences in fostering Digital Ecosystems

RISI – ALBANIA

CLIENT: Swiss Agency for Development and Cooperation (SDC)
DURATION: 2021-2025
VOLUME: CHF 6'850'290

The Risi Albania project aims at improving youth employment in a socially inclusive way through skills development, intermediation, and job creating measures. The goal is to (1) support the creation of decent jobs for young people by facilitating private sector growth in selected sectors (agribusiness, tourism, and ICT), (2) promote the integration of young women and men into the labour market, and (3) improve the skills of young people primarily in the selected sectors.

To support the creation of attractive jobs, the project provides systemic support to the ICT sector by addressing factors constraining its growth. For example, the project supports the development of the information security services market, as the lack of investments in that area puts at risk the newly developed digital economy. The project also supports the development of investment promotion capabilities and responds to the skills shortage in ICT by addressing the quality of non-formal training opportunities. In the other selected sectors, the project works to increase the competitiveness of SMEs using digital tools for improved quality management and increase capacities of local businesses to develop digital solutions.

Selected learnings: The experience of the Risi Albania project shows that creating a favourable environment for ICT development by strengthening the ecosystem and addressing binding constraints can provide a significant economic opportunity to create jobs and allows to reach scale in a sustainable manner.

RisiAlbania
Partner for Growth

RECONOMY – WEST. BALKANS & EAP

CLIENT: Swedish International Development Cooperation Agency (SIDA)
DURATION: 2021-2022 (Inception Phase)
VOLUME: CHF 3'903'479

The RECONOMY project is a regional inclusive and green economic development programme that aims to enable women, youth, and excluded groups to increase their income and take up decent employment. To enable better economic opportunities for the target group, the project promotes (1) investments in trainings for future in-demand skills, and (2) supports private enterprises in adopting modern and improved business models and practices.

During the inception phase, the project addressed the digital skill gap by promoting IT as a career path and providing support to several non-formal training providers to expand IT and digital skill training to women and youth, whose access to such trainings was limited. Furthermore, the project supported the development of the vibrant ICT sector in the Western Balkans by promoting the region as a nearshore location for ICT-BPO services and strengthening the competitiveness of private sector enterprises. In the Eastern Partnership region (EaP), the project strengthened the digital literacy of SMEs across different sectors and promoted the use of digital solutions to enhance their business performance.

Selected learnings: Supporting digital skills development and facilitating the adoption of modern and green business practices by MSMEs has shown to be effective in enhancing employment. Significant potential was also identified in extending support beyond the ICT sector, supporting MSMEs across sectors to use digital solutions to increase efficiency and create job opportunities.

OPTIM – MOLDOVA

CLIENT: Swiss Agency for Development and Cooperation (SDC)
DURATION: 2019-2022
VOLUME: CHF 4,595,580

The OPTIM project is a market system development project that seeks to contribute to a dynamic, innovative, and inclusive economy that creates better life opportunities in Moldova. In particular, the project explores and uses the potential of ICT and digital transformation to address binding market constraints, increase the income and competitiveness of SMEs and small agribusinesses, and reduce the gap between job demand and supply.

The project made significant contributions to the economic prospects in Moldova by increasing investments in digital platforms and skills and facilitating the enhancement of Moldova's digital ecosystem, including advocacy for the ICT sector. Furthermore, the project promotes the adoption of digital solutions by various actors in the agricultural sector to enable business transactions and create economic opportunities, including digital extension tools, smart-tech fertigation services, digital fairs, e-payment solutions, and online delivery platforms.

Selected learnings: The project showed that supporting the digital ecosystem and promoting the use of digital tools can significantly contribute to improved economic opportunities. However, the project also found that scepticism and distrust in digital technologies continue to constrain the use of innovative technologies and scale of project interventions. The project's work in promoting emerging technologies across different value chains contributed to a change of perceptions and attitudes towards ICT in remote areas.

Development through digital solutions

MEP4S – PAKISTAN

CLIENT: Ministry of Foreign Affairs Netherlands
DURATION: 2017-2022
VOLUME: CHF 4,680,500

The Market and Employment for Peace and Stability (ME4PS) project aimed at creating better income generating and livelihoods opportunities for women and men to contribute to reduced migration, improved stability, and peace in the region. The project focused on facilitating skills training to increase youth employability and enhance the performance of SMEs to create jobs in different value chains.

The project strengthened the ICT sector by addressing the mismatch between ICT skills taught through the education system and the needs of the job market, which was identified as a key factor in the region's persistently high unemployment levels. In collaboration with a local IT business association, the project furthered market-relevant digital skills by implementing trainings and apprenticeship programs that placed participants with companies in multiple domains like web development, AI, apps development, graphic design, and digital marketing. Furthermore, the project facilitated the establishment of partnerships between the IT association and universities to align formal trainings for students more closely with the job market demands.

Selected learnings: On-the-job training has proven to be beneficial in bridging the skills gap, promoting entrepreneurship and in creating new employment opportunities with more than 80% of apprentices finding employment or launching their own venture. However, it can be challenging to suggest technological solutions for hard-to-access-areas where the use of technologies is difficult due to poor connectivity and cultural acceptance, especially for women.

Private sector development through digital solutions involves using technology and digital tools to support the growth and development of businesses in the private sector. This can include supporting the implementation of digital systems and platforms for managing operations, communication, and collaboration, as well as fostering the use of digital technologies to improve productivity and efficiency.

In addition, private sector organizations can use digital tools to reach new customers and markets, and to offer innovative products and services. By leveraging digital solutions, private sector organizations can increase their competitiveness, adapt to changing market conditions, and drive economic growth.

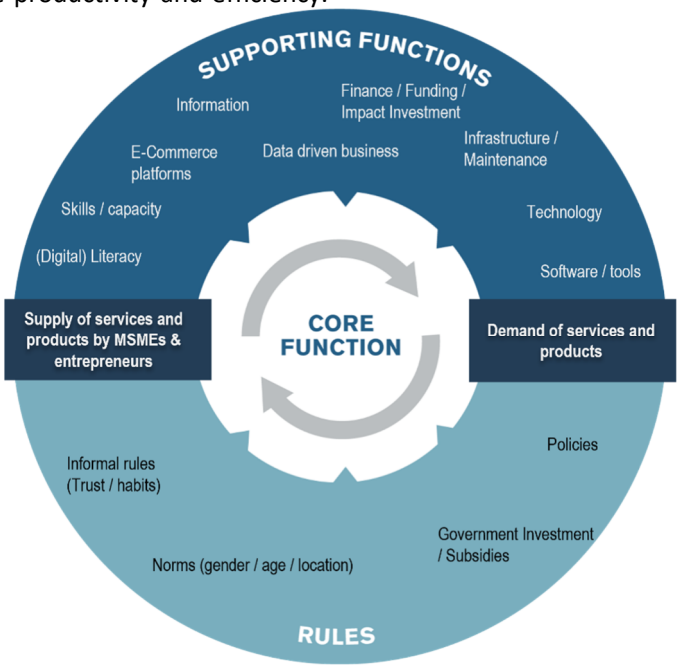

Figure 2: Using digital services and products to support MSME development in different economic sectors

Helvetas is committed to driving economic growth across different economic sectors. Digital solutions can play a crucial role in achieving this goal. Where feasible, Helvetas promotes the use of digital solutions to support the development of businesses and industries. Our efforts are aimed at fostering both demand and supply of these products and services. Figure 2 illustrates the key digital products and services that have the potential to foster supply and demand in different economic sectors as well as the key areas where digital solutions can influence rules and regulations and support the establishment of framework conditions conducive for inclusive economic development.

The support functions illustrated in figure 2 have potential to improve the supply and demand on different economic sectors. These support functions include:

- Digital skills
- E-Commerce
- Information
- Finance
- Technology

Much like exemplified for Supporting Digital Ecosystems, also the supply and demand of digital products and services is influenced by (and also influences) rules and regulations.

Helvetas works with local actors, addressing both support functions and rules and regulations to create a more inclusive and equitable economic system that allows excluded groups to participate and benefit from economic growth. Below we exemplify what some of our projects are doing to promote better use of digital solutions to improve the efficiency of different economic sectors.

Our Project Experiences in development through digital solutions

PAPEA – BURKINA-FASO

CLIENT: Swiss Agency for Development and Cooperation (SDC)
DURATION: 2019-2023
VOLUME: CHF 8,890,689

The PAPEA project seeks to improve the viability, sustainability, and competitiveness of agricultural enterprises to create decent jobs and support the economic integration of youth and women.

To support the development of agricultural markets, the project established around 50 business clusters, which bring together different market actors in a geographical area, including financial institutions and service providers. These clusters have established WhatsApp groups as a means to exchange information and trade among themselves, improving the efficiency of the value chain. Supporting exchanges through a digital solution has helped to accelerate business transactions and facilitate trust building among market actors.

Selected learnings: The use of a digital tool has shown to be an effective way to strengthen market linkages and facilitate business transactions across a value chain. WhatsApp being a tool that many people are familiar with facilitates the adoption of the tool and features like voice messaging make the solution more inclusive and accessible to low-literate populations.

CLIENT: HELVETAS Swiss Intercooperation
DURATION: 2022-2024
VOLUME: CHF 270,456

The Chala-i project seeks to contribute to improving the living conditions of young women and men through economic entrepreneurship, contributing to increasing the resilience of the municipality of Sucre. The project facilitates the creation of a favourable environment for entrepreneurship in Sucre by working closely with actors in the entrepreneurial ecosystem to improve the services provided to entrepreneurs and youth who will be empowered to develop their own economic ventures.

To better serve young entrepreneurs, Chala-i promotes the inclusion of digital technology services as an integrated part of the support offered by actors in the Sucre Entrepreneur Ecosystem. For example, the project supports partners to assist the development of tech startups or supports the use of digital solutions to further skills development in entrepreneurs. Furthermore, the project encourages the use of social networking sites to promote the services offered and for actors in the entrepreneurial ecosystem to connect.

Selected learnings: Digital technologies can greatly contribute to help ventures grow and exchange with a wider community. The project experienced youth entrepreneurs to be very keen to use digital solutions but observed an increase in the reluctance of leveraging digital technologies with age. To overcome scepticism, the project found it helpful to invite youth entrepreneurs to share their experience using digital technologies on social networking sites.

AGRICONNECT – TANZANIA

CLIENT: European Union
DURATION: 2020-2024
VOLUME: CHF 5,750,000

The Agri Connect (KIBOWAVI) project aims to improve income and nutrition of small-scale women and youth farmers through targeted interventions in the horticulture sector to increase productivity, production, resource-efficiency, diversity, value addition and marketing.

The project uses digital extension and market services platforms to connect extension workers with market actors (farmers, buyers, and sellers), improving their access to finance and strengthening their market linkages. In particular, village saving and lending (VSLA) groups have started using digital saving and lending applications like the CHOMOKA app to manage the groups' activities, to improve money safety, strengthen market linkages, and facilitate the groups' access to finance and educational materials. Additionally, farmer groups and individuals have recently started using Y9 digital bank for online banking services (deposits, withdrawals, and loans) to enhance financial and digital inclusion, especially for people in remote areas.

Selected learnings: The project has shown that farmers are ready to adopt innovative and digital solutions in their activities to enhance their efficiency and productivity. However, the project found the provision of physical trainings to be crucial to facilitate the adoption of digital services. Furthermore, due to the challenge of unreliable internet connectivity in rural areas and access to smartphones, especially for female farmers, the project needs to work with solutions that also work offline.

PROCOEES – GUATEMALA

CLIENT: Fédération Genevoise de Coopération
DURATION: 2022-2025
VOLUME: CHF 690,000

The PROCOEES project seeks to contribute to reducing forced migration by improving access to decent income and jobs for women, youth and returned migrants through a solid network of micro, small and medium-sized enterprises (MSMEs). Collaborating with key system actors, the project addresses specific bottlenecks for MSMEs, strengthens their competitiveness and facilitates access to new markets through innovation and the use of digital technologies.

PROCOEES works with system actors to promote certified digital literacy trainings to strengthen the capacity of MSMEs to use digital solutions. Adopting digital solutions, such as e-commerce or digital marketing, has enabled MSMEs to access and realize more economic opportunities, increase local demand for their product and services, and become more competitive. In addition, the project plans to leverage digital solutions to improve access to market information and knowledge for MSMEs in the agricultural and agribusiness sector.

Selected learnings: Digital tools allowed for greater impact and scale in a short time and with fewer resources. However, it was paramount for the project to ensure that private actors have the technical and financial capacity to sustain the digital solution at the end of the project. Furthermore, the project successfully attracted co-investments from private sector companies to develop their digital capabilities, which has been an important scaling mechanism.

Challenges and Risks of fostering Digital Ecosystems and promoting Digital Solutions

	Challenges	Risks	Mitigation measures
Supporting Functions			
Infrastructure	The infrastructure necessary to support ICT, such as reliable electricity, internet connectivity, and transportation, is often inadequate, inexistent, or unaffordable.	ICT can create dependencies on technology and (digital) infrastructure, which can be vulnerable to disruption or failure. This can limit the ability of businesses and individuals to access digital services and support sustainable economic growth.	Facilitate partnerships between technology providers and businesses to develop customized solutions that meet the needs of local markets. Advocate for policies and investments that support the development of affordable technology and digital infrastructure.
Technology	Limited access and affordability of the technology necessary to participate in digital ecosystems, such as smartphones, computers, and software applications. This can restrict the potential for businesses to reach customers and for consumers to access digital services.		
Digital Skills	Lack of the digital skills necessary to effectively use digital technologies, such as basic computer literacy, digital literacy, and online security. This can make it difficult for businesses to recruit and train employees, and for consumers to access and safely use digital services.	ICT rely on individuals and businesses having digital literacy, that is the ability to effectively use technology and access information. Without digital literacy, it can be difficult for people to benefit from digital services and for businesses to reach customers, risking further exacerbating socio-economic inequalities and contributing to other digital harms.	Support the capacitation of individuals and businesses to develop the skills necessary to use digital tools effectively.
Finance	Access to financial services needed to grow and expand businesses. This can make it difficult for MSMEs and entrepreneurs to invest in the technology and infrastructure necessary to participate in digital ecosystems.	ICT can widen the digital divide, with some people and businesses being able to afford digital technologies and others not. This can exacerbate existing inequalities and limit the potential for ICT to support sustainable economic growth.	Technical assistance and capacity building support to local financial institutions to improve their ability to serve MSMEs and entrepreneurs.
Rules and Regulations			
Regulatory and legal frameworks	Weak or inexistent regulatory and legal framework that insufficiently protect consumer and businesses can make it difficult to establish and grow the use of ICT in developing economies.	ICT can be difficult to regulate and monitor, and the lack of appropriate regulation can lead to fraud, money laundering, and other illegal activities. Additionally, if regulations are not in place to protect consumers and business, it can lead to exploitation and market failures.	Facilitate multi-stakeholder dialogue and advocacy to encourage the development of appropriate legal and regulatory frameworks for ICT and digital services, including engaging with civil society organizations and consumer advocacy groups.
Socio-Economic challenges	Poverty, cultural barriers, and lack of education can make it difficult for businesses to reach certain populations and for certain populations to access and use digital services. Additionally, a lack of trust in digital technologies can constitute a barrier for MSMEs to leverage ICT4D.	The automation and digitization that can come with ICT can lead to job displacement, particularly for low-skilled workers. This can create economic and social challenges and increase inequality.	Partner with local organizations, such as community-based groups or cultural associations, to build trust and promote digital literacy and the adoption of digital technologies among target populations.
Data Privacy & Security	Privacy and security concerns are critical in digital ecosystems, in developing economies, these challenges are even greater, considering the lack of education, awareness, and the regulatory environment.	ICT store large amounts of personal and financial data. These systems are vulnerable to attacks that may compromise the security of personal and financial information, disrupt services and damage reputation of businesses and governments.	Develop and implement appropriate data protection policies and procedures to ensure the security of personal and financial information.

REFERENCES

This document was created with information recovered through interviews conducted with eight Helvetas implemented projects during the first quarter of 2023. These projects were Agriconnect in Tanzania, Chala-I in Bolivia, MEP4S in Pakistan, Optim in Moldova, Papea in Burkina-Faso, Procoees in Guatemala, Reconomy in Eastern Partnership and Western Balkans (regional programme) and Risi in Albania. Additionally, key documents were consulted for inspiration and reference, such as the ones mentioned below:

- #Digital4MSME (beamexchange.org) , 2023/05/08
- Evidence map (beamexchange.org) , 2023/05/08
- Digitalisation and PSD – DCED (enterprise-development.org), 2023/05/08
- Digital Ecosystem Framework | USAID | U.S. Agency for International Development, 2023/05/08
- Economy and Education Shareweb - Digitalization (shareweb.ch), 2023/05/08