

The rise of digital trade offers significant opportunities for Africa to boost growth, create better jobs and reduce poverty. To support African countries' efforts to harness these opportunities, in 2023 the WTO and the World Bank joined forces and launched the "Digital Trade for Africa" project.

Policy Note "Turning Digital Trade into a Catalyst for African development"

Phase I of the project resulted in a joint WTO-WB Policy Note titled 'Turning Digital Trade into a Catalyst for African Development'.¹ This Note, presented to African Ambassadors in July 2023, highlights five key messages:

- Digital trade presents significant opportunities for additional and more inclusive trade. It can help Africa increase exports to existing markets, enter new markets, drive export diversification, boost competitiveness and promote the trade participation of smaller firms, women and youth.
- Although digital trade in Africa is growing rapidly, surpassing other forms of trade, the continent's share of global digitally delivered services exports remains small, accounting for less than 1%.
- Harnessing the benefits of digital trade requires a supportive ecosystem, comprising connectivity infrastructure, digital skills, electronic payment systems, effective customs and logistics services, and sound policies and regulations.
- Effective trade and regulatory policies are crucial for a digital trade strategy. While hard digital infrastructure is essential, it alone is insufficient. A comprehensive regulatory framework is a vital complement.
- Action at the international level can serve as a catalyst for advancing digital trade in Africa.

Piloting

As highlighted in the Policy Note, an enabling regulatory environment for digital trade is key to leveraging digital infrastructure effectively and realizing the benefits it offers. In line with this objective, in Phase II of the project the WTO and World Bank have proposed to conduct a "Digital Trade Needs Assessment" in collaboration with interested pilot countries in Africa.

Several African WTO Members have volunteered for this initiative, prompting joint missions by the WTO Secretariat and World Bank staff to an initial set of five pilot countries, namely Benin, Côte d'Ivoire, Ghana, Kenya, and Rwanda. These missions have engaged a wide range of stakeholders and have fostered an understanding of the needs and opportunities within each country's digital trade ecosystem.

The missions revealed the shared commitment among governments and stakeholders to harness the potential of digital trade for inclusive and sustainable development. While pilot countries differ in the comprehensiveness of their regulatory frameworks for digital trade, all are taking important steps to strengthen rules governing, among others, cross-border data flows, data protection, electronic signatures, online consumer protection, and electronic payment systems. The importance of building capacity and boosting the digital literacy of stakeholders, especially small and medium-sized enterprises (SMEs), to fully leverage the benefits of digital trade, was also highlighted.

The missions have helped pinpoint areas where more coordinated international support would complement governments' efforts to address gaps. Following a stocktake of progress achieved and lessons learnt from the pilot work, joint missions will be extended to additional countries based on demand, and engagement with African countries will be scaled up.

Next steps

Based on the work carried out so far, informed by consultations with the pilot countries, the WTO and the World Bank have identified a number of possible concrete interventions that can help address digital trade policy needs.

The WTO Secretariat can help individual African countries address specific gaps preventing them from better using trade rules to increase their participation in digital trade by offering technical assistance and capacity building activities. In addition to delivering national workshops, on demand, the WTO can organise activities in a variety of other formats, including regional seminars, global thematic workshops and online training courses. Additionally, in response to pilot countries' requests for assistance in modernising, introducing or enforcing regulations in specific areas, the WTO can also work to mobilize global resources through initiatives like Aid-for-Trade. Furthermore, the WTO can marshal its research and trade policy information and capabilities in support of African countries' analytical needs in the digital trade sphere, for instance to pinpoint potential bottlenecks within services regimes, or to shed light on potential costs and benefits associated with reforms.

For its part, the World Bank will leverage its existing portfolio of country programmes and projects in relevant areas such as digital economy, trade, and SME development, to extend tailored technical assistance and capacity building support targeting the strengthening of regulatory frameworks while also scaling up the ability of firms and their workforces to make productive use of digital technologies.

The WTO and the WB will continue to work in close and full coordination with African countries to sustain their efforts to realize the growth and development promise of digital trade.

¹ Available at: https://www.wto.org/english/thewto_e/minist_e/mc13_e/policy_note_digital_trade_africa_e.pdf