

AFRICA-EUROPE RELATIONS: A BALANCED NARRATIVE AND REALITY CHECK

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Towards an African digital single market: Opportunities for the AU-EU partnership

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The development of Africa's digital infrastructure and the creation of an African Digital Single Market (DSM) present new opportunities to strengthen the AU-EU partnership. We put forward a number of recommendations to advance collaboration, such as:

- The AU and the EU should link digital infrastructure investment in Africa to the broader development agenda and establish an effective and well structured dialogue to advance thought leadership to deepen the understanding of digital infrastructure approaches, values and definitions.
- The AU and the EU should make investments in digital infrastructure inclusive, paying attention to supporting African start-ups, innovators, SMEs and entrepreneurs.
- African countries should actively start implementing continental policy frameworks at regional and national levels and with EU support, design strategies on how continental frameworks can be adopted domestically.
- African countries should adopt common rules and minimum requirements to build interoperable and trusted digital public infrastructure while drawing from the EU's experience in building its DSM.
- The AU and the EU need to build digital literacy and skills through various programmes.

Background

The development of the African Continental Free Trade Area (AfCFTA) is one of the African Union's master plans and aspirations for the continent (Agenda 2063, see AU 2013). The [AfCFTA](#) is envisaged as the largest free trade area in the world in terms of the number of participating countries and can position Africa as a global powerhouse creating economies of scale and opportunities to grow Africa's economies. Complementing this, the African Union Digital Transformation Strategy for Africa 2020-2030 (AU DTS) envisages the development of an African Digital Single Market (DSM), which promotes the free movement of persons, services and capital, while individuals and businesses can seamlessly access and engage in online activities in line with the AfCFTA. The DSM would be supported by an enabling legal and policy framework which promotes the seamless sharing of data, smooth flows of e-commerce across the continent and the harmonisation of wider digital infrastructure and services to ensure interoperability across Africa. This could be done through harmonised spectrum licensing, reframing and pricing, interoperability of mobile networks, as well as interoperable digital public infrastructure such as digital ID, e-governance services and digital financial services.

This policy brief gives a summary overview of the policy recommendations from a dialogue on both digital infrastructure in Africa and Africa's Digital Single Market, part of the *AU-EU Relations – Balanced Narratives* initiative. This policy brief was informed by a background note, an expert workshop and a policy dialogue.

Investment in Africa's digital Infrastructure

The thematic work on digital infrastructure was informed by a series of questions, including the following:

- What are Africa's digital infrastructure investment priorities? How can they be better articulated?

- What is the most constructive role Europe can have in supporting Africa's digital agenda?
- How can investment in Africa's digital infrastructure be accelerated and scaled?
- How can Africa and Europe incentivise more private sector financing through jointly advocating for increased concessional resources that will support regional public goods (such as cross-border and interoperable digital infrastructure)?

Greater connectivity in Africa will require enhanced investment, particularly for last mile infrastructure. The challenge is huge. According to the Global Infrastructure Hub, the world is facing a \$15 trillion infrastructure gap between now and 2040: with \$1.7 trillion of that being on the African continent. At the same time the World Bank study "Africa's Infrastructure: A Time for Transformation" indicated that poor infrastructure in Africa costs as much as two percent of economic growth annually (Briceno-Garmendia and Foster 2009). African leaders are keenly aware of the digital infrastructure investment gap and there are national efforts to address the gap. But there are also numerous initiatives that seek to enhance investment, which are undertaken in the framework of the AU DTS.

According to the 2022 Infrastructure Consortium for Africa (ICA) report, financial commitments to Africa's ICT sector have increased since 2018 reaching \$11.4 billion in 2019 and \$10.4 billion in 2020. Unlike other sectors such as water, energy or transport, the private sector contributed the largest share (63%), which is a positive sign. That said, given the huge infrastructure gap, more is needed to spur private sector investment in these sectors. This is a big part of the debate on a just energy transition for Africa and the global financial architecture reforms currently being debated. While there are success stories such as the use of mobile banking or investments by global tech firms in innovation hubs and AI Centres in Africa, as of 2021 only fifteen percent of rural citizens on the continent used the internet, and that number was only fifty percent among urban citizens. Unsurprisingly in the poorest countries, the rates are the lowest – and internet usage is significantly lower for women than men across the continent.

Global corporations are directly investing in their own infrastructure for Africa. For example, in July, Google's Equiano undersea cable was connected to the continent as part of its \$1 billion planned investment in Africa's digital transformation. There are numerous EU, G20 and G7 initiatives to spur investment, but they are not necessarily African owned or directed. At the same time in many cases African investment promotion agencies and national development banks are poorly equipped to develop bankable projects, effectively promote investments to the best audiences, and work across government Ministries and agencies.



Policy recommendations

1. Deepen the linkages between the digital infrastructure investment agenda and the development agenda. Significant work is needed to better understand the development impact of digital infrastructure investment. There is relatively little research on this topic on the African continent, and ongoing digital infrastructure investments in Europe can be utilised to inform approaches to data value of digital infrastructure (value for money and data), understanding the impact of integrated infrastructure (for example, digital sensors or traditional infrastructure such as bridges). Likewise, thought leadership is needed to deepen the understanding of future digital infrastructure approaches, values and definitions. Shared digital infrastructure, smart and integrated infrastructure and mixed services will be key drivers in the future of digital infrastructure, but potential applications and impact in Africa are not yet understood. *It is recommended that the AU and the EU establish a working group or platform to advance this thought leadership through think tanks, universities and global experts.*

2. Build effective and inclusive ecosystems for informed digital infrastructure investment, particularly with a focus on entrepreneurs, innovators, and start-ups. The EU and the AU need to better engage the private sector,

particularly African firms and entrepreneurs. In this context, it is important to create space for co-creation and safe spaces for experimentation. Implementation progress of the AU DTS is not well understood at the country level, and more contributions are needed for start-ups which can be important in adapting to local needs. *It is recommended that the AU and the EU help adapt public-private dialogues through innovative engagement of start-ups, innovators, entrepreneurs and SMEs on investment in digital infrastructure.*

3. Finance for digital infrastructure investment must include improved domestic resource mobilisation and leveraging domestic capital across Africa, particularly institutional investors. The EU Global Gateway (EC 2021) and other development actors can leverage significant finance, but the resources are limited and will best be utilised as blended finance, guarantees and to complement concessional grants and loans from international financial institutions. The technical parameters for increasing domestic resource mobilisation are well known, but in most countries there has not been the political will to effectively increase tax to GDP ratios. Improvements in domestic resource mobilisation have largely been stagnant for decades. On the other hand, there has been initial movement at unlocking the very large institutional investor finance that could be available to Africa (rather than being underutilised in U.S. Treasury bills). But there has been very little attention to leveraging this finance, especially for digital infrastructure. *It is recommended that the AU and the EU work towards supporting the political economy space for African leaders to improve domestic resource mobilisation.* Europe has some of the highest tax rates in the world and generally strong public support for a strong social state, therefore lessons can be learned. It is also recommended that specific work be undertaken to understand the opportunities to leverage African institutional investors in supporting digital infrastructure investment across a range of typologies such as type (backbone, data centres, etc.), country and sub-regional needs, financing structures, geographical (urban v. last mile), etc.

Regulatory framework on the African Digital Single Market

The thematic work on the African Digital Single Market was informed by a series of questions, including the following:

- How can regulations best shape the African Digital Single Market?
- Which key policy and regulatory measures AU Member States should adopt to promote a common approach to cross-border electronic transactions and data flows?

The coming into force of the long-awaited African Union Convention on Cyber Security and Personal Data Protection (Malabo Convention AU 2014) in June 2023 is quite critical as it creates the right legal framework necessary for the DSM - from consumer protection, regulation of e-commerce activities, data protection, fight against cybercrime and adoption of good cybersecurity practices. However, setting up relevant continental regulatory frameworks in place will be insufficient if AU Member States do not adopt laws and policies which are coherent and aligned with the continental vision. There are still wider gaps and differences in national laws and policy objectives on data flows, data localisation, data protection, cybersecurity, protection of intellectual property rights, competition and consumer protection which can negatively impact how the DSM operates (Beyleveld and Sucker 2022). Moving forward and pending the discussions on updating the Malabo Convention, the AU Commission must develop clear plans of action and guidelines to implement and domesticate the Convention within Member States (ALT Advisory 2022). This also includes addressing some of the criticisms previously levelled against the Convention such as having vague and inconsistent terminology and omissions on mechanisms to monitor or support the implementation of the Convention at a regional level.

Important discussions and negotiations for AU Member States revolve around the active domestication and implementation of continental initiatives (such as the AU Data Policy Framework, see AU 2022) at national levels in a manner which promotes policy harmonisation while respecting each country's

sovereignty. The challenge with implementation is that some African countries do not have the relevant laws and policies in place, while those with legal frameworks may not have the adequate mechanisms to enforce such laws (Lemma, Mendez-Parra and Naliaka 2022). For example, in 2021, only 52% of African countries had legislation on digital consumer protection, 61% had legislation relating to privacy and data protection and 72% had cybercrime legislation (UNCTAD 2021) and these numbers have not drastically changed in 2023. Absence of laws and policies in some countries has been attributed to lack of financial and technical means to develop and implement the right frameworks. Over the years, entities such as Smart Africa, AUDA-NEPAD, UNECA, the AfDB, the DBSA and IFC have been addressing this problem by providing technical and financial assistance needed to create enabling environments and regulatory frameworks to improve Africa's digital connectivity. For instance, the [Smart Africa Alliance](#) is an initiative promoting collaboration between African governments on digital economy integration through country blueprints with common rules and standards which can be adopted by other member states to promote cohesive and coherent policy and regulatory landscapes.

The dialogue also included introspection on what support can the EU provide to AU Member States in the negotiations of the Digital Trade Protocol of the AfCFTA and subsequent adoption of the DSM. The EU and its Member States have supported various initiatives with a bearing on the development of the DSM such as the implementation of the AU Data Policy Framework or the development of e-government services and the deployment of digital ID systems through the GovStack initiative. There were indications that despite the growth in the number of initiatives, more collaboration and investments are needed to address Africa's needs. The EU as a 'standards maker' can provide support to the AU in establishing common positions on digital trade and the harmonisation of AU Member States' policies and regulation.

The EU has experience in regional integration through adopting laws and regulations, such as the General Data Protection Regulation (GDPR) (EU 2016), which covers different countries. The EU's Digital Services Act,

the Digital Markets Act, the Digital Governance Act and the proposed Artificial Intelligence Act and Data Act can also helpfully inform Africa's DSM. Given the EU's experience of building its own DSM, there are clear opportunities for deepened cooperation around the roll-out of the AfCFTA and a future African DSM (Erforth and Martin-Shields 2022). This would entail learning from the EU mistakes (Dittrich 2017) and learning how the EU addressed some of its challenges. The EU's investment of €150 billion through the Global Gateway has the potential to significantly address some of Africa's needs and develop Africa's DSM. A number of Team Europe Initiatives (TEIs) also aiming to support different aspects of Africa's digital integration are already being launched or conceptualised. These include the TEI on Data Governance that will support the implementation of the AU Data Policy Framework, and potential TEIs on e-ID and e-governance, on cybersecurity, on e-health and others. Given their regional outlook, these initiatives have a unique opportunity to support the development of the African DSM through supporting the necessary infrastructure and regulatory developments.



Policy recommendations

1. Re-focus efforts to build capacity for regulatory policy implementation. There has naturally been a focus over the past few years on strategy development and policy formulation, but not enough effort on building the capacity for implementation of those regulations at the country level. A regulatory framework that ensures local contextualisation, and adequate monitoring and enforcement (Akuetteh and Pisa 2022) is required for an effective DSM. This includes policies related to data governance, data protection, protection of consumers, enabling policy for free flow of data and cross border data flows and interoperability policy across the African continent. African countries, with the support of the EUDs, should actively start implementing continental policy frameworks at regional and national levels and design strategies and clear agendas on how continental frameworks can be adopted domestically. To ensure that regional and national strategies are operational,

mechanisms for monitoring and evaluation can be put in place to encourage countries to report back to the AU on progress made. Borrowing from the success story of Kenya-EU collaborative work on data protection, *it is recommended that the AU and the EU undertake a rapid assessment of policy implementation needs at country level in Africa.* Some efforts in this direction are already taking place as the AU begins to develop its implementation plan for the Data Policy Framework and certain AU member states begin to implement the Policy Framework with the support of Team Europe through the GIZ DataCipation project. The AU can also learn from an assessment of lessons learned on the Digital Single Market policy implementation in Europe, and rapidly expand current capacity building efforts within regulatory agencies.

2. Create safe digital environments which protect people and businesses from cyber-attacks and cybercrime. A successful DSM relies on secure digital platforms and digital payment systems and the use of secure digital identity systems. With the Malabo Convention now in operation, member states need to develop and adopt national cybersecurity strategies and policy frameworks, cybercrime laws and privacy policies which are forward looking and tailored to the context and evolution of the digital economy. *AU Member States need to actively undertake the commitments made under the Lome Declaration on cybersecurity and fight against cybercrime (Lome Declaration 2022, see UNECA 2022) and establish frameworks to fight against cybercrime, creating and operationalising authorities and agencies dedicated to fight cybercrime and creating teams dedicated to the coordination of cybersecurity incidents such as CSIRTs (computer security incident response teams) or CERTs (computer emergency response teams). Both AU Member States and the EU need to increase their collective efforts for mutual cooperation on cybercrime investigations. This can be facilitated by encouraging more AU Member States to ratify important frameworks like the Budapest Convention (Council of Europe 2001) or Convention 108+ (Council of Europe 1981) which respectively facilitate mutual cooperation on cybercrime investigations and set minimum standards for data protection. The EU can also play a*

constructive role in facilitating such ratification through capacity building, dialogue and technical support.

3. Actively building interoperable and trusted digital public infrastructure. The DSM will mainly rely on Digital Public Infrastructure (DPI) which allows people to use their digital ID to access financial services, to access government services or make electronic transactions. The challenge is that in many instances, digital systems and digital payment systems are not interoperable and people may not be able to use their digital ID to access a service or transact in another African country. *African countries need to develop trust with each other and develop a common approach to DPI. For instance, AU countries can use the Smart Africa Trust Alliance Blueprint (Smart Africa 2020) on digital ID when developing their ID systems as this blueprint provides common rules and minimum requirements necessary to achieve interoperability. The EU can also draw from its own experience in building its interoperable DPI, share the lessons learnt and support Africa in how to build a DPI which is fit for Africa's unique needs (Teevan 2023).*

4. Urgent action is needed to build digital skills and digital literacy for an effective DSM. While a DSM is being built in Africa, many citizens are still not digitally literate and lack the relevant digital skills needed to benefit from the DSM. There are few direct efforts to build digital skills across the continent, and these are often small and/or isolated. It is also critical that digital skills programmes target different groups of people based on their level of digital skills capabilities, level of access and individual needs. A trader in one country will have different needs than a female farmer in another country, or senior citizens in a third country. Digital skills training should be integrated both with the digital market, gov tech and civic tech, creating a trifecta skills approach whereby citizens can engage in business and financial transactions, access government services, and engage with society. *It is recommended that the AU and the EU provide high-level coordination across Africa and draw on best practices from Europe, while also providing guidelines, certification frameworks, and learning criteria*

Conclusion

A two-pronged approach is needed to make further progress on these policy recommendations. In the first instance, African policymakers can use key inflection points to push for action at the national level and monitor progress at the continental level. These may include, for example, the drafting of the protocols on digital trade in the context of the AfCFTA, the African Union Summit or Smart Africa's Transform Summits. Likewise, **the EU can continue to provide lessons learned, deepen ongoing AU/EU dialogues and support investments in digital infrastructure that supports a digital single market.** Both the AU and the EU can seek further opportunities for dialogue, particularly leveraging stakeholders such as policy institutes, civil society, academia and the private sector.

The policy recommendations outline clear actions for both the African Union and the European Union, such as undertaking a rapid assessment of policy implementation needs at the country level in Africa to intensify efforts for regulatory policy implementation; or establishing a working group or platform to advance this thought leadership through think tanks, universities and global experts that can deepen the linkages between the digital infrastructure investment agenda and the development agenda. Other actions include helping to adapt public-private dialogue platforms for more diverse participation and to engage start-ups, innovators, entrepreneurs and SMEs on investment in digital infrastructure; as well as providing high level coordination across Africa and drawing on best practices from Europe to build digital skills and digital literacy for an effective DSM. It is also recommended that dialogues continue between the EU and AU in non-traditional and innovative formats that include a wide array of stakeholders and draws on new analysis and research.

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This brief was written in the framework of a joint project: [Africa-Europe Relations: Balanced Narrative and Reality Check](#). A closed-door workshop on digital cooperation was held on the 6th of June 2023 with experts from the following think tanks: AfIDA Africa, African Parliamentary Network on Internet Governance, Aspen Institute, AU-EU Youth Hub, Nkafu Policy Institute, Centre for the Study of the Economies of Africa (CSEA), Economic Policy Research Centre (EPRC), Economic Research Forum, FERDI, Policy Studies Institute of Ethiopia, Repoa, Research ICT Africa, TABC Think Tank, and ZIPAR. This was followed by a [public event](#) on the 7th of June 2023. This policy brief is derived from the discussions held in those two dialogues.

About the project

ACET, ECDPM, ISS and the Policy Center for the New South are joining forces in the project 'Africa-Europe relations: A balanced narrative and reality check' in an effort to enrich the policy dialogue between the AU and EU and better connect Brussels and Addis-based policymakers with practical insights and substantial input. The overall aim is to have a joint reality check towards a more balanced narrative on Africa-Europe relations.

This project, supported by the Delegation of the European Union to the African Union, wants:

- To broaden the policy research community feeding into the AU-EU partnership, bringing in views beyond Brussels- and Addis-centric conversations as a 'reality check' to the policy discourse by integrating national-level expertise
- To feed into the discussions around the EU-AU partnership in the selected policy areas, with a specific focus on: climate action and green transition, digitalisation, economic transformation and integration (through the AfCFTA), peace and security
- To help ensure that future policies are based on a clear understanding of past successes and failures and to highlight the need for follow-up measures announced after each summit.

