

POLICY POINTER

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PACCI's Perspective on the AfCFTA Protocol on Digital Trade



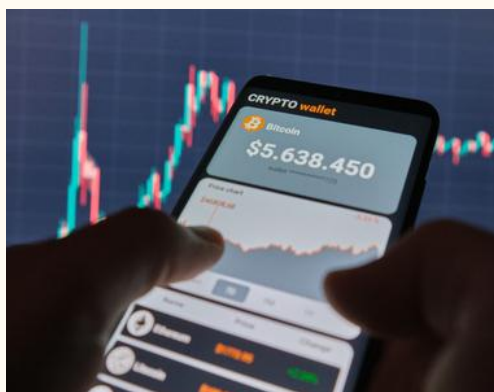
The Protocol on Digital Trade under the African Continental Free Trade Area (AfCFTA) represents a significant opportunity to foster a digitally integrated African continent. However, from the perspective of the Pan African Chamber of Commerce and Industry (PACCI), it is essential to recognize the opportunities and challenges this presents for African countries. The protocol aims to facilitate cross-border digital transactions, enhance interoperability, and build a digital economy across Africa. Nevertheless, unless carefully implemented, there is a risk that it could perpetuate dependency on advanced economies for technology and infrastructure, limiting Africa's control over its digital future.

The key issue here is Africa's ability to develop an autonomous digital ecosystem that does not solely rely on external technology providers. While the protocol sets commendable objectives of creating harmonized rules and promoting digital trade, several shortcomings could hinder Africa's long-term economic sovereignty and sustainable development.

Key Shortcomings of the Protocol

1. Dependence on External Technologies and Infrastructure: The protocol encourages the adoption of international standards and technologies but lacks emphasis on promoting indigenous African technologies. Without focused efforts to build local capacity in digital infrastructure, African countries may remain overly dependent on foreign technology providers. This dependence could place Africa's digital trade systems at the mercy of external corporations or governments, thereby limiting Africa's ability to shape its own digital future.

2. Limited Focus on Local Innovation and Industrialization: The protocol places a strong emphasis on adopting digital technologies but lacks provisions to foster local innovation and digital industrialization within Africa.



A digitally empowered continent requires not only access to global digital tools but also the capacity to develop its own digital technologies, products, and services. By failing to explicitly promote African-led technological development, the protocol could stifle local innovation and prevent African companies from gaining a foothold in the global digital economy.

3. Inequitable Data Governance Framework: The cross-border data transfer provisions of the protocol favor the free flow of data, but many African countries lack robust data governance frameworks. This leaves the continent vulnerable to losing control over valuable data to global tech giants, exacerbating economic inequalities. Africa risks becoming a raw data provider while foreign companies extract economic value from African data without equitable benefits returning to the continent.

4. Vulnerability to Cybersecurity Threats: Africa's digital ecosystem remains fragile, and the continent is vulnerable to cybersecurity threats. While the protocol recognizes the need for cybersecurity measures, it does not go far enough in building Africa's capacity to protect its digital infrastructure from cyberattacks. Without adequate protection, African countries risk significant disruptions to their digital trade systems, with potentially severe economic consequences.



5. Develop a Continental Digital Sovereignty Strategy: African countries need to prioritize digital sovereignty by creating a strategy that emphasizes the development of indigenous technologies, infrastructure, and platforms. This strategy should involve significant investment in African digital research and development (R&D) through public-private partnerships. Establishing regional digital innovation hubs and technology parks can foster local entrepreneurship, reduce reliance on foreign technologies, and ensure that Africa becomes not just a consumer but also a producer of digital technologies.

6. Promote Indigenous Digital Industrialization: The AfCFTA should champion policies that encourage digital industrialization across the continent. By building Africa's capacity to produce its own digital goods and services, the continent can create sustainable value chains and reduce reliance on imports from developed countries. Tax incentives, grants, and financing options should be made available to startups and SMEs developing digital products, software, and e-commerce platforms specifically designed for African markets.



7. Strengthen Data Sovereignty and Build Local Data Centers: Africa should prioritize data sovereignty by building local and regional data centers to ensure that African data is stored and processed within the continent. This would limit the flow of data to foreign entities and retain the economic value generated from data within Africa. The protocol should include provisions requiring foreign companies to store data in Africa and engage in equitable data-sharing practices that benefit African businesses and governments



8. Create an African Digital Standards Body: To ensure that digital trade standards reflect African realities, the AfCFTA should establish an African Digital Standards Body to develop and enforce standards specifically tailored to the continent's needs. This body should work in coordination with international organizations but ensure that African interests are prioritized, and that standards promote local technological development and market access for African firms.

9. Invest Heavily in Cybersecurity Infrastructure and Skills Development: Cybersecurity must be treated as a priority for Africa to engage in digital trade without disruption. The AfCFTA should mandate the creation of a continental cybersecurity framework with significant investments in building cybersecurity infrastructure and skills across Africa. Public and private sectors should collaborate to establish cybersecurity training programs, creating a workforce capable of safeguarding Africa's digital economy from cyber threats.

10. Ensure Equitable Access to Digital Infrastructure for All African Nations: The AfCFTA should facilitate the equitable distribution of digital infrastructure across the continent. This is crucial to ensuring that all African countries, especially those with less developed digital ecosystems, have access to the necessary tools to participate in digital trade. A digital infrastructure fund could be established to support less developed countries in building robust internet connectivity, cloud storage, and digital payment systems.

The Protocol on Digital Trade under the AfCFTA has the potential to transform Africa's economic landscape by enabling intra-African digital trade and fostering digital inclusion. However, unless the critical shortcomings related to external dependency, lack of local innovation, weak data governance, and cybersecurity vulnerabilities are addressed, the protocol risks reinforcing Africa's position as a consumer, rather than a creator, of digital products and services. The Pan African Chamber of Commerce and Industry (PACCI) calls for a more radical, Africa-centered approach that emphasizes digital sovereignty, local industrialization, and robust data protection to ensure that Africa fully benefits from the digital economy and emerges as a leader in global digital trade.



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