

OPINION PIECE

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Multiple economic resilience challenges for Africa in a rapidly digitalizing global economy

For the African Continental Free Trade Agreement (AfCFTA) to fly, the currently missing digital underpinnings need to be in place. Digital infrastructure, both to undergird the financial and logistical trade of analogue goods, and to support tradable digital services, urgently needs to be prioritized.

Yet, there are multiple digital readiness challenges that Africa needs to overcome before it can benefit from digital processes to increase the continent's visibility on global markets and in global value chains. These are part of the broad objectives of the AfCFTA, and although previously e-commerce and digital services were not specifically part of the agreement, they are now on the agenda for the third round of AfCFTA negotiations. Already the importance of digital trade has been recognised in African policies such as the African Union Digital Transformation Strategy, from which several practical guiding frameworks are being developed, including a data policy framework.

The importance of creating a safe and secure cyber-realm for digital markets and e-trade to flourish is already recognised on the African continent through the African Union Convention (Malabo Convention) on Cyber Security and Personal Data Protection, which was finalized by the African Union in 2014. The problem,

however, is that most African countries are not signatories to such enabling agreements, which not only prevents them from capitalizing on a single digital market, but also prevents the trusted cross-border data flows that are required if a single digital market is to be operationalized.

While African countries are understandably sceptical of entering into global free trade agreements while their digital markets remain undeveloped or as long as the data future remains unpredictable, adopting protectionist measures through narrow notions of data sovereignty or localization will not enable them to be competitive, as the digital and data economy is inherently a global economy.

With relatively low levels of internet penetration and limited digital services, even countries with larger populations or economies in Africa do not generate enough data to have an internal data economy. Further, data has little value in of itself and few can benefit from the data that they have to create value on scale.

With data becoming a critical asset underpinning the global economy, ensuring cross-border flows is a prerequisite to the creation of a single African digital market and to enabling that digital market to be globally competitive.

If countries are concerned about the welfare of their citizens' privacy and the protection of their data, they can control the use of the data at a higher level in the data economy architecture, while enabling the physical flow of data on which the efficiency and effectiveness of the data economy is dependent.

There is a vast amount of data in the global flows of data that is not personal data, has no inherent value and is not sensitive in any way. Any physical interruption at the infrastructural level, as witnessed in its most extreme form through internet shutdowns, not only curtails political freedoms, but instantly stalls trade and therefore economic growth, as well as associated consumer welfare outcomes. Data protection laws in African countries should, and in some cases already do, recognise that there are various kinds of data with different degrees of sensitivity, and allow any data that requires protection to flow among jurisdictions in which the legal protections are equivalent.

Unless African countries harmonize their regulatory frameworks and fully commit to an integrated market, the continent will continue to be marginalized with regard to dynamic global markets and will continue to encounter difficulties in enabling a more even distribution of the benefits within them.