

*TransformAfrica:*  
*Quarterly Journal on Trade, Investment and Digital Transformation*  
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**TransformAfrica: Journal of Trade, Investment, and Digital  
Transformation**



Dear Readers,

Welcome to the first edition of Tutwa Consulting Group's Quarterly, *TransformAfrica: Journal of Trade, Investment and Digital Transformation*

In our rapidly evolving global landscape, the intersection of trade, investment, and digital technologies is reshaping our economies and societies. We offer this new journal, **TransformAfrica** as a stimulus for foresight, reflection, and innovation towards new solutions to our socio-economic challenges.

In this inaugural issue, we explore the dynamic forces driving change and progress across Africa and beyond, from the bustling streets of African markets to the corridors of international trade negotiations. **TransformAfrica** strives to capture the pulse of transformation in all its dimensions, from the boardrooms of tech startups to the halls of government policymaking.

Our journal considers the profound impact of digitalization on trade and investment, offering a platform for thought leaders, practitioners, policymakers, and scholars to exchange ideas, share experiences, and shape the future. Through insightful articles, engaging interviews, and comprehensive coverage of events and trends, **TransformAfrica** aims to inform, inspire, and empower our readers with the right information to navigate the complexities of the digital age with confidence and vision.

In this first edition, you will find thought-provoking outlines of African business experience, analyses of Africa's investment landscapes, and captivating interviews with visionaries driving innovation and progress. Whether you are a seasoned industry veteran, an aspiring entrepreneur, a policymaker charting new pathways, or a curious observer of global trends, **TransformAfrica** has something new to educate and entertain you.

As we launch this journal, we extend our heartfelt gratitude to all those who have contributed their expertise, insights, and support to make this endeavour a reality. We are committed to upholding the highest standards of excellence, integrity, and relevance in all our activities, and we invite you to be part of our vibrant community of thinkers, doers, and change-makers.

Thank you for joining us on this journey. Together, let's explore the boundless possibilities of transforming Africa for greater prosperity, innovation, and inclusive growth for all.

Enjoy this issue!

Lesley Wentworth, Managing Editor, **TransformAfrica: Journal on Trade, Investment and Digital Transformation**

## Welcome to *TransformAfrica*

### TABLE OF CONTENTS

Feature: In Conversation with Ambassador Mzukisi Qobo .....	4
Trade Barriers in the Cold Chain Industry: Threats to Food Security .....	7
What's New in the AfCFTA? .....	9
Empowering Women to Trade under the AfCFTA: The Continental Network of Women's Business Associations in Africa .....	12
Digital Trade in Africa: Legal and Normative Frameworks .....	14
Forthcoming Event .....	17
Call for Papers .....	17

## Feature: In Conversation with Ambassador Mzukisi Qobo

Dr Mzukisi Qobo was appointed in November 2023 as South Africa's Ambassador and Permanent Representative to the World Trade Organisation (WTO) in Geneva, Switzerland. Dr Qobo has 25 years



of experience in the public service, academia, and policy think tanks, including as the Head of the Wits School of Governance at the University of the Witwatersrand, South Africa. Ambassador Qobo consulted for the World Bank and the United Nations Economic Commission for Africa (UNECA). Between 2019 and 2024, he was a member of the Presidential Economic Advisory Council which advised President Cyril Ramaphosa on economic policy and the

economic recovery plan. Dr Qobo was a facilitator of the Agriculture and Agroprocessing Masterplan. As chief director for Trade Policy Review at the Department of Trade and Industry, between 2007 and 2010, Dr Qobo oversaw the formulation of South Africa's trade policy. He has also served on several boards in the private and public sectors, including on the Board of Tutwa Consulting Group. Dr Qobo holds a PhD from the University of Warwick, UK, and is a published author, notably of the book *The Political Economy of China-US Relations: African Agency and Digital Futures*.

### Interviewer:

Dr Qobo, thank you for agreeing to this interview. We appreciate you taking the time to talk to us about your erstwhile consulting company, Tutwa Consulting Group, which you helped establish a decade ago. We have a few questions to direct our conversation.

You moved to the WTO headquarters in November 2023 to become South Africa's Ambassador and Permanent Representative. What has been the highlight of your past months at the WTO?

### Ambassador Qobo:

My major highlight was the 13th Ministerial Conference of the WTO. This conference focused on several issues for negotiation – agriculture, fisheries, and deciding on the moratorium on e-commerce. South Africa played a constructive role across the negotiating pillars, with Minister Ebrahim Patel often called upon to broker decisions on complex issues. It was also interesting to see the lengths countries would go to defend their interests and positions.

### Interviewer:

Earlier this year, WTO Director-General Dr Ngozi Okonjo-Iweala noted that "multilateralism is under attack". The WTO has historically been one of the global institutions at the forefront of this attack. How should we rebuild the resilience of the multilateral system, and how can we strengthen the relevance and influence of the WTO, particularly in Africa?

### Ambassador Qobo:

The WTO needs to be relevant to the world's challenges today. These include development, sustainability, and the changing character of global commerce and supply chains. Globalisation has not led to a convergence in living standards between advanced industrial economies, developing countries, and Africa. Some large developing countries have benefitted, but by and large, African economies remain at the bottom of the global trade hierarchy. Production and export diversity is a critical source of resilience.

The profile of exports in most African countries remains heavily concentrated in commodities, while they import finished

products from advanced economies. The new scramble for critical raw materials is likely to accentuate this reality. The green and digital industrialisation era will again leave Africa trapped at the bottom as importers of green goods, produced outside the continent. This is while they export the critical inputs that catalyse green industrial competitiveness in advanced industrial economies. Green and digital technologies remain concentrated in a handful of advanced industrial economies. While international trade openness plays a role, it is not enough to close the digital and industrial gaps perpetuating global power imbalances. The WTO must be responsive to these realities, allowing for the rebalancing of existing agreements to let developing countries take measures that promote their structural diversification.

**Interviewer:**

When conditions are right, trade catalyses economic growth and efficiency and can reduce poverty. Similarly, information and communications technologies (ICTs) can promote economic and social development. How is the WTO supporting digital trade for sustainable development?

**Ambassador Qobo:**

The recent WTO Global Trade Update has shown that business services have experienced an increase in growth, despite the decline in financial services. The value of digitally delivered services globally is \$4.5 trillion, exceeding pre-pandemic levels by 50%. Services are important in international trade as growth is manifest across all four modes of service supply: cross-border supply, consumption abroad, commercial presence, and the presence of natural persons. Services are also intricately linked to production, and this is increasingly the case as digital processes play a vital role in optimizing global value chains. We also need to reflect on important developmental concerns regarding the appropriate means to extract the value of this

astronomical growth for developing countries since many services-based transactions, especially electronic transmissions of digitisable products, are not taxed. There should be a clear definition and scope of these e-commerce flows while also considering approaches for closing the digital divide and supporting a rich digital ecosystem in developing countries. Apart from the e-commerce moratorium in place since 1998, there is no positive negotiating agenda in the multilateral setting on e-commerce, in part, because there is no provision in the current rules for these, and because the current negotiated mandate remains incomplete.

**Interviewer:**

How do you see the interactions and synergies between the WTO and the AfCFTA for the socio-economic development of Africa? Has there been an exchange of ideas between the two institutions to provide support and guidance to government stakeholders in implementing the AfCFTA Protocols?

**Ambassador Qobo:**

There is scope to consider the relationship between the two institutional processes, especially for the benefit of the African continent. There are potential overlaps in some of the thematic areas related to intellectual property, digital trade, and investment. In the future, there might need to be conversations about how we harness the opportunities that lie in these two institutions for advancing Africa's development.

**Interviewer:**

The WTO Trade Facilitation Agreement aims to eliminate non-tariff barriers globally, establishing measures to speed up the trade of goods across borders according to global best practices. This Agreement seeks to reduce trading costs for import and export, including goods in transit. This will imply lower transaction costs to reach the border, trans-border, and behind the border.

The Investment Facilitation for Development (IFD) Agreement is focused on achieving global accord concerning procedures, transparency, and consistency for an enhanced investment and business climate, enabling investment for greater foreign direct investment and domestic investment. The IFD Agreement, with the participation of over 125 WTO members, seeks to enhance the international business environment, to the benefit of developing and least-developed countries.

While South Africa has ratified the multilateral Trade Facilitation Agreement, the country (and others like India) has stopped the plurilateral IFD Agreement. What are South Africa's objections to the IFD?

**Ambassador Qobo:**

First, there is no precedent yet for adding Annex 4 agreements to the WTO based on Article X.9 of the WTO Agreement. The current plurilateral Annex 4 agreements (Agreement on Trade in Civil Aircraft and Agreement on Government Procurement) are carried forward from the Uruguay round and were already in place when the WTO Agreement was concluded. They were incorporated into the WTO by consensus. The financial services and telecommunications plurilaterals were mandated, conducted through the authorized bodies, and adopted through consensus. The

TFA is based on a multilateral mandate that was the basis for the negotiations. There is no such mandate for the IFD Agreement. Second, new plurilateral agreements can only be added to Annex 4 of the WTO Agreement exclusively with the consensus of all WTO members. This reflects a conscious decision in the Marrakesh Agreement to adopt an integrated, more viable, and durable multilateral system and to treat the plurilateral as exceptional. There was no such multilateral oversight with the IFD agreement. Discussions are currently underway with the proponents of the IFD Agreement to exchange perspectives on its nature and give members the chance to address any concerns raised.

**Interviewer:**

What are your hopes and commitments in this current role at the WTO in working towards enhanced trading in South Africa and across Africa?

**Ambassador Qobo:**

In this role, I intend to advance South Africa's economic interests in the multilateral trading system, champion South Africa's development concerns while highlighting the inequities that still prevail in the multilateral trading system and find solutions to the current impasse in the negotiating pillars.

# Trade Barriers in the Cold Chain Industry: Threats to Food Security

By Paul Matthew, Global Cold Chain Alliance, Director for Africa



Many of us in Africa, as elsewhere, take for granted our access to grapes from Argentina, lamb from New Zealand, or the ice cream imported from Italy. We don't often think of the processes required to keep these products in the condition that makes them ready to consume on our tables.

*A cold chain includes all steps/ facilities for storing, handling, and transportation of perishable products – for which controlled temperature conditions must be maintained from the point of production to the point of sale.<sup>1</sup>*

Managing the cold chain system in the agroprocessing and pharmaceuticals sectors involves controlling the temperature and environmental conditions of products and securing standards like sanitary and phytosanitary (SPS) compliance to ensure the quality of these products. Temperature control is necessary to prevent food loss worldwide, currently estimated at 33% of what is produced for human consumption.

With so much of the world population going hungry and unable to access fresh food, transporting food from farm to table is a profound challenge that must be addressed. Additionally, the environmental cost of all greenhouse gas (GHG) emissions traced back to food loss and waste hovers around 8%.<sup>2</sup> This has made it a priority for the cold chain industry to extend access to refrigerated transport and storage, and to seek energy efficiencies in cooling logistics. Without consistent access to these cooling technologies, logistics companies moving food, medicines, and other products reliant on

stable, low temperatures, face huge obstacles to deliver products in the condition required.

Agroprocessing is a key sector for the African Continental Free Trade Agreement's (AfCFTA) Private-Sector Engagement Strategy. Agriculture employs between 65% and 70% of the working population in most African economies, contributing about 30-40% of the GDP of African countries on average. Upstream and downstream sectors and activities provide huge potential for the services industry, beneficiation, manufacturing, and processing, adding greater value in Africa.

As much as 80% of food production on the continent is from smallholder farmers with historically low yields, agriculture, and agroprocessing have a high potential for economic growth, employment, and inclusivity, and could spur intra-African trade. Currently, Africa is spending around \$50 billion on imports of agricultural products. Without the current import tariffs between African countries, intra-African agricultural trade could rise by 574%! Tariffs, import quotas, and stringent regulatory requirements restrict the flow of food products across African borders. They limit the availability of food products and consumer choices. Efforts to reduce these barriers and promote smoother food trade within Africa are key for addressing food security and promoting socio-economic development.

However, non-tariff barriers (NTBs) to trade include inadequate physical infrastructure such as bad roads causing tyre bursts and breakdowns, electricity outages, water shortages, and delays at borders, ports, and railways. These are some of the most frustrating obstacles for businesses trading in Africa, as multiple governments must commit to eliminating these NTBs, with the private sector's support.

NTBs also include quotas, licensing requirements, and technical standards that create bureaucratic hurdles, increase transaction costs, and create additional delays for cross-border trading. Cumbersome, unnecessary, and costly regulations create layers of complexity. This leads to stifled competition and restricted market access. Consequently, the range of goods and services available to consumers diminishes.

Many African countries, including South Africa, have pushed for the adoption and implementation of the AfCFTA, but the continent's weak trade infrastructure caps the potential of the continent-wide free trade area. For a country to commit to and implement a free trade agreement, it must, at a minimum, assess and lower tariffs, ensure its rail networks and ports are efficient, streamline licensing and permit processes, and expedite border post operations.

All these physical and regulatory challenges and delays place an additional burden on the cold chain industry. The cold chain mechanism is time-sensitive and precisely coordinated. Where a load is delayed for longer than the holdover time, this can result in the loss of entire supplies of agriculture, agro-processed goods, or medicines and pharmaceuticals. This leads to financial losses for the traders and creates additional food security risks.

The other sector where the cold chain is critical is pharmaceuticals. Medicines and pharmaceuticals serve as life-saving products for consumers everywhere. In Africa, the wide-ranging health issues, including endemic diseases such as malaria, and cholera, as well as emerging health threats, and the increasing burden of non-communicable diseases are well documented. Any disruption in the supply of medicines poses a major risk to African citizens. This creates potential risks with medicines that lose their efficacy or become unusable. This was clear when borders were locked down during the COVID-19 pandemic. Governments and private sector operators must continue to innovate and build resilience to avoid a supply crisis alongside a national/regional health crisis.

With the extraordinary global strides in digital innovation and the rapid technical advances, for instance, in artificial intelligence (AI), the Internet of Things (IoT), and blockchain technology, there is potential to facilitate trade in all sectors, including in pharmaceuticals. The digital revolution in progress is one in which governments and the private sector must enter into dialogue and cooperation to support enhanced trade and intra-African trade. These technologies can transform value chains across the continent and help to relieve the burden of food insecurity and the lack of access to life-saving medicines.

The Global Cold Chain Alliance's (GCCA) Call to Action (August 2024) emphasises the critical role of the cold chain in strengthening Africa's economy and food security. It seeks to enhance supply chain resilience, boost trade, and ensure the integrity of temperature-sensitive goods, particularly between rural and urban regions. The Call to Action provides a framework for GCCA's advocacy efforts, to work with governments and industry stakeholders to improve infrastructure and operations across the continent.

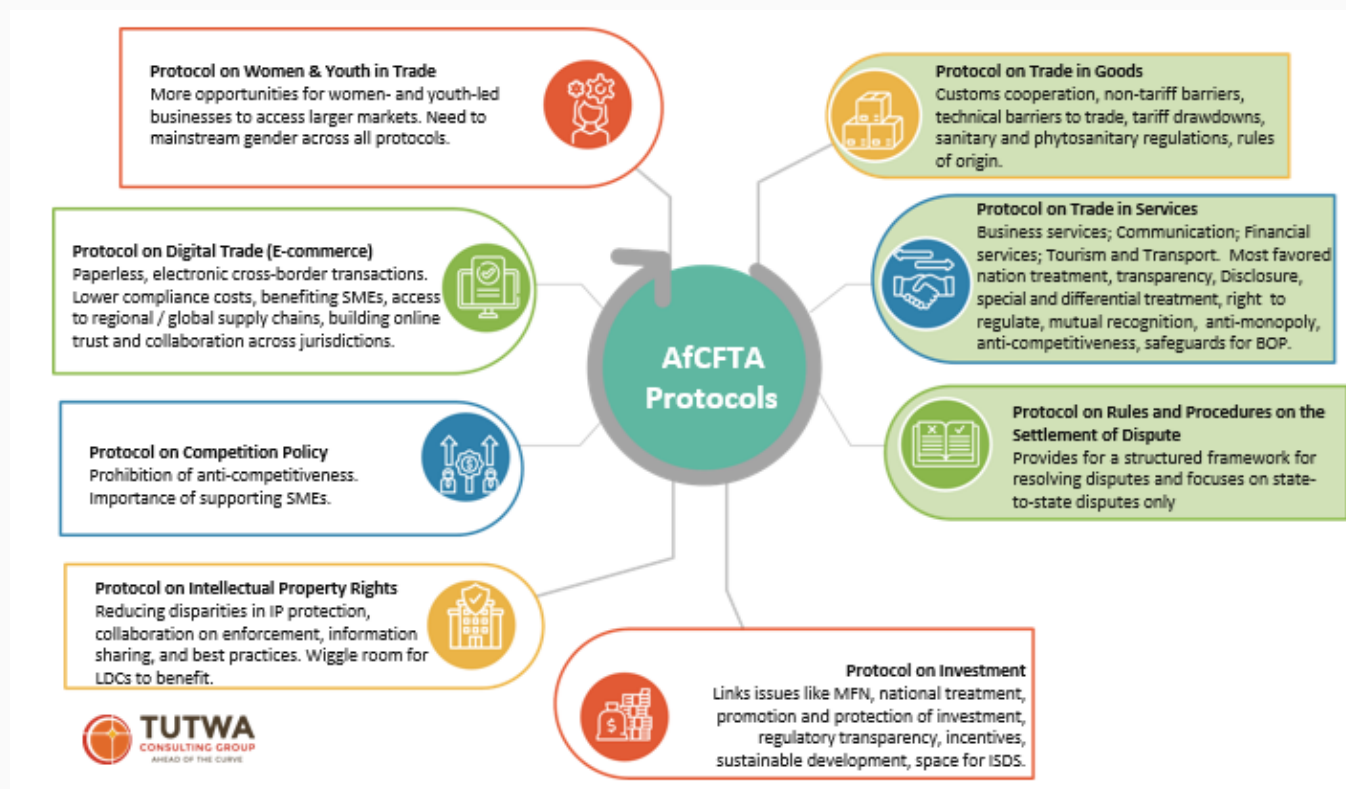
<https://www.gcca.org/regions/africa/>



## What's New in the AfCFTA?

By Tutwa Consulting Group Researchers

The African Continental Free Trade Area (AfCFTA) has created a free trade area, second in size only to the World Trade Organisation (with 164 member states). The AfCFTA is viewed as the major catalyst for transformative change in Africa's macro-business environment. This offers a huge impetus for intra-African trade and investment – and the attraction of foreign investment into regional and local value chains. The AfCFTA offers investors access to Africa's growing population of about 1.5 billion, with business and consumer spending expected to reach US\$6.7 trillion by 2030.



In September 2024, **39** African countries are actively trading under the African Continental Free Trade Area (AfCFTA) Guided Trade Initiative (GTI). This represents a significant expansion from the original seven countries that participated in the pilot phase, which began in 2022. These countries include **Rwanda, Cameroon, Egypt, Ghana, Kenya, Mauritius, and Tanzania**, which initially started trading.

The **GTI** was designed to jumpstart trade under the AfCFTA by enabling selected countries to begin trading under the new framework, even while certain technical and logistical issues were still being worked out. This allowed for the testing of systems and procedures in real time, providing valuable insights for broader implementation.

By facilitating early trade among a group of pioneering countries, the initiative aimed to highlight the AfCFTA's tangible economic benefits. This was important for building **momentum and encouraging other African nations** to finalise their tariff schedules and implement necessary domestic measures.

The countries listed below have completed the necessary tariff offers and have started trading under the AfCFTA framework.<sup>3</sup>

1. Algeria
2. Angola
3. Benin
4. Botswana
5. Burkina Faso
6. Cameroon
7. Cabo Verde
8. Chad
9. Côte d'Ivoire
10. Djibouti
11. Egypt
12. Eswatini (Swaziland)
13. Ethiopia
14. Gabon
15. Ghana
16. Guinea
17. Kenya
18. Lesotho
19. Liberia
20. Madagascar
21. Malawi
22. Mali
23. Mauritius
24. Morocco
25. Mozambique
26. Namibia
27. Niger
28. Nigeria
29. Rwanda
30. Senegal
31. Seychelles
32. Sierra Leone
33. South Africa
34. Sudan
35. Togo
36. Tunisia
37. Uganda
38. Zambia
39. Zimbabwe

There has been substantial progress in the African countries' ratification and participation and the foundational protocols are in place, which has allowed trade under AfCFTA to begin, albeit at a smaller scale.

The Pan-African Payment and Settlement System (PAPSS) is aimed at reducing reliance on foreign currencies for intra-African trade and there is momentum towards regional integration, with the goal of bolstering intra-African trade, which currently accounts for only about 17% of the continent's total trade. Still, non-tariff barriers such as customs delays, poor infrastructure, and cumbersome regulations continue to slow cross-border trade. The lack of harmonisation of economic policies, standards, and regulations across countries create complexity in aligning bring trade rules. Many African leaders are committed to vision of the AfCFTA; however, internal political pressures and domestic economic concerns sometimes lead to delays in implementation or reluctance to fully liberalise certain sectors.

The private sector must become more involved for the AfCFTA's success. And with the maturation of e-commerce, promoting digital infrastructure and regulatory frameworks to support cross-border digital trade will become an important component of AfCFTA's future.

## Close, but not quite there



Trade remains limited in scope, +/- 100 out of 4,500 eligible products are actively traded.

AfCFTA has facilitated the trade of value-added products such as coffee, tea, and batteries, and contributed to economic growth and livelihood improvement.

Many African countries are still grappling with non-tariff barriers, poor infrastructure, and the need for stronger regional value chains.

In addition, AU's **Movement of People Protocol shows slow progress.**

AfCFTA Guided Trade Initiative has shown promise but highlights the need for further regulatory and logistical improvements.

AfCFTA's potential to boost industrialisation and economic integration is acknowledged, but progress slow.

## Empowering Women to Trade under the AfCFTA: The Continental Network of Women's Business Associations in Africa

**Faith Tigere Pittet, AfCFTA Policy Coordinator at International Trade Centre**



Since its inception, the African Continental Free Trade Area (AfCFTA) has been praised for its potential benefits. These include the creation of a unified continental

market, the enhancement of intra-African trade, an increase in Africa's share of global trade, and the fulfilment of Agenda 2063 objectives. The agreement also recognises the importance of ensuring that the benefits from the AfCFTA are distributed fairly and inclusively, among women and youth in particular. In December 2020, an Assembly decision was made to "broaden inclusiveness in the operation of the AfCFTA through interventions that support young Africans, women and small medium enterprises (SMEs) as well as integrating informal cross-border traders into the formal economy by implementing the Simplified Trade Regime".<sup>4</sup>

In February 2022, the Assembly approved the inclusion of a new Protocol on Women and Youth in Trade to the AfCFTA Agreement. The Protocol is expected to address the specific constraints and barriers women and youth face when trading on the continent. In addition, recognizing gender equality as an objective of the Agreement and including a dedicated Protocol on Women and Youth creates a policy framework aimed at ensuring that gender considerations are fully considered and that women are well-positioned to seize regional trade opportunities.

In this context, the International Trade Centre (ITC) SheTrades launched a project in 2019 to complement this agenda to support women

operating in the private sector to harness the AfCFTA policy framework. As part of the private sector, women's equal participation in international trade is critical to promoting economic growth, enhancing productivity, increasing international competitiveness, and reducing poverty. Women on the continent engage in trade in various capacities, including as entrepreneurs, producers, consumers, small-scale cross-border traders, and policymakers.

As part of the project's activities, ITC has facilitated the convening of over 100 African Women's Business Associations (WBAs) across Africa in creating the Continental Network of Women's Business Associations in Africa. This Continental Network aims to promote women entrepreneurs to benefit from trade opportunities created by the AfCFTA. The Continental Network will provide a platform for WBAs to express their voice, concerns, and needs, actively participating in the AfCFTA. It will also provide capacity-building, networking platforms, and support for effective policy advocacy on AfCFTA issues.

The Continental Network of WBA's goals are five-fold:

- Serve as an interactive network and platform for women entrepreneurs to connect and share information and experiences of countries within the AfCFTA for the development of common solutions.
- Serve as a coordinator of programs and support for WBAs and their members to participate in and benefit from the AfCFTA through advocacy, skills training, business linkages, and socio-economic cultural exchanges.
- Serve as an information hub to WBAs on economic opportunities and strategies to

increase engagement of representative associations of women in AfCFTA processes, including what and how to maintain political momentum towards gender equality objectives enshrined in the AfCFTA.

- Enable market access opportunities for women entrepreneurs, particularly achieving economies of scale, production networks, and regional joint ventures.
- Bridge the gaps in knowledge and data access to enable marketing and promotion for women entrepreneurs at the continental level and support their internationalisation.

The Continental Network was launched on 30 November 2023 with attendance of over 150 WBAs across the continent. With the adoption of the Protocol on Women and Youth, the Continental Network is poised to reap the

benefits of the AfCFTA and strengthen the participation of women in trade.

The Network forms one part of the several activities implemented under the AfCFTA umbrella by ITC SheTrades to promote women's access to the AfCFTA advantages. ITC SheTrades also supports women through Hubs which are decentralized platforms through which the SheTrades Initiative delivers in-country interventions. The Hubs are administered by local institutions, that help increase the sustainability of the Initiative's interventions by promoting local ownership and alignment with national and sectoral priorities.

To date, SheTrades has seven Hubs in Africa – in Ghana, Kenya, Mauritius, Nigeria, Rwanda, South Africa, and The Gambia.

### SheTrades Mauritius Hub Going Global

The ITC SheTrades initiative, spearheaded by the International Trade Centre, focuses on the internationalisation of women entrepreneurs. In Mauritius, the Economic Development Board serves as the host agency for the SheTrades Mauritius Hub. This initiative organises a series of capacity-building programs, including participation in key events, to provide women entrepreneurs access to international markets for their goods and services.

**Mrs. Nirmala Jeetah**, Director of Bio Industry and Project Development at ITC SheTrades, encourages more women entrepreneurs to take advantage of the various programs outlined in the 2024 work plan.

<https://edbmauritius.org/shetrades-mauritius-hub>

## Digital Trade in Africa: Legal and Normative Frameworks

**Thabelo Muleya, Legal and Regulatory Expert at Tutwa Consulting Group**



Digital trade offers an innovative tool for industrial leapfrogging and income convergence. Digitisation has shaped the way millions across

Africa shop, bank, and communicate, changing the prospects of the continent's trade landscape with the potential to unlock new pathways for economic growth.<sup>1</sup>

However, finding the right balance between innovation and regulation is key in technology, particularly concerning digital trade.<sup>2</sup>

### **The African Digital Transformation Strategy**

The essential role of ICT and digital trade in Africa is articulated in the African Union's (AU) Digital Transformation Strategy for Africa (2020-2030). The strategy leverages existing initiatives and frameworks like the Policy and Regulatory Initiative for Digital Africa (PRIDA), the Program for Infrastructure Development in Africa (PIDA), and the African Continental Free Trade Area (AfCFTA). It also incorporates the African Union Financial Institutions (AUFIs), the Single African Air Transport Market (SAATM), and the Free Movement of Persons (FMP). Together, these efforts support the development of a Digital Single Market (DSM) for Africa, aligning with the African Union's integration priorities. The Smart Africa Initiative has set the creation of a DSM in Africa as its strategic vision.<sup>3</sup> The strategy aims to drive digital transformation, propel industrialisation, contribute to the digital economy, and support the AfCFTA.<sup>4</sup>

The Digital Transformation Strategy aims to harmonise policies, legislation, and regulations to enhance intra-African trade, investment, capital flows, and socio-economic integration. Identifying weak institutional coordination and

limited policy reforms as challenges. It encourages AU Member States to implement necessary laws and regulations to accelerate digital transformation. In addition, it promotes coherence of digital policies at regional and national levels and fosters cooperation among institutions. In response to the rapid growth in digital trade, it advocates for the adoption of the AU Convention on Cyber Security and Personal Data Protection and comprehensive legislation on e-transactions, data protection, cybercrime, and consumer protection. The AfCFTA Digital Trade Protocol plays a decisive role in harmonising these fragmented laws across the continent.<sup>5</sup>

### **The AfCFTA and Digital Trade**

The AfCFTA and digital trade are poised to be engines of African growth. An interconnected Africa, made possible through the AfCFTA and a single digital African market, will lower barriers to business and trade.<sup>6</sup> Connections throughout the continent are key to bridging digital divides, sparking economic growth, creating jobs, and moving all of Africa into the digital age.<sup>7</sup> However, adapting trade law to the new digital world presents significant challenges.

According to the World Bank, Africa represents a small share of the global digital trade market.<sup>8</sup> In 2022, Africa's share of global exports of digitally delivered services was only 0.9 percent, significantly lower than its approximately 3 percent share of global goods exports and GDP.<sup>9</sup> However, Africa's digital service exports have grown rapidly, outpacing the global average.<sup>10</sup> Between 2005 and 2021, global digital service exports increased by 40.52 percent, while Africa's surged by 91.53 percent.<sup>11</sup> With low intra-continental trade, 11 of the world's fastest-growing economies, and a young, digitally eager population of nearly

1.5 billion, Africa holds the world's largest untapped digital growth potential.<sup>12</sup>

Digital trade can stimulate growth by broadening export markets, diversifying products, and boosting domestic competitiveness through essential service imports.

### **Legal and Regulatory Landscape**

Despite Africa's growing digital economy, significant differences exist between countries regarding growth rates and the development of enabling policy frameworks.<sup>13</sup> At the end of 2021, only 28 African countries had consumer protection laws in place, while 33 had adopted e-transaction laws.<sup>14</sup> The legal, policy, and regulatory environment is characterised by variations in frameworks dealing with data flows and digital service taxes.<sup>15</sup> It is noted that even at a global level there are no rules governing digital trade. Ninety WTO member countries are negotiating regulations under the WTO's Joint Initiative on E-commerce but have yet to reach any conclusions.<sup>16</sup> The Digital Transformation Strategy, the AfCFTA, the AfCFTA Protocol on Digital Trade, and other initiatives provide a guiding framework for the governance of digital trade.

### **National and Continental Efforts**

Some African countries have adopted plans for the development of a digital economy, which include outward-looking goals to support the expansion of e-commerce beyond national borders and advance a DSM across Africa.<sup>17</sup> However, most countries still lack supportive regulatory national-level frameworks because of factors such as lack of knowledge and budgetary constraints.

At the continental level, the AfCFTA, once fully implemented, is expected to unleash the potential of a large DSM and foster inter-African digital trade.<sup>18</sup> The Protocol on Digital Trade builds on the Digital Transformation Strategy and harmonises fragmented laws, policies, and regulatory frameworks across the

continent. It also provides a legal framework for countries that lack national-level frameworks. Regional Economic Communities (RECs) also have various policies and initiatives related to e-commerce and trade that could play a key role in advancing the integration of markets at the regional level.

### **The AfCFTA Protocol on Digital Trade**

Given the rapid growth of digital trade and the absence of global rules alongside fragmented national laws, the AfCFTA Protocol on Digital Trade marks an important step towards regulatory convergence and common standards across Africa.<sup>19</sup> The Protocol sets out rules for both traditional trade and digital trade-specific issues, including data governance, business and consumer protection, digital trade facilitation, and digital inclusion.<sup>20</sup> It establishes national-level implementation obligations for most of these issues, with varying levels of specificity. For instance, it mandates governments to ensure private entities adopt and disclose personal data protection and cybersecurity policies<sup>21</sup> while granting discretion in determining adequate levels of data protection.<sup>22</sup>

The Protocol sets a default allowing the free flow of data, permitting firms to transfer data, including personal data, outside Africa,<sup>23</sup> and bans data localisation and customs duties on digitally transmitted products.<sup>24</sup> Additionally, it prohibits governments from forcing firms to reveal their software's source codes.<sup>25</sup> These provisions aim to facilitate digital trade and promote economic growth in Africa. By establishing a consolidated pan-African approach to digital trade issues, the Protocol paves the way for a more integrated and inclusive digital economy in Africa, with potential implications for trade, investment, and economic development on the continent.<sup>26</sup>

While the Protocol advances the goals of the AU Agenda 2063 and the Digital Transformation Strategy for Africa, its

implementation by AU member states might face some obstacles. Challenges include concerns about unequal benefit distribution, existing free trade agreements with external parties, and the absence of complementary policies in competition and tax law. Additionally, capacity constraints, pending detailed annexures, and infrastructural barriers pose potential obstacles to effective implementation.<sup>27</sup>

Given the rapid global expansion of Artificial Intelligence (AI) systems, African countries should consider implementing laws to regulate AI use, currently absent from the Digital Trade Protocol. The European Union's (EU) forthcoming Artificial Intelligence Act, set to take effect by the end of 2024, offers valuable insights. This act will standardise AI regulations across the EU's 27 Member States and apply to all AI systems impacting people in the EU, regardless of origin.<sup>28</sup> As Africa's digital economy grows, its legal and regulatory frameworks, including the Digital Trade Protocol, should address these areas. This is an unstated challenge that can be addressed as the Member States develop the outstanding annexures of the Protocol.

### **Challenges and Opportunities**

The fragmentation of laws and regulations across African countries creates significant barriers to seamless cross-border digital transactions, impeding the growth of a unified digital market. Harmonising these regulations through the implementation of the Digital Trade Protocol is critical to fostering a conducive environment for digital trade. Additionally, the enforcement of data protection laws is inconsistent across the continent. While the Digital Trade Protocol and the AU Convention on Cyber Security and Personal Data Protection provide a framework for safeguarding personal data and securing digital transactions, more effort is needed to

ensure uniform implementation across all Member States.

The disparity in digital infrastructure and digital literacy levels across African countries presents a major challenge to the expansion of digital trade.<sup>29</sup> Investing in digital infrastructure and enhancing digital literacy is vital to ensuring widespread access to digital trade opportunities. Harmonising rules and aligning with international standards can create a resilient and inclusive digital payments ecosystem, which is key to supporting the growth of digital trade. The full implementation of the Pan African Payment and Settlement Systems (PAPSS), as stipulated in Article 15 of the Digital Trade Protocol, is imperative for achieving these goals.<sup>30</sup>

### **What's the way forward?**

To unlock the full potential of digital trade in Africa, it is crucial to implement the AfCFTA Protocol on Digital Trade. AU Member States should finalise the Protocol and its Annexures, harmonising their legal and regulatory frameworks to create a unified digital market. This involves adopting common standards for data protection, cybersecurity, and e-transactions. Additionally, investing in digital infrastructure is essential for bridging the digital divide and ensuring that all regions have the necessary technology to participate in digital trade. Programs to enhance digital literacy should also be implemented to enable individuals and businesses to effectively use digital trade platforms and services.

In addition, efforts should be made to create a resilient and inclusive digital payments ecosystem by implementing the PAPSS in the first instance. Strengthening institutional coordination is vital for avoiding duplication of efforts and ensuring the efficient implementation of digital trade initiatives.



## Forthcoming Event

### SAVE THE DATE

Tutwa Consulting Group and Partners

June 9<sup>th</sup> to 13<sup>th</sup> 2025, Mauritius



### Trade, Tech, and Transformation Academic Conference

(see Call for Papers below)

and

### The Tasty Tipple Festival



## Call for Papers

Tutwa Consulting Group invites you to submit proposals for the inaugural 2025 Conference on Trade, Technology, and Transformation. The theme, **“Empowering Africa's Digital Future: Unveiling Opportunities for Economic Growth and Technological Advancement”** prompts us to delve into the challenges and opportunities of digital transformation and related infrastructure development for enhanced trade and investment across Africa.

We seek engaging and insightful presentations focusing on:

- Fundamental issues of trade, investment, and digital transformation
- Infrastructure development to support digital transformation in African economies
- ICTs, emerging technologies, and digital transformation for women and youth
- Issues of sustainability, capacity building in trade, investment, and economic transformation, with a focus on digitisation
- Digital trade and financial integration across African regions
- Capturing fintech opportunities to support women and youth employment in Africa

As a collaborative platform for government, academia, and the business sector, Tutwa Consulting Group's conference aims to foster a "triple helix" approach, bringing together diverse expertise and perspectives to drive innovation and address key challenges in trade, technology, and transformation. The conference will feature plenary sessions and round table discussions, providing ample opportunities to exchange ideas and collaborate on solutions.

### Submission Guidelines:

We welcome original, unpublished research papers not under consideration for publication elsewhere. Papers should be written in English and formatted according to the conference guidelines. Position papers and reviews are also welcome and should be identified as such. All submissions will be peer-reviewed and successful submissions will be included in the conference proceedings

### Important Dates:

1. Abstract Submission Deadline: 30 November 2024
2. Notification of Acceptance: 20 December 2024
3. Paper Submission Deadline: 20 February 2025
4. Notification of Acceptance: 10 March 2025
5. Final Paper Submission: 20 May 2025
6. Conference and Festival Dates: 9 to 13 June 2025

We eagerly anticipate your contributions and the rich discussions they will inspire. Selected authors will be requested to make a presentation on their submission and join the round-table discussion thereafter.

Each plenary session will consist of:

- Keynote government/policy paper
- Two to three academic presentations
- Round table discussion

All accepted papers will be included in the conference proceedings

Please visit the Tutwa website to submit your abstract or via [conference@tutwaconsulting.com](mailto:conference@tutwaconsulting.com)

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<sup>1</sup> Kendra Gaither, "Connected Africa: The Power of Digital Trade, AfCFTA" (paper, Kenya International Investment Conference, Nairobi, Kenya, May 29 – 31).

<sup>2</sup> Vera Songwe *et al.*, "Digital Trade in Africa: Implications for Inclusion and Human Rights" (Report, UNECA and Friedrich-Ebert-Stiftung, Geneva, 2019) 10.

<sup>3</sup> Smart Africa, 'Strategic Vision', <https://smartafrica.org/strategic-vision/>.

<sup>4</sup> African Union, 'Digital Transformation Strategy for Africa (2020-2030)', <https://au.int/en/documents/20200518/digital-transformation-strategy-africa-2020-2030>.

<sup>5</sup> Karishma Banga, Jamie Macleod, and Max Mendez-Parra, 'Digital trade provisions in the AfCFTA: What can we learn from South-South trade agreements?', (Working paper series, Supporting Economic Transformation (SET), ODI, London, 2021), 7.

<sup>6</sup> Alberto Lemma, Max Mendez-Parra, and Laura Naliaka, 'The AfCFTA: unlocking the potential of the digital economy in Africa', (Report, ODI, 2022), 31.

<sup>7</sup> Baidy Sy, 'Building a Connected Africa: The Path to a Single Digital Market and a Prosperous Future', World Bank (blog), March 9, 2023, <https://blogs.worldbank.org/en/african/building-connected-africa-path-single-digital-market-and-prosperous-future>.

<sup>8</sup> Roberta Piermartini *et al.*, 'Turning Digital Trade into a Catalyst for African Development', (Joint WBG - WTO Policy Note, World Bank, Washington DC, 2023), 3.

<sup>9</sup> Roberta Piermartini *et al.*, "Turning Digital Trade into a Catalyst", 3.

<sup>10</sup> Franziska Sucker, 'Digital trade protocol for Africa: why it matters, what's in it and what's still missing', The Conversation Africa, Inc., <https://theconversation.com/digital-trade-protocol-for-africa-why-it-matters-whats-in-it-and-whats-still-missing-225908>.

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- <sup>11</sup> UNCTAD (UNCTAD statistical portal), database, <https://unctadstat.unctad.org/datacentre/dataviewer/US.DigitallyDeliverableServices>.
- <sup>12</sup> Franziska Sucker, "Digital trade protocol for Africa",
- <sup>13</sup> Sorina Teleanu and Jovan Kurbalija, 'Stronger digital voices from Africa: Building African digital foreign policy and diplomacy', (Report, DiploFoundation Report, 2022), 8.
- <sup>14</sup> Sorina Teleanu and Jovan Kurbalija, "Stronger digital voices from Africa", 11.
- <sup>15</sup> Alberto Lemma, Max Mendez-Parra, and Laura Naliaka, 'The AfCFTA: unlocking the potential of the digital economy in Africa', (Report, ODI, 2022), 31.
- <sup>16</sup> World Trade Organisation (Joint Initiative on E-commerce), [https://www.wto.org/english/tratop\\_e/ecom\\_e/joint\\_statement\\_e.htm](https://www.wto.org/english/tratop_e/ecom_e/joint_statement_e.htm).
- <sup>17</sup> Karishma Banga, Jamie Macleod, and Max Mendez-Parra, "Digital trade provisions in the AfCFTA", 8.
- <sup>18</sup> Karishma Banga, Jamie Macleod, and Max Mendez-Parra, "Digital trade provisions in the AfCFTA", 17.
- <sup>19</sup> Draft Protocol to the Agreement Establishing the AfCFTA on Digital Trade, Art. 2.
- <sup>20</sup> Franziska Sucker, "Digital trade protocol for Africa",
- <sup>21</sup> Draft Protocol to the Agreement Establishing the AfCFTA on Digital Trade, Art. 21.
- <sup>22</sup> Art. 21.
- <sup>23</sup> Art. 23.
- <sup>24</sup> Art. 6.
- <sup>25</sup> Art. 24.
- <sup>26</sup> Franziska Sucker, "Digital trade protocol for Africa",
- <sup>27</sup> Ibid,
- <sup>28</sup> Ernst and Young, The European Union Artificial Intelligence Act: Latest developments and key takeaways, (February 2, 2024), [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_gl/topics/ai/ey-eu-ai-act-political-agreement-overview-february-2024.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/ai/ey-eu-ai-act-political-agreement-overview-february-2024.pdf)
- <sup>29</sup> World Bank (Digital Transformation Drives Development in Africa), <https://www.worldbank.org/en/results/2024/01/18/digital-transformation-drives-development-in-afe-afw-africa>
- <sup>30</sup> Draft Protocol to the Agreement Establishing the AfCFTA on Digital Trade, Art. 15.