

A WHOLE NEW DIGITAL WORLD:

The roadmap on globalizing African eTrade in support of
the African Continental Free Trade Area (AfCFTA)

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“Leadership initiatives taken during this COVID-19 crisis will lead to a burst of innovation and productivity, more resilient industries, smarter government at all levels, and the emergence of a digitally integrated African trade system and reconnected world.”

Mr. Hubert Danso, CEO and Chairman Africa investor (Ai) AfricaPLC, Chairman, Continental Business Network (CBN)



Abbreviations and acronyms

AfCFTA	African Continental Free Trade Area	RaaS	Regulation as a stimulus
AI	Artificial intelligence	RegTech	Regulatory technology
AEO	Authorised Economic Operator	RECs	Regional Economic Communities
AML	Anti-money laundering	SAFE	Standards to Secure and Facilitate Global Trade
API	Application programming interface	SDGs	Sustainable Development Goals
AU	African Union	SupTech	Supervisory technology
AUC	African Union Commission	TFA	Trade Facilitation Agreement
AUDA-NEPAD	African Union Development Agency	TICCS	Infrastructure Company Classification Standard
CBDC	Central bank digital currency	UN	United Nations
CBN	Continental Business Network	WCO	World Customs Organization
CFT	Counter financing of terrorism		
DLT	Distributed ledger technology		
ESG	Environmental, social, and corporate governance		
FDI	Foreign direct investment		
FinTech	Financial technology		
GDPR	European Union General Data Protection Regulation		
ICC	International Chamber of Commerce		
ICT	Information and communication technologies		
IMF	International Monetary Fund		
IoT	Internet of things		
KYC	Know-your-customer		
MSME	Micro, small, and medium enterprises		

Acknowledgments

- ABSA
- AfCFTA Secretariat
- African Sovereign Wealth and Pension Fund Leaders Forum
- African Export Import Bank (Afreximbank)
- African Union Development Agency
- Berne Union
- Citibank
- Continental Business Network
- Dentons
- DHL
- International Chamber of Commerce
- Standard Bank
- Trade and Development Bank
- Trade Law Centre
- World Customs Organization
- World Trade Organization

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Foreword

Africa’s digital trade facilitation and digital transformation are quintessential to the continent’s participation, and success in the Fourth Industrial Revolution.

While devastating in its impact, the COVID-19 pandemic has underscored our interdependence as humanity and ecosystems, and the importance of pushing reset, on traditional attitudes towards public-private partnerships, particularly when it comes to delaying the implementation of known solutions that could positively impact so many. Indeed, this is a key driver of the African Continental Free Trade Area (AfCFTA) agreement that officially became operational at the beginning of 2021.

The AfCFTA, as a trade and development instrument, has the potential to be Africa’s economic recovery stimulus, and the most competitive free trade area in the world, alleviating millions from poverty, by enfranchising SMEs – especially women and youth – by exploiting modern secure technology, and pursuing smart partnerships with the private sector during its rollout and beyond is pivotal to its success.

One of the solutions that we at AfricaPLC believe will be of significant benefit to both the public and private sectors lies in harnessing eTrade. As an innovative, fully integrated, and secure B2B and B2G multi-sector, industrial eCommerce marketplace and FinTech platform that exists to improve intra-African trade flows; expand African trade into global markets and accelerate the use of digital trade documents across Africa, AfricaPLC highlights the role eTrade can play in supporting the AfCFTA within this report.

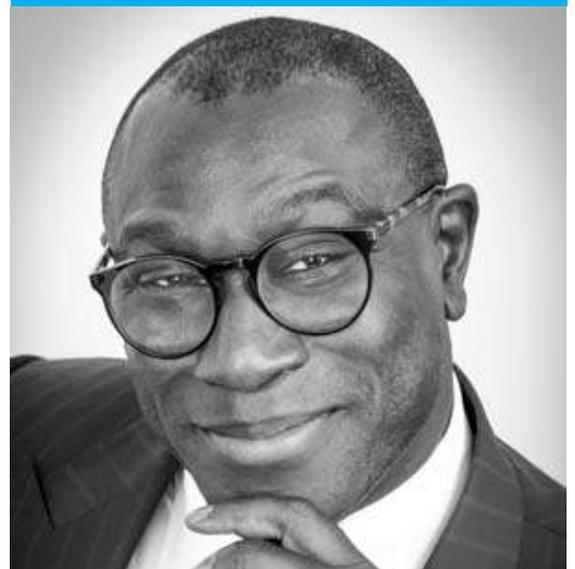
Through our experience and expertise in managing our own eTrade documents and Electronic Certificates of Origin (eCoOs) platform, AfricaPLC makes several recommendations for the adoption and implementation of multiple tech-based systems and processes that are transparent, accessible from anywhere in the world, and eliminate lengthy turnarounds. This, we feel, will ultimately give African SMEs and businesses, the ability to add value to their goods and compete in today’s fast-paced global digital trading system, while supporting the needs of the continent’s most vulnerable people.

Together with our partners, we hope that you will find value in our thoughts and recommendations, and we look forward to working with you, to increase the AfCFTA’s global competitiveness, through the creation of modern digital trade corridors, powered by ‘supply chains of the future’, driven by forward-looking regulation and eTrade marketplaces that enfranchise African SMEs.

Join us today in Globalizing African eTrade!

Mr. Hubert Danso, Chairman, Ai AfricaPLC

Africa’s digital trade facilitation and digital transformation are quintessential to the continent’s participation, and success in the Fourth Industrial Revolution.



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About AfricaPLC

AfricaPLC is an innovative, fully integrated, and secure B2B and B2G multi-sector, industrial eCommerce marketplace and FinTech platform, which exists to improve intra-African trade flows; expand African trade into global markets; and accelerate the use of digital trade documents across Africa.

The AfricaPLC marketplace assists millions of vetted buyers and SME suppliers to manage their supply chains and access competitive trade finance, insurance, and logistics services and solutions. AfricaPLC provides trade finance and supply chain finance access to the world's largest commercial banks and listed financial institutions.

AfricaPLC provides opportunities for SMEs to trade with governments on the continent by offering the public sector opportunities for crowd buying and secure tender and procurement platforms that support local content procurement.

AfricaPLC is supported by the African Union Development Agency (AUDA), the Continental Business Network (CBN), DHL, essDOCS, the Chartered Institute of Purchasing and Supply (CIPS), and the International Chamber of Commerce (ICC) in Paris, France.

The AfricaPLC eTradeDocs platform is the world's largest electronic Certificate of Origin (CO) network, including 340+ chambers of commerce and 46 000+ exporters and freight forwarders, issuing COs out of 18 export countries and receiving COs into 203 import countries



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“Consequently, the pandemic challenged us to speed up our industrial development agenda, through the establishment of regional value and supply chains, with the active participation of the private sector. Furthermore, the pandemic stressed the importance of strong health systems as well as e-government, e-education, e-diplomacy and e-commerce. Finally, the pandemic has unleashed the innovative spirit of Africans and built resilience as evidenced by the various adjustment measures at the community and national levels...”

H.E. Mr. Cyril Ramaphosa, Chairperson of the AU, President of the Republic of South Africa; H.E. Mr. Issoufou Mahamadou, AfCFTA Champion, President of the Republic of Niger; and H.E. Mr. Moussa Faki Mahamat, Chairperson of the AU Commission, joint statement on the occasion of the commemoration of African Integration Day, 7 July 2020

THE AfCFTA AND eTRADE (DIGITAL TRADE) IS AN ECONOMIC GAMECHANGER FOR AFRICA

The African Continental Free Trade Area (AfCFTA) is recognized as an important continental milestone in Africa's economic integration and development agenda. It is aligned with, and complementary to, other African Union (AU) Flagship Projects and continental frameworks, including Boosting Intra-African Trade (BIAT); Accelerated Industrial Development for Africa (AIDA); Programme for Infrastructure Development in Africa (PIDA); and the Comprehensive African Agricultural Development Programme (CAADP). The African Union Development Agency (AUDA)-NEPAD has underscored the success of the AfCFTA, as cardinal to the success of Agenda 2063.¹

The blueprint for transforming Africa into a global powerhouse, as contained in Agenda 2063, recognizes the critical role of trade in overcoming Africa's social and economic challenges in achieving sustainable development and alleviating poverty. In creating a single market for goods and services, AfCFTA aims to boost intra-African trade, and promote sustainable economic development, structural transformation and industrialization.

The implementation of digital technology across the continent has vast potential to be a sustainable solution that accelerates the development of regional value chains. However, the uptake of digital technology on the continent will not be without significant challenges. The successful digitalization of the AfCFTA will depend on several key issues, including the right policy levers to support Africa's digital transformation, and public-private participation in the investment of the underlying ICT and digital infrastructure.

Ongoing collaboration between the public and private sectors is an important prerequisite to the successful implementation of eTrade in Africa. Digitalization must be implemented across the continent for Africa's sustainability, and the achievement of Agenda 2063. With digital technology, we can overcome market fragmentation on the continent, create economies of scale, and promote a single rulebook for African trade and investment. These objectives

have become more urgent and critical in the wake of COVID-19, which has posed new challenges for governments and businesses to mitigate the negative impact of the pandemic on economic growth and stability. COVID-19 has highlighted the need for innovative and agile digital technology solutions to replace legacy systems and manual cross-border trade practices.² The acceleration of Africa's digital transformation will drive socio-economic development, and increase the flow of goods and services, creating opportunities for financial inclusion for millions of SMEs, and Africans, particularly the most marginalized and vulnerable, including women, youth, and people living in rural areas.



The disruption of COVID-19 has exposed the weaknesses of global value and supply chains and has decreased international trade, which has highlighted the urgent need for the far-reaching benefits of digital trade and a digital economy. This has catalyzed the need to embrace innovation and digitally-enabled platforms, by both governments and businesses, to support economic recovery, safeguard livelihoods, and build resilience against future global shocks. Digital platforms are essential to digital infrastructure, which can serve governments and businesses in every sector, including trade, healthcare, and agriculture amongst others. Digitalization is critical for Africa's

¹ AUDA-NEPAD (2020).

² Nanyang Technological University Singapore (2020).

economic and social recovery from the damages of COVID-19, and the necessary component to unlock the full potential of the AfCFTA, and for Africa’s resilience in achieving the goals of Agenda 2063 together with the Sustainable Development Goals (SDGs). It is becoming increasingly clear that policymakers are recognizing the need to stimulate African trade, expedite trade administrative processes and simplify cross-border trade procedures.³

The successful implementation of the AfCFTA to deliver on its promises of strengthened regional integration hinges strongly on the centralized leadership and political will of African Heads of State and governments working innovatively with the private sector, and the continent’s ability to accelerate the adoption of digital technology, with a clearly defined developmental strategy. Therefore, to ensure that the aspirations of Agenda 2063 are achieved, it is essential that all AU Member States who have not yet done so, ratify the Agreement Establishing the AfCFTA to integrate Africa, and stimulate regional and global value and supply chains that support the implementation of the AfCFTA. Especially the envisaged supply chains of the future, being those driven by global eTrade marketplaces.

The AfCFTA and digitalization is an economic gamechanger for Africa. Digital technology can translate into tangible socio-economic change, inclusive economic growth, and job creation on the continent, as it promotes financial inclusion, facilitates trade, and solves sustainable development issues. This is a call to action for the digitalization of the AfCFTA; for Africa to develop and innovate African-centric digital technology solutions, which factor in socio-economic realities of the continent, including gender inequality, connectivity challenges, and access to reliable trade data.

The capacity of the AfCFTA to increase intra-African trade and to reach global markets requires significant investment in Africa’s digital infrastructure and trade enhancing technologies. In harnessing digital technology in the implementation of the AfCFTA, any digital strategy must necessarily be centred on Africa’s ability to foster public-private partnerships in investment in the underlying ICT and digital infrastructure on the continent, and the negotiation of coherent futuristic regulatory frameworks, which will guide implementation strategies. The public sector’s

ability to foster an enabling regulatory environment is paramount for effective digitalization across the AfCFTA. The digital economy will necessarily be founded on a series of inter-locking procedures, and public-private collaboration, eTrade, eCommerce and FinTech to operate effectively across the continent.

Digitalization in regulatory compliance and oversight, regulatory technology (RegTech), and digital trade finance are examples of how digital technology can be leveraged for functionality and economic prosperity on the continent. This will require the development of digital infrastructure across the continent and include accessible and affordable connectivity, digital IDs, and effective data regulation and cybersecurity measures for the creation of effective continental digital ecosystems.



Underlying technologies like artificial intelligence (AI), machine learning, big data, and the internet of things (IoT) should be viewed as economic enablers. The purpose of this drive towards digitalization is to aid the functionality of processes and systems, including the automation of overburdensome regulatory processes for both the public and private sectors, in trade finance and financial crime controls, procurement processes, and regulatory oversight and compliance. The integration of Africa as a single market for goods and services can be enhanced by digital trade, to bolster the seven priority action clusters identified by the AU Action Plan for Boosting Intra-African Trade. This extends to trade policy, trade facilitation, procedure capacity, trade-

³ Nanyang Technological University Singapore (2020).

related infrastructure, trade finance, trade information and factor market integration.⁴

As technology has enabled data to be shared, processed, and stored more affordably, it has become increasingly valuable. If data can be used by governments and businesses to gain predictive insights on markets in real-time, this will ensure that the digital economy is data driven, and that the foremost financial products and services are delivered to boost Africa’s regional and global trade competitiveness, while our domestic socio-economic and market needs are addressed.⁵

It is against this backdrop that AfricaPLC, in consultation with the public and private sectors, including the AfCFTA Secretariat, the African Union’s Continental Business Network (CBN), the International Chamber of Commerce (ICC), Berne Union, the World Trade Organization (WTO), the World Customs Organization (WCO), ECA, DHL Express Sub-Saharan Africa, Afrexim Bank, TDB, ABSA, Standard Bank, the African Sovereign Wealth and Pension Fund Leaders Forum and global RegTech investors offers perspectives and recommendations for a sustainable digital transformation in the implementation of the AfCFTA.

The guiding principles of these recommendations are the result of a collaboration between the public and private sectors. This underscores the opportunity for the private sector to provide the necessary financial and human capital to assist the public sector in digital market development. In this way, countries can be positioned as thriving regional and global markets in the competition for foreign and domestic investment. An ongoing collaborative partnership between the public and private sectors on legal and regulatory issues and frameworks will provide the basis on which the uptake of digital technology depends. With the partnership power of business, technology can be rapidly and responsibly developed and scaled to boost Africa’s digital economy integration agenda.

These recommendations align with the AfCFTA Agreement, and particularly, the simplification and harmonization of

⁴ AUDA-NEPAD (2020).

⁵ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

customs procedures, the automation of customs operations, the advance exchange of information, technical cooperation, and electronic payments; the AU’s Digital Transformation Strategy for Africa (2020-2030), with the purpose to, “guide a common, coordinated response to reap the benefits of the fourth industrial revolution”⁶; the AU Convention on Cyber Security and Personal Data Protection, and international standards and best practice, including the UN Convention on the Assignment of Receivables in International Trade; UNCITRAL Model Law on Secured Transactions; and UNCITRAL Model Law on Electronic Transferable Records.



Africa makes for a compelling growth market due to its young population, rapidly growing middle class, the increase in mobile phone users⁷ on the continent and its emerging digital ecosystem, which, unfettered by legacy systems, presents Africa with the opportunity to leapfrog the rest of the world. With the right policy levers in place to facilitate the uptake of digital technology in both the public and private sectors, Africa can become a digital technology world

⁶ AU *The Digital Transformation Strategy for Africa (2020-2030)*.

⁷ UN Task Force on Digital Financing of the Sustainable Development Goals (2020) (in many Sub-Saharan African countries, over 60% of the adult population have a mobile money account).

leader. The Regional Economic Communities (RECs) on the continent should serve as the building blocks for the digitalization of the AfCFTA. Further, the shifting spheres of global influence represents opportunities for Africa by way of the AfCFTA. In line with this, AfricaPLC welcomes the African Union’s decision to accelerate the negotiations of the eCommerce and eTrade protocol, from 2022 to 2021 and AfricaPLC also welcomes the announcement of the new Framework for G7 Collaboration on Electronic Transferable Records, As both, provide catalytic pathways for innovation to digitise trade documentation in a way that should reduce costs and frictions for MSMEs seeking to export to new markets,

98% of participants at the Africa investor’s RegTech Investor’s Consultative Summit agreed that the AfCFTA Heads of State should accelerate the negotiations on eTrade and eCommerce from 2022 to 2021, because of the urgent need to digitalize, driven by trade distancing and COVID-19. AfricaPLC therefore makes the following recommendations, to support the boost of intra-African trade, with a focus on digital trade facilitation measures and trade practices, which will support Africa’s economic response to COVID-19 and empower and boost digital trade by MSMEs.

The recommendations have been developed to exemplify how they might be implemented, with examples of digital solutions already being explored on the continent and around the world. The recommendations are set out in five parts, with the following key points:

Part 1

provides a perspective on the future of digital trade, and how trade data can be used to inform policymaking and develop financial products and services to promote financial inclusion, as well as how the digitalization and automation of trade regulation and compliance can create trust in the market, and provide robust financial crime controls.

Part 2

canvasses the implementation of digital technology solutions in logistics and customs automation.

Part 3

suggests ways in which digitalization can safeguard the increasingly complex and regulated world of trade finance, and how innovative solutions like regulatory and supervisory technology (RegTech and SupTech) can promote trade facilitation across the AfCFTA, assisting both regulators and the regulated.

Part 4

provides a perspective on eCommerce and recommendations on boosting MSME digital trade.

Part 5

highlights investment opportunities for digital infrastructure in Africa, and how the public and private sectors can collaborate to scale digital technology solutions in finance, healthcare, and agriculture.

Key messages

Digitalization for futureproofing is taking place across the world and permeating every aspect of our lives. The implementation of digital trade is accelerating globally, and an increase in eTrade on the continent is imminent. eTrade will ensure Africa's competitiveness and increased access to the global economy. Digitalization and the digital economy must be embraced by Africa to ensure its resilience post-COVID-19, and to unlock the full potential of the AfCFTA. Africa's digital trade facilitation and digital transformation are quintessential to the continent's participation, and success in the Fourth Industrial Revolution.

Legal reform and the right policy levers are an essential prerequisite for the successful uptake of digital technology, Africa's digital transformation, and the implementation of eTrade on the continent. Legal reform of national laws should be a priority for African governments to enable the adoption of electronic trade documentation, and to remove the requirement for trade documents to be paper-based, and prevent system inefficiencies that hinder the adoption of digital technology. The lack of policy frameworks for digital technology, eTrade, eCommerce and related disciplines such as data regulation and cybersecurity, is the greatest barrier to digital trade. Legal definitions should align with existing and emerging international standards.

Ongoing public-private collaboration is required for the continent's digital transformation. The public and private sectors must work together to create the space required to foster innovation and incubate ideas, with the use of regulatory sandboxes as an example. Private sector expertise should be leveraged in deciding on fit-for-purpose technology solutions. The private sector can provide the necessary financial and human capital to assist the public sector in discharging its mandate for digital market development. Public-private participation in the investment of underlying ICT infrastructure is also required. Strong centralized leadership and

political will for a clearly defined digital development strategy and progressive implementation is critical. In this regard, the ratification of the AfCFTA Agreement by all AU Member States is urgent. National Trade Facilitation Committees, with the appropriate consultation processes, can ensure the successful implementation of trade facilitation measures.

Interoperability of digital platforms is a global concern and should be a top priority of government agencies and the private sector. Interoperability will enable digital trade systems and processes to work seamlessly together in a 'network of networks' to reduce costs and complexity, and to promote inclusion of all participants in the digital economy, particularly MSMEs. The ICC Digital Trade Standards Initiative (DSI) should be referenced in policies implemented on the continent.

Digitalizing and harmonizing customs procedures and ensuring that electronic documents are accepted and promoted is key to developing digital trade ecosystems across the continent. RECs should continue to progressively implement digital transformation and encourage the use of digital trade documents like electronic Certificates of Origin (eCOs). Digital technology should be viewed as the key enabler of trade facilitation.

FDI into Africa requires regulatory transformation to ensure a regulatory environment that stimulates investment in the current technology-driven generation, and trade-related data for African governments. Inaction could significantly set the continent back in its Fourth Industrial Revolution readiness and global trade and investment competitiveness.

Digital infrastructure needs to be developed across the continent, including accessible and affordable connectivity, digital IDs, and effective

data regulation and cybersecurity measures for the creation of effective continental digital ecosystems. Up to USD100 billion is needed to bridge the connectivity gap in Africa by 2030. A 10% increase in broadband penetration in Africa could yield a 2.5% increase in GDP per capita.

Trade data as infrastructure will be increasingly valuable to both the public and private sectors. It will inform resource management, supply and demand, market performance, and assist in identifying non-tariff barriers.

RegTech & Regulation as a Stimulus (RaaS) solutions offers the opportunity to fast track the implementation of trade-related compliance within the AfCFTA. Specialized RegTech investment has had a 600% increase in global investment (from 2014 to 2019), little of which has come to Africa. Policy and regulation that remove barriers associated with technology adoption will not only lead to attracting FDI, but this also has the potential to remove crippling hidden administrative and compliance costs, thereby allowing for regulation as a stimulus (RaaS), to directly benefit SMEs and further alleviate poverty. RegTech will enhance regulatory compliance and reduce regulatory risk, while building transactional trust across the continent and supporting the Africa reform agenda.

Capacity building within the public and private sectors must be prioritized, so that all stakeholders are well informed about the content and operations of the AfCFTA Agreement. This is needed to have meaningful engagement during the continued negotiations. Further, training and upskilling of key public office officials at borders and customs is required for a seamless transition to digital trade platforms.

“The AfCFTA is therefore, a critical response to Africa’s developmental challenges. It has the potential to enable Africa to significantly boost intra-Africa trade, improve economies of scale and to establish an integrated market. It has the potential to be a catalyst for industrial development, placing Africa on a path to exporting value-added products, improving Africa’s competitiveness both in its own markets and globally. It also sends a strong signal to the international investor community that Africa is open for business, based on a single rulebook for trade and investment.”

The Secretary-General H.E. Mr. Wamkele Keabetswe Mene, Official Commissioning and Handing Over of the AfCFTA Secretariat,
17 August 2020

**RECOMMENDATIONS
TO IMPLEMENT
eTRADE IN SUPPORT
OF THE AfCFTA**

I. THE FUTURE OF DIGITAL TRADE FACILITATION, TRADE DATA, AND AUTOMATED TRADE REGULATION AND COMPLIANCE AND RELATED MATTERS

Digital trade encompasses, “*digitally-enabled transactions of trade in goods and services that can either be digitally or physically delivered, and that involve consumers, firms, and governments.*”⁸ As COVID-19 has demonstrated, the adoption of digital technology and trade facilitation cannot be viewed in separate and distinct silos. Broadly speaking, trade facilitation incorporates measures to simplify and harmonize trade procedures to reduce costs of transactions and the time that it takes to import and export goods, while maintaining transparency.

As the world accelerates towards digitalization to mitigate the impact and disruptions to trade supply chains and logistics systems, trade facilitation and the digitalization of trade and paperless customs procedures can act as a foundation for the AfCFTA’s eventual Continental Customs Union. These recommendations are built around the UN trade facilitation principles of transparency, simplification, harmonization, and standardization.

A trade poll conducted by the Africa International Trade and Commerce Research (August 2020)⁹ indicated that, despite efforts by African governments to simplify import and export procedures, there is still a need to reform trade procedures, with 58% of the respondents finding export and import procedures in their country very challenging. 31% of the respondents found export and import procedures were not simple, while only 6% found it to be somewhat simple or very simple. There is still a lot of work to be done to overcome the difficulties and challenges of trade at every juncture.

Digitalization is the catalyst for markets to innovate and increase Africa’s global competitiveness, to further position African trade and to maximize the benefits of the AfCFTA.

The OECD, WTO and IMF’s Handbook on Measuring Digital Trade defines digital trade as, “*all trade that is digitally ordered and/or digitally delivered*”. It goes on to define,

⁸ AU *The Digital Transformation Strategy for Africa (2020-2030)*.

⁹ Africa International Trade and Commerce Research, Weekly Poll for African Countries (August 2020).

digitally ordered trade, as “*the international sale or purchase of a good or service, conducted over computer networks by methods specifically designed for the purpose of received or placing orders*”. **Digitally delivered trade** is defined as, “*international transactions that are delivered remotely in an electronic format, using computer networks specifically designed for the purpose*”.¹⁰ Digital trade can include several interrelated and correlating digital processes including: the migration from physical paper to digital documents; changing from manual to automated processes, including automated trade regulation and compliance; and financial crime controls – all with the application of real-time transaction monitoring for cross-border flows of finance and goods and services. It also includes customs automation and digital logistics as per the aforementioned **Part 2**, and digital trade finance for trade risk funding, risk and credit scores, open account trade finance, digital marketplaces for trade credit insurance, and supply chain finance, which is considered in **Part 3**. Significant to the AfCFTA is the ability of digital technology solutions to reduce non-tariff barriers (NTBs).

AfCFTA state parties must embrace NTBs for the successful implementation of the agreement to enable more seamless trade; improved governance, infrastructure, tracking of trade across borders; and coordination and harmonization of trade policies across RECs and continental and international trade agreements; and mechanisms for resolving trade disputes. The recommendations on digital trade and data provide technology solutions to these trade facilitation challenges.

The greatest barrier to digital trade is that every country has its own regulatory restrictions, and not all countries have legal and policy frameworks for digital technology, eTrade and eCommerce, or data protection and cybersecurity laws. A uniform regulatory framework is needed to ensure the successful implementation of digital trade in the AfCFTA. This

¹⁰ OECD, WTO & IMF (2020).

requires collaboration between all state parties, and between the public and private sectors. In adopting technology, it is important that a consensus is reached between the public and private sectors that facilitates the seamless adoption of new digital trade solutions. A proposed regulatory framework should address a common core of universally acceptable trade finance-related documentation across the AfCFTA, with no special jurisdictional requirements to facilitate cross-border trade.

The use of a digital trade system that is comprehensive and harmonized across the AfCFTA will benefit both the public and private sectors across all African countries through the improvement and simplification of cross-border engagements. Increased interoperability among electronic payment platforms will further benefit both governments and the public, as there will be reductions in operating costs for businesses, less friction in commercial and eCommerce transactions, and an increase in consumer convenience and trust.¹¹

Financial institutions look for strong financial crime controls when establishing partnerships and supply chain relationships. Efforts in digitalization will allow the AfCFTA to strengthen these controls, which will go some way towards attracting FDI. Investors avoid banking with higher risk institutions, which have low anti-money laundering/counter financing of terrorism (AML/CFT), or corruption controls. Institutions and investors would rather withdraw from high-risk countries, than increase resource requirements to operate. Digitalization across Africa can address manual and higher risk notions head on. The move to eTrade will assist the AfCFTA to adequately deploying regional controls that meet international standards,¹² which is required for both intra-African and global trade. Financial crime policies that are aligned with international principles and regulatory best practices will facilitate better relationships with international financial institutions for finance solutions.

Patterns associated with financial crime become easier to identify with digitized documents. Digital documentation will increase the perceptions of an area where business and investment are easier to establish and maintain. The

touchstone of simplification is a guiding principle behind these recommendations:

- **Standardization of trade, customs and shipping documents will accelerate financial crime controls.**
- **Digital know-your-customer (KYC) profiles will be easily accessible to trade operations, to determine suspicious transactional activity.**
- **Behaviour profiles for non-customers can be modelled to alert financial institutions about suspicious activity, and a solid data foundation can lead to the implementation of machine learning algorithms to identify areas of inherent higher risk more effectively and consistently.**
- **Quality assurance programmes and independent testing regimes can analyze data more efficiently for anomalies, with the ability to install and enhance automated transaction monitoring.**
- **Price verification can be implemented to prevent transfer pricing and over/underpricing manipulation.**

Growth in sub-Saharan Africa was forecast to fall sharply from 2.4% in 2019 to a range of -2.1% to -5.1% in 2020, marking the first recession in 25 years,¹³ representing output losses of between USD37 billion and USD79 billion.¹⁴ COVID-19 will squeeze fiscal space on the continent, with deficits estimated to widen by 3.5% to 4.9%, increasing Africa's financing gap by an additional USD110 billion to USD154 billion.¹⁵

¹¹ Nanyang Technological University Singapore (2020).

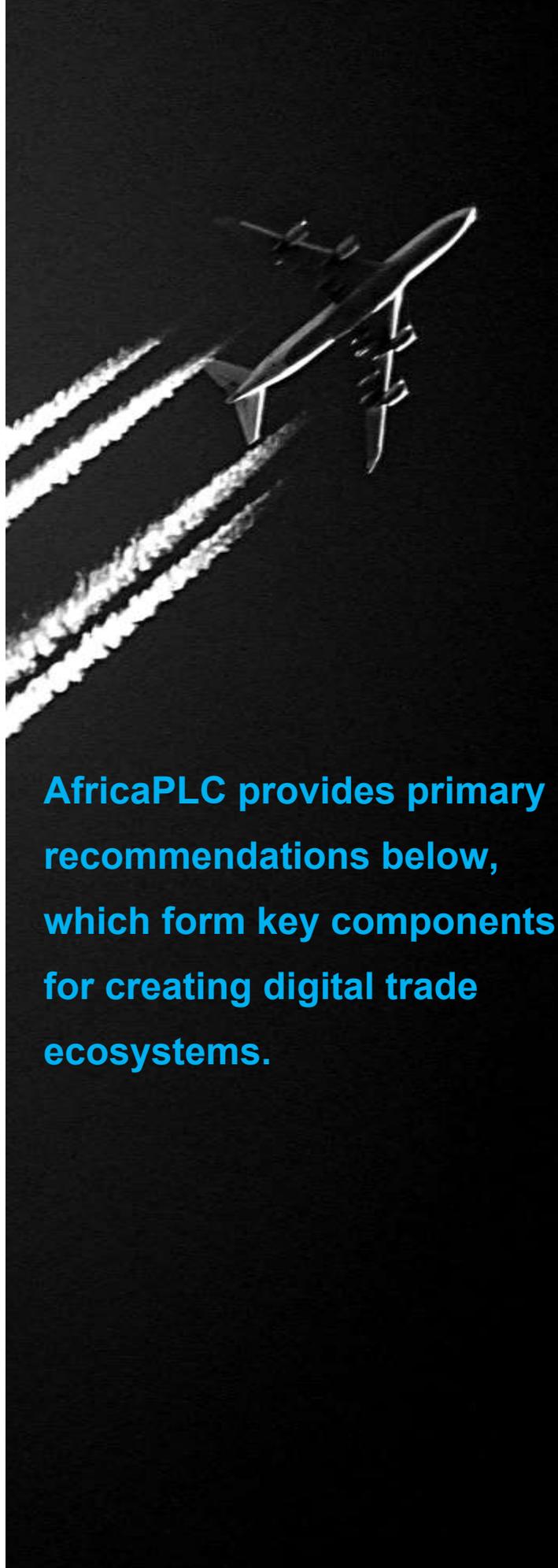
¹² See Wolfsburg Group's Financial Action Task Force (FATF) and the Bankers' Association for Finance and Trade (BAFT).

¹³ World Bank Group (2020) *Covid-19 (Coronavirus) Drive Sub-Saharan Africa Toward First Recession in 25 Years*.

¹⁴ World Bank Group (2020) *For Sub-Saharan Africa, Coronavirus Crisis Call for Policies for Greater Resilience*.

¹⁵ Adesina, A (2020).

The question then is, how can Africa leverage digitalization in a time of crisis, to ensure continental integration and economic resilience, to achieve the goals set out in Agenda 2063?



AfricaPLC provides primary recommendations below, which form key components for creating digital trade ecosystems.

RECOMMENDATIONS FOR THE FUTURE OF DIGITAL TRADE FACILITATION, TRADE DATA, AND AUTOMATED TRADE REGULATION AND COMPLIANCE, AND RELATED MATTERS

1. AfricaPLC eTradeDocs platform

AfricaPLC is committed to connecting the AfCFTA to global markets by simplifying cross-border trade and promoting digital trade. The AfricaPLC eTradeDocs platform provides electronic trade document solutions for its network of trade stakeholders, which includes regional and international exporters, importers, banks, and chambers of commerce. Benefits include the instantaneous drafting, reviewing, amending, signing, issuing, and transfer of original electronic export documents, including Bills of Lading, commercial invoices and packing lists. eCOs stamped by the relevant African chamber of commerce can be requested by exporters or freight forwarders.

AfricaPLC’s eCO platform is supported by an Amazon Web Services (AWS) solution, which is a secure cloud service, eliminating the need for maintenance of legacy CO platforms. An online verification system, unique security key and QR code ensures that each certificate can be verified, significantly reducing risks of liability and fraud. The AfricaPLC eCO solution eliminates up to 95% of back-office certification administration time, increasing efficiencies and reducing costs. Chambers of commerce and government agencies can certify documents using an e-stamp, within minutes, rather than days. eCOs are created as PDFs, which can be fully laser-printed and presented to customs for verification.

The AfricaPLC eTradeDocs platform is the world's largest electronic Certificate of Origin (CO) network, including 340+ chambers of commerce and 46 000+ exporters and freight forwarders, issuing COs out of 18 export countries and receiving COs into 203 import countries.

The onboarding process is simple: parties apply for registration, and once vetted and accredited by Africa investor ratings, they are listed on the platform. Chambers of commerce can issue and certify eCOs, and parties can access a host of value-added benefits, including, posting product catalogues, requesting proposals, identifying qualified business partners, pooled and crowd buying solutions, and accessing competitive trade finance, insurance, and logistics solutions.

2. ICC Digital Trade Standards Initiative (DSI)

The International Chamber of Commerce (ICC) has launched the DSI, which will take a collaborative approach to the standardization of digital trade. The ICC aims to promote interoperability in the development of digital trade and technology standards. The initiative will facilitate technical interoperability among blockchain networks and technology platforms which operate in the trade space. The collective nature and collaborative approach to the ICC DSI distinguishes it from bilateral agreements which results in a siloed approach to trade and data processes.¹⁶ AfricaPLC supports and provides African digital trade and private sector insights into the work of the DSI.

3. The Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific

The Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific adopted by Economic Social Commission for Asia and the Pacific (ESCAP) aims to accelerate the implementation of digital trade facilitation measures. It is estimated that trade reduction costs will decrease by 10-30%¹⁷ at full implementation of cross-border paperless trade. The reduction in trade costs will vary among participating countries depending on its cross-border paperless trade readiness. The objective of the Agreement is to, “promote cross-border paperless trade by enabling the exchange and mutual recognition of trade-related data and documents in electronic form and facilitating interoperability among national and subregional single windows and/or other paperless trade systems, for the purpose of making

international trade transactions more efficient and transparent while improving regulatory compliance.”

The Agreement has 25 Articles, including:

- **Article 7 on the facilitation of cross-border paperless trade and development of single window systems, which includes that parties endeavour to enable trade-related data and documents in electronic form and develop single window systems.**
- **Article 8 provides that parties recognize trade-related data and documents in electronic format, subject to a substantially equivalent level of reliability, which must be mutually agreed upon between the parties.**
- **Article 9 calls for parties to apply international standards and best practices to ensure interoperability.**
- **Article 12 provides guidance on a comprehensive action plan to be implemented, which must include the actions, measures, and implementation of timelines for the creation of a consistent, transparent, and predictable environment for the implementation of the Agreement. The action plan is to include schedules of each party and a reporting mechanism to monitor implementation status. The schedules should be developed in accordance with parties’ self-assessment on cross-border paperless trade readiness.¹⁸**

The measures contained in the Agreement are strongly proposed in the context of the AfCFTA. African Heads of State and government are encouraged to develop policies in line with the objectives and suggested cross-border paperless trade measures as is being implemented in Asia and the Pacific. Solutions for Africa should align with other international recommendations, to ensure that unnecessary interoperability issues are avoided. To this end, it is recommended that an online AfCFTA readiness assessment

¹⁶ ICC (2020).

¹⁷ UNESCAP (2016).

¹⁸ Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.

portal for cross-border paperless trade is established. An oversight mechanism is necessary to ensure interoperability, and public-private collaboration is essential.

4. Digital Cooperation Organization (DCO)

The DCO is an organization founded by Bahrain, Jordan, Kuwait, Pakistan, and Saudi Arabia, with the objective to deliver an inclusive digital future for all, by focusing on growing the digital economy and strengthening collaboration among its member nations, as each country adapts to the growing global economy. The DCO aims to grow the digital economy, and to empower women, youth, and entrepreneurs through digital innovation. The ambition is to grow the combined digital economy of member nations to USD1 trillion within the next 3 to 5 years. The DCO is a collective and global collaboration which rejects the notion of working in silos. The DCO welcomes contributions from international organizations, non-government organizations, the private sector and academia.¹⁹

5. Artificial Intelligence (AI) is transforming international trade

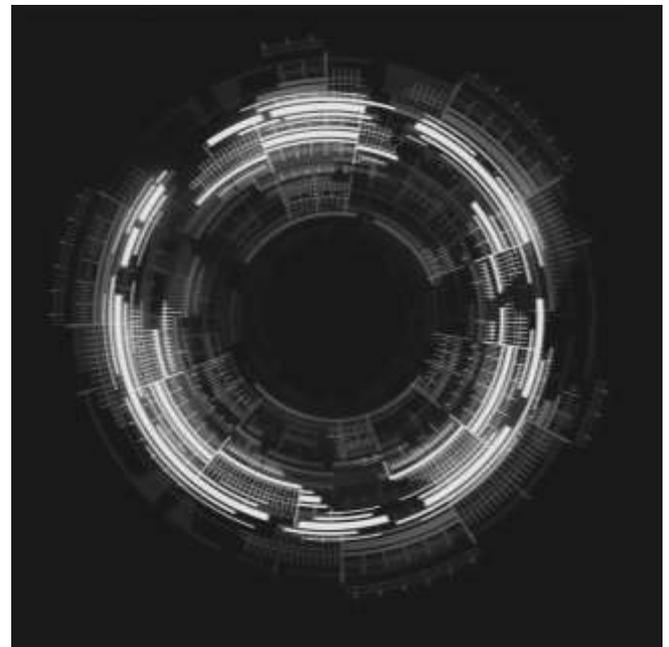
There are several AI applications being used in international trade, which is reducing trade barriers and promoting trade facilitation, including data analytics, translation services, telemedicine, and analytics to support and monitor the greening of supply chains, ESG compliance and sustainable procurement impact. There are also opportunities where trade rules can support the development of AI, which should be pursued. The ability of AI to increase production (robotics and smart manufacturing) will impact economic growth and create new opportunities for trade.

AI is already having an impact on the development and management of global value chains through its ability to

predict consumer demand trends and to manage supply chain risk by improving physical inspection and maintenance of supply chain assets. AI can also improve logistics and warehouse management – translation services have been shown to increase trade revenue, making digital platforms and AI important drivers of international trade. eBay exports to Latin America increased by 17.5% because of its machine translation service.

AI can also be used to improve trade negotiations. Brazil has established the Intelligent Tech & Trade Initiative, which includes the use of AI to improve negotiations. With AI, we can analyze economic trajectories and predict the trade response from countries not party to the negotiations.

As large amounts of data is required for the development of AI, commitments on the free flow of data as contained in trade agreements, can support the growth of AI systems, so that they may respond to diverse challenges. While African countries must consider the importance of data flows and privacy issues, a restrictive approach which inhibits AI development should be avoided. Apart from access to data, AI development also requires key hardware like central processing units (CPUs). Countries should therefore consider reducing tariffs on AI to democratise access to this technology.²⁰



¹⁹ PR Newswire (2020).

²⁰ Brookings (2018).

6. Modular design for digital trade agreements

New Zealand, Singapore and Chile concluded the Digital Economy Partnership Agreement (DEPA), which sets out primary digital trade policy provisions between these countries. DEPA's innovative modular design covers: business and trade facilitation; treatment of digital products and related issues; data issues; wider trust environment; business and consumer trust; digital identities; emerging trends and technologies; innovation and the digital economy; small and medium enterprises cooperation; digital inclusion; exceptions; transparency; and dispute settlement.

The trade facilitation element of the agreement includes the recognition of electronic documents such as export certificates as well as support for online payments. DEPA extends beyond primary considerations to include principles for the regulation of artificial intelligence and digital IDs. The agreement contains provisions for the undertaking to collaborate on rules development, policy approaches, and better interoperability between parties. The objective of DEPA is to facilitate end-to-end digital trade, promote secure data flows, and increase trust in digital systems. The agreement also aims to promote financial inclusion in the digital economy. DEPA is a significant step towards the modern digital cross-border economy, which other nations should explore and build upon.²¹

The modular design of DEPA covers discrete components of broader digital trade and digital economy areas. The design allows policymakers to elaborate on specific components and segment these from others, while at the same time ensuring that all components fit within a wider framework. DEPA is a living agreement, which allows countries to become parties to the agreement and to co-create global principles and standards for digital trade.

This building block within a building block design of a modular agreement can provide significant benefits to Africa. The detachable components of a modular agreement allow for greater options for countries, meaning that countries have the option of becoming a party to the agreement in its entirety or in part. In other words, countries can incorporate

²¹ Trade Works (2020).

specific modules within its domestic policies. Modules can also migrate to other agreements and may assist countries in aligning policy language. The modular design can also serve as a template for future multilateral agreements and takes into account the readiness of countries to adopt certain parts of the agreement. This approach is beneficial in Africa because of the continent's diversity in digital development. African countries should look to implement a modular agreement to address issues of digital trade and the digital economy, which supports the AfCFTA.

The Australia-Singapore Digital Economy Agreement is premised on memoranda of understanding and includes topics like data innovation, AI, e-invoicing, e-certification for agriculture exports and imports, personal data protection and digital IDs.²² Development of these topics can either support existing DEPA modules, or lead to the creation of new DEPA modules.

7. Digital documents, standard data and format of documents, and interoperability

The digitization and standardization of documents is the first step in creating digital trade ecosystems across the AfCFTA, creating an opportunity for Africa to increase its engagement and share of international trade. Digital documents can assist both customs authorities and private companies, particularly MSMEs, to reduce costs and time in regulatory oversight and compliance, which is becoming increasingly complex and more stringent due to new regulatory standards in response to the protection of data and cybersecurity. This will not only eliminate the need for physical contact at customs, but will also strengthen financial crime controls to create robust digital trade finance systems.

The digitization and ultimate tradeability and tokenization of trade-related documents (Bills of Lading, Bills of Exchange, Promissory Notes, Letters of Credit, guarantees, commercial

²² East Asia Forum (2020).

Transformation Strategy for Africa. The use of eCOs within the AfCFTA also supports the AU strategy.²⁶

9. The significance of trade data as infrastructure

In the digital economy, data is the new oil. The use of good quality and reliable trade data can be used to optimize trade and supply chain efficiencies. Digital trade accelerates and increases the volume and quality of data, which can be seen as infrastructure – that is digital trade, by its very nature, builds a body of data which can be used by African governments to ensure Africa’s competitiveness among global markets. Within context, data should be viewed as currency.

If data is harnessed properly and optimized in a way that it is gathered completely and accurately, and considered with other relevant data, it can become a powerful tool in decision making. Refined data can be used by governments and business in a proactive manner to react to market forces, such as supply and demand trends. Data, if mined dynamically and used correctly, will have a significant impact on trade competitiveness.

10. African Union Convention on Cyber Security and Personal Data Protection – Data flows, data protection

²⁶ Nanyang Technological University Singapore (2020).

and cybersecurity, and data storage

Ratification of the AU Convention on Cyber Security and Personal Data Protection will support eTrade systems development and data sharing. While state parties must aim to ratify the Convention promptly, this should:

- **Allow for parts of the Convention to be ratified rather than the Convention as a whole.**
- **Clarify and simplify the language in the Convention.**
- **Insert mechanisms for pre-authorizations to ensure that they do not impede eTrade and eCommerce.**
- **Focus on the harmonization of AU Member States’ data protection and cybersecurity laws and tools.**
- **Partner with the private sector on industry standards and codes of conduct, which can be incorporated into the Convention, once approved by AU Member States.**

Data and how data flows through, within and between different digital platforms, underpins digital transformation, and so, consideration must be given to data inputs, data flows and data storage. Personal data protection and cybersecurity are central to the sustainable adoption of digital technology. A one-size-fits-all approach will not be suitable for personal data of customers and business data, which is essential for companies and governments. Compatible guidelines which avoid unnecessary bureaucracy across the AfCFTA should be established to facilitate data flows and to meet security concerns. Clear and coherent guidelines will ensure that communication complications do not shut out MSMEs, which do not have the resources to meet complex data flow regulation.

We encourage state parties to continue working together to address the data flow issue, and to establish the African Trade Observatory. The Observatory can provide important, up-to-date and reliable digital trade data to inform the public and private sectors. The digital data can be mined and

analyzed with technology solutions like AI and big data analytics to provide the public and private sectors with a source of value and innovation. Big data analytics is the process of examining large amounts of data to uncover useful information, such as market trends and customer preferences, and can assist governments and businesses to make informed data-driven decisions about resource allocations. The monitoring of regional integration, market access and competitiveness, and trade patterns through digitalization and data can be leveraged for effective and efficient trade. With improved data sharing agreements, tracking of trade flows should be a priority, as it will improve the processing of cross-border trade.²⁷

It is important for all African countries to put data protection and cybersecurity laws in place. We recommend that simple rules based on the Council of Europe’s Convention 108, the General Data Protection Regulation (GDPR) are recognized and accepted by regulators in the AfCFTA to promote competitiveness of African businesses.²⁸ There are 24 African countries with data protection laws either in place or in the pipeline according to UNCTAD’s Research Partnership Platform (RPP), which are based on these rules.

To ensure a level playing field for business in Africa???, In this a senence or start of a paragraph??, Regulatory frameworks, which support investment in a wide range of data protection and cybersecurity solutions, can be applied to trade finance and horizontally across industries where data protection and cybersecurity is critical to protect consumers. Cybersecurity will create trust in eCommerce across the AfCFTA, as it reduces risk and creates a secure online environment. Additional training and cooperation between law-enforcement bodies will be required for the application of offline criminal laws to online/digital criminal activity. Cloud technology can replace the physical storage of data, without altering the responsibilities of the processor,²⁹ while ensuring better data protection and cybersecurity.

Global standards such as the UN Financial Action Task Force (FATF), CPMI-IOSCO guidance on cyber resilience and CMPI strategy against wholesale payment fraud related to endpoint security provide a first barrier against these risks.³⁰

11. Automated trade regulation, compliance, and monitoring

Time consuming, manual inspection of trade documents like onerous Letters of Credit, can be read by optical character recognition (OCR), which is the electronic conversion of images (either typed or handwritten text) into machine-coded text. The machine-coded text can then be scrutinized using algorithms to identify missing information and regulatory non-compliance, including financial crime monitoring. By increasing trade through more efficient policy and practice, total excise and duties can increase for governments at a lower cost of collection.



²⁷ AUDA-NEPAD (2020).

²⁸ AU *The Digital Transformation Strategy for Africa (2020-2030)*.

²⁹ Data “processor” the legal term for the entity that collects, processes and/or stores the data.

³⁰ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

12. Independent review functions, alternative dispute resolution and online dispute resolution

The promotion of an independent review function, if supported by regulatory bodies, can create transparency so that each institution, regardless of its size, is able to participate, which builds trust between stakeholders. A review panel should consist of trade and legal experts to advise on and oversee this.

Alternative and online dispute resolution will increase efficiency, speed, and effectiveness, and reduce the administrative burdens placed on judicial systems. Digital case management platforms can facilitate these processes by enabling easy online access to documents that allow stakeholders to review documents and follow proceedings and outcomes online at any point in time.

Alternative and online dispute resolution can also be facilitated through virtual hearings. Due to COVID-19, court and arbitration hearings have been conducted in many countries via virtual hearings, showing how digitalization has disrupted the way in which legal disputes are settled. Within the context of the AfCFTA, trade disputes can be dealt with seamlessly, more quickly and without excessive costs, making dispute resolution another trade facilitator.

13. Digital procurement

The adoption of digital solutions in public finance and government financial systems can save costs, according to a Consultative Group to Assist the Poor (CGAP) estimate. Switching from cash to electronic delivery of government benefits generates roughly 40% in savings per transaction. Digitalization has boosted efficiency and transparency of budgets, payments and procurement enabling cost savings, efficiency gains, and improvements in accountability. The adoption of digital solutions in government procurement is particularly useful in healthcare systems. For example, the use of digital submission platforms can expedite the time

needed for medical supply approvals and procurement. In addition, a cohesive approach for procurement will build long-term resilience across the AfCFTA.

The digitalization of government financial systems also includes government IT systems developing interoperability between public and private sector information systems and mandating digital identification. The Government of Benin is working with Estonia's IT solutions provider to roll out a secure, interoperable data exchange platform to facilitate digital service delivery,³¹ while digitalization has saved India's government an estimated USD22 billion to date, and Mexico's government USD1.3 billion annual saving after digitizing its treasury functions.³²

14. Smart borders

As cross-border trade increases so too will issues of security as is recognised by the AUDA Move Africa initiative support by the Continental Business Network. Smart borders will ensure more standardized and cost-effective borders, underpinned by increased communication between state parties. Coordinated border management between state parties will ensure border security, without compromising on economic gains. Border security and management can be made safer and more cost-effective, with the implementation of risk-based decision-making, the standardization of data requirements, consolidated government functions and innovation to attract commercial solutions.³³

- **Risk-based decision-making requires the establishment of a common assessment criteria across the AfCFTA for identifying high-risk priority areas to drive resource allocation.**
- **The standardization of data requirements will increase efficiency and effectiveness of information sharing between state parties. The adoption of global standards, like the WCO**

³¹ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

³² UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

³³ Deloitte (2014).

Data-Model, can create continuity across entire supply chains. This reduces repetitive checkpoints, enhances collaborative border management, and develops the single window.

- **Consolidated government functions can include consolidated functions at the border by fusing data-driven, risk-based analytics. State parties can build on collaborative border management by consolidating around functions.**
- **Government agencies and related border functions can operate jointly, to pursue border security, trade, and immigration collaboratively.**
- **Innovation to attract commercial solutions includes leveraging private sector capabilities for innovative digital infrastructure and strategies. By engaging with industries, governments can show a commitment to economic growth, while leveraging leading technology and commercial practices. For example, mobile technology can be used to log and share results of vessel inspections, which eliminates the need to file paperwork. Mobile technology can also provide customs with the agility required to expedite the transfer of security or customs information throughout the supply chain.**

15. Paperless trade at every point in the supply chain

As customs and other regulatory procedures at the border are only small parts in the whole supply chain process, it is important to look at paperless initiatives comprehensively at every point in the supply chain, including processes on the commercial side of the supply chain. Such a comprehensive approach will enable an end-to-end paperless supply chain management that can reduce costs, time, complexity in

international trade, and increase data quality and accuracy through the reuse of supply chain data.

16. Sustainable supply chains

There is a need to introduce sustainable solutions in supply chain management that consider environmental, risk and waste factors. It is necessary for governments and businesses to have a comprehensive understanding of the impact of supply chains on sustainable development. Software can be applied throughout the supply chain, from the procurement of raw materials, to identifying new channels to market. Through the supply chain analysis across various industries, supply chain diagnostics can optimize transport and warehouse costs, improve asset utilization, extend supply chain visibility, and increase enablement and cost reductions in distribution.

17. Pan-African supply chain models

Pan-African supply chain models are proposed to boost economic activity on the continent. The pan-African supply chain model includes local procurement of goods and services through local suppliers and manufacturers. There is a misconception that countries outside of the continent can provide goods and services for less. COVID-19 has highlighted the weaknesses of global supply chains and has demonstrated that no country is self-sufficient. By supporting pan-African supply chain models and supply chains of the future driven by eTrade marketplaces, the continent can make significant strides to become more self-efficient. The AfCFTA will support these efforts by reducing tariffs, improving infrastructure and removing regulatory red tape which hinders intra-African trade.

A “Team Africa” approach to supply chain models is promoted. Collaboration is required between different players within industries to create pan-African projects. For example, industrial supply chains within the steel industry may consist of a processor, fabricator, and constructor. The

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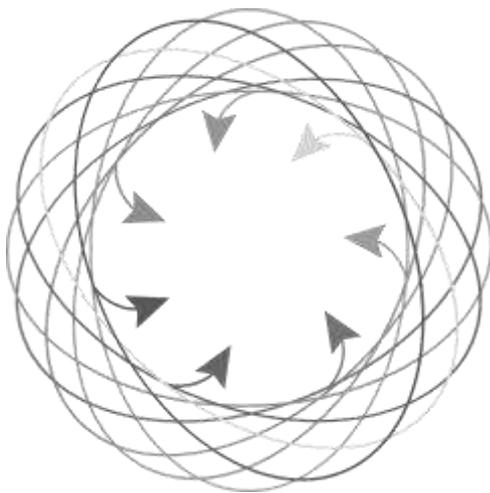
collaboration between different role players in various industries should look to develop pan-African supply chain models, to grow and establish cycles of economic growth, to collectively drive economic prosperity. African companies and stakeholders are encouraged to identify and create “Team Africa” collaborations for development projects on the continent, from inception to conclusion.³⁴

18. Application and programming interfaces

Government-created customs and duties application and programming interfaces (APIs) can be incorporated into any eTrade platform and eCommerce website.

19. Market access and national treatment

Market access and national treatment commitments for eTrade platforms and eCommerce service providers, including retail, online platforms, transportation, logistics, warehousing, delivery, electronic payments, and other related services should be established in the creation of digital ecosystems across the AfCFTA.



³⁴ Engineering News (2020).

20. Trade in services

Leading commentators have highlighted a number of challenges in the African financial services sector, including, a lack of depth and limited range of products, at relatively high costs; weak and inadequate capacity to regulate the market; weak regulations and institutional management; a lack of integration with global capital and financial markets; and the fact that most services supplying firms lack the knowledge on how trade negotiations can serve as a tool to access new markets.³⁵

The AfCFTA Protocol on the Trade in Services is novel, and the first progression to liberalize intra-African trade in services. The regulation of trade in services will require more complex governance structures than with the trade in goods, as trade in services has traditionally required a higher degree of domestic regulation. Without robust domestic regulation of trade in services, trade in services may be constrained across the AfCFTA. The absence of rules-based national regulatory regimes will further impede the trade of services across the continent. The notion that services can be traded is new and will therefore need to be considered within the scope of trade policymaking. The success of trade in services will depend on the commitments accepted in individual state schedules, and the requisite implementation of the content of those schedules into domestic regulation.

As contained in Article 9 of the AfCFTA Agreement, it is imperative that state parties adhere to the principle of transparency. State parties are encouraged to publish all relevant measures in relation to the operation of the Trade in Services Protocol. There is also a need for service regulators to respect due process requirements. State parties should consider the legal reforms necessary to ensure that associated remedies for trade in services are available. Regulatory frameworks must be considered for each service sector in due course.³⁶

³⁵ Making Finance Work for Africa (2020).

³⁶ Tralac Erasmus (2019) *What is the AfCFTA Approach to the Regulation of Trade in Services?*

“Reaffirm the importance of trade facilitation where our priorities include enhancing infrastructure and boosting productive and trade capacities, in addition to reducing transaction costs, barriers, incentivizing the undertaking of reforms and improvements to the customs regulatory systems as well as boosting intra-African trade.”

Addis Ababa Declaration on WTO Issues,
25 October 2013

II. TRADE FACILITATION – CUSTOMS AUTOMATION AND DIGITAL LOGISTIC

COVID-19 has highlighted the continued importance of global trade and demonstrated that no country is self-sufficient. The pandemic will have global economic and financial ramifications that will be felt through global supply chains. If digital technology, supply chain logistics and customs automation implementation in the AfCFTA is accelerated, the continent can harness the opportunity to implement policies that will have tangible outcomes and practical implementation opportunities, to avoid future regional disruption. Creating a transparent and consistent regulatory framework, supported by automated customs processes, that balance the need for compliance with trade facilitation will attract intra-African and FDI and drive economic growth.

We have seen during COVID-19 that Africa's supply chain ecosystems placed transporters on the back foot, having to rapidly respond and adjust to an overly complex regulatory framework and governmental directives. We can use the current environment as an opportunity to accelerate digitalization in the AfCFTA, which can lay the foundation for the establishment of the Continental Customs Union³⁷ and support the expansion of intra-African trade, through better harmonization and coordination of trade liberalization and facilitation through digital logistics and customs automation. This will enhance competitiveness at the industry and enterprise level through the exploitation of opportunities for scale production, continental and global market access, and better reallocation of resources.

Digital technology mainstreaming in trade facilitation is a must-have for the cost-effective and efficient movement of goods. African states must however coordinate all legal and technical policies at a national, regional, and continental level. The legal objective of trade facilitation reform is to create clear, concise, and transparent frameworks which adhere to global standards and expectations.³⁸

These recommendations aim to mitigate the impact of COVID-19 on the continent and strengthen logistics and

supply chain connectivity to ensure that supply chain logistics are more resilient in the face of similar future global shocks, with digitalization enabling affordable and accurate tracing of global supply chains from sourcing of materials, to manufacturing and distribution.³⁹

To create global market access, Ai and the ICC have come together to launch a campaign that aims to catalyze the digitalization of five million SMEs.

Supported by the Ai eTrade Institute and ICC's Centre of Entrepreneurship, the digitally empowered eTrade initiative will support the AfCFTA by mobilizing a worldwide network of multinational companies, African corporates, chambers of commerce, media organisations and academic institutions; providing market access, tools and training programs to digitize millions of SMEs in Africa.

In its initial phase, the platform will function as a directory for SMEs to start tapping into eCommerce opportunities under the AfCFTA, which officially went live at the beginning of 2021.

The campaign will develop policy recommendations to assist governments, partners, and policymakers, enabling them to make informed policy decisions to expand sustainable development, digital inclusion and eTrade opportunities for MSMEs in support of the AfCFTA.

³⁷ Article 3(d) of AfCFTA Agreement.

³⁸ Atkinson, C. (2020).

³⁹ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

CUSTOMS AUTOMATION AND DIGITAL LOGISTICS RECOMMENDATIONS

21. Trade Facilitation Agreement (TFA) and National Trade Facilitation Committees (NTFC)

The WTO TFA, which was incorporated into the Agreement Establishing the WTO, has been ratified by 35 of the 44 African WTO member states.⁴⁰ The TFA is legally binding for the WTO member states that have ratified it, and it provides a priority opportunity for Africa to respond to COVID-19 and support the goals of the AfCFTA. The World Bank's Logistics Performance Index, and similarly the World Bank Ease of Doing Business report, has indicated that Africa is lagging behind the rest of the world in respect of customs, infrastructure, trade logistics and import and export timeframes. The fallout of this is the extended period of importing and exporting goods as a result of Africa's complex trade procedures and overburdensome and costly requirements, especially for women and youth-led MSMEs.

The immediate and full implementation of the TFA is recommended as a priority for Africa. It will make trade more efficient, thereby reducing the cost of cross-border trade and supporting the goals of the AfCFTA. The TFA is complementary to Africa's regional trade facilitation initiatives,⁴¹ and many of its provisions have been incorporated into the AfCFTA. The trade facilitation annex to the AfCFTA is premised on the TFA, and SADC countries are implementing provisions of the WCO's trade facilitation legal instruments, which are in alignment with the TFA, including, customs processes, electronic payments, expedited shipments and coordinated border management. The goals of the AfCFTA and Action Plan for Boosting Intra-African Trade can be achieved with effective and efficient trade facilitation agreements, like the TFA.

⁴⁰ As at July 2019.

⁴¹ Tralac (2018) *WTO Trade Facilitation Agreement: An African perspective*.

The TFA contains 12 Articles with approximately 36 trade facilitation measures, which members can categorize. Category A relates to provisions which developing countries will implement upon entry into force; Category B relates to provisions which developing countries will implement after a transitional period; and Category C relates to provisions which developing countries will implement on a date post the transitional period, and the type of assistance it will require to implement such provisions.

Where necessary, countries must seek assistance to implement reforms as prescribed in the Category C Commitments of the TFA. The WTO Trade Facilitation Agreement Facility, donor members and international organizations can provide the technical and financial support required. In addition, the Committee on Trade Facilitation (TFA Committee), established by the TFA, requires member countries to have a National Trade Facilitation Committee (NTFC). NTFCs will play a significant role in facilitating domestic coordination and implementation of the TFA, and should ideally include government officials, border and customs agencies and private sector representatives. It is proposed that NTFCs provide the best opportunity to ensure effective implementation of the TFA, as it serves as a key mechanism for private sector participation in trade facilitation. African chambers of commerce are encouraged to play a leading role in supporting their governments establish and administer NTFCs.

22. Harmonization of customs procedures

Engagement with international organizations, such as the WCO, will ensure alignment with international standards. Phased implementation of any import/export restrictions will ensure that sufficient training and clarity is provided to customs on how to measure shipments against relevant standards.

23. Expediting critical goods

Expediting the clearance of critical goods and prioritizing customs clearance mechanisms directly impacts and alleviates issues related to COVID-19,⁴² as access to items like medical supplies is increased. Critical goods can be expedited with flexibility in the collection of duties, taxes, and fees. The simplification of import declarations and export restrictions, through digitalization, will also promote operational efficiency.

24. Digitalization of filings and physical inspections minimization

Leaving manual processes in place not only leads to significant delays and costs, but also places both customs officers and importers at risk due to the need for unnecessary physical contact. Digital enabled filing will minimize personal contact and physical inspections. Digitalization should, however, not merely replicate the old paper-based manual processes, but instead, function to streamline them. Further, by completely digitalizing low-risk shipments, customs authorities can focus on critical formalities and high-risk shipments by reducing non-essential or non-time-sensitive physical inspections and administrative verifications to employ limited inspection resources more effectively.

Measures for paperless trade can include, but are not limited to, electronic submissions of customs declarations; electronic applications and issuances of import/export permits and COs; electronic submissions of sea and air cargo manifests; and electronic applications for customs refunds.⁴³

⁴² United Nations model agreement concerning measures to expedite the import, export and transit of relief consignments and possessions of relief personnel in the event of disasters and emergencies. <http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/activities-and-programmes/natural-disaster/united-nation-model-of-agreement.pdf?db=web>

⁴³ Atkinson, C. (2020).

25. Risk management systems and digital pre-arrival processing

The adoption of risk management and risk profiling systems, and provisions to enable the electronic submission of customs documents or data prior to arrival, can allow for automated risk assessments and pre-arrival processing and immediate release/clearance. This can expedite the release of low-risk shipments upon arrival and minimize personal contact to protect customs officers. In time, when revenue for staff and customs investments is lower, this will be an ideal way to mitigate the financial impact of COVID-19.



26. Advance electronic data and data collection minimization

The implementation of advance electronic data for effective risk management between customs and parties to a transaction, as well as the use of data analytics and other

cutting-edge technologies can help to facilitate trade and identify suspicious transactions.

Disciplines can ensure that data captured by customs and other regulatory bodies is restricted to only that which is necessary to carry out the required activity. Once such a need is established through an open and transparent process, such provisions should focus on the way in which data is captured and transmitted in the commercial world.

27. De minimis thresholds and informal clearance thresholds

The introduction of commercially meaningful baseline de minimis thresholds for low-value/risk goods will expedite the clearance of these shipments and place less burden on customs resources. These measures will boost eCommerce and assist MSMEs. Higher thresholds for informal clearance procedures, for shipments above de minimis levels, but below what is required for formal clearance can be introduced.

28. Simplified ancillary processes and duty collection simplification

New measures can simplify and digitize returns processes, COs, and duty drawback procedures. The simplification of the collection of duties and indirect taxes such as GST/VAT, can be achieved by providing multiple options (including seller and buyer) around account-based periodic payments. The collection of indirect taxes should match the account-based systems in-country.

29. Advanced rulings

State parties should consider allowing for accommodations to mandate the timely provision of advanced rulings on any applicable treatment for duties and taxes. Authorities should adopt a consistent and clear approach in communication

with stakeholders leveraging technology, including advance rulings on classifications, valuations, and determination of rules of origin. Decisions should be consolidated and published in one central area, like a dedicated online case management platform, so that all relevant stakeholders can refer to decisions made for similar cases.

30. Single window

Integrated system solutions, with single window capability, allows for all trade documents to be submitted to a single interface, which reduces the need for manual paper entry documents and speeds up cross-border movement. Regulatory frameworks should allow for the electronic submission of all paperwork, including applications, licenses, permits, and certificates that are required for trade. The use of digital signatures in all transmissions should also be permitted. Single window systems disseminate the necessary information to each agency for various approvals of goods to cross borders, negating the need to deal with numerous agencies individually. The capability of the single window information system to facilitate the exchange of information between agencies and parties promotes border cooperation and trade efficiency. The UN/CEFACT recommendations and African Alliance for e-Commerce single window implementation guide, provide suggestions for the implementation of single windows. African countries like Senegal, Tunisia, Congo and Cameroon have successfully implemented single windows.⁴⁴

31. Authorised Economic Operator (AEO)- AEO Cargo

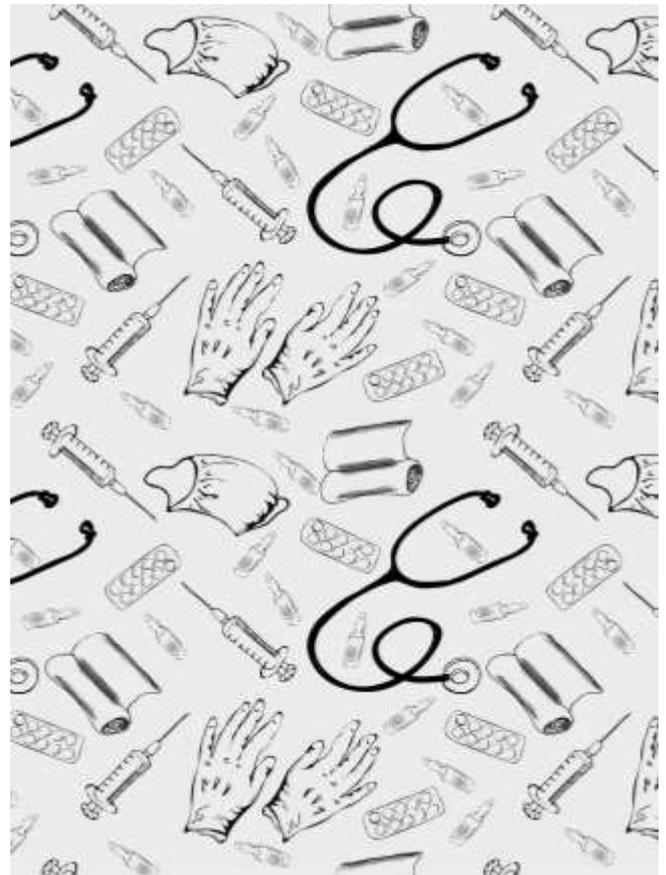
To deploy inspectional resources more effectively, customs administrations can prioritize less risky authorised economic operator (AEO)-certified shipments. Mutual recognition of, and increased development of AEO programmes reduce dependency on paperwork. AEO programmes should aim to align with the Standards to Secure and Facilitate Global Trade (SAFE Framework) of standards adopted by the WCO.

⁴⁴ Tralac (2020) *Digital Solutions for Trade Facilitation*.

The SAFE Framework is a response by the global customs community to threats to supply chain security. It prescribes baseline standards that have been successful around the world.

32. Tariff relief, deferring duties and fees, and single duty rate for low-value shipments

Consideration should be given to tariff relief for essential medical products and equipment, pharmaceutical goods, and food products. Consideration should also be given to declaring a penalty and interest-free deferral on duty and fee payments for the duration of the COVID-19 pandemic. Adoption of a single ad valorem duty rate can simplify clearance for low-value shipments.



33. Extended penalties and collections, and deadlines for paper-based processes

Focus on deliberate fraud or criminal tax evasion or deliberate flouting of import or export rules, as opposed to punitive measures for non-compliance, would be more productive for the duration of COVID-19. Other non-essential paper-based processes that are not considered critical to safety, health, and welfare, like permit processing, payment of fees and other reporting, and processes not related to shipment clearance, should receive extended deadlines.

34. Electronic payment systems

Provisions to encourage the use of electronic payments for customs duties/fees and other charges in multiple currencies, without mandatory currency conversion, in an account-based, periodic manner will facilitate cross-border trade. Financial technology (FinTech) solutions can be built into digital trade platforms across the AfCFTA to facilitate cross-border payments. Electronic payment solutions can be implemented to avoid riskier cash payments, and to promote single payments at the end of the trade process.

Electronic payments implemented at a regional or continental level will significantly reduce transactions costs. Regional payment systems are already being developed on the continent including, the SADC Payment Integration System and the EAC Payment and Settlement Systems Integration Project, and the Pan-African Payment and Settlement System (PAPSS) at a continental level within the AfCFTA by Afrexim Bank.⁴⁵ The fully automated duty drawback payment system at Customs in Pakistan is an example of how electronic payment systems can facilitate the export sector. Exporters are now able to receive payments from the State Bank of Pakistan directly into their bank

⁴⁵ Tralac (2020) *Digital Solutions for Trade Facilitation*.

accounts without any human touchpoints. The system was implemented by the country's customs and the Pakistan Central Bank.⁴⁶

35. Information sharing

Information sharing on digital platforms, like trade information portals, between government agencies and the private sector, at a local, regional, and continental level, can better manage trade compliance and mitigate the risk of trade-based money laundering. Information sharing must be subject to data protection concerns.

36. 'Rules as data'

Executable rules in the form of algorithms can be powered for automated customs. Over time, as more algorithms are added, an "internet of rules" is created. Data-driven trade rules simplify the deployment of single windows and enhances the potential of automated data sources, which leads to greater interoperability between public and private rules systems.⁴⁷



⁴⁶ Business Recorder (2020).

⁴⁷ Atkinson, C. (2020).

“We have put together the index to let us know how quickly countries are moving forward to ratify this.

In 2025, if we do well and make it work, the African market will be USD 3.6 trillion.

This is not insignificant for businesses, at the end of the day, it is why we are here.”

Dr. Vera Songwe, Executive Secretary of the UN Economic Commission for Africa,
African Union Summit on the Continental Free Trade Area,
17-21 March 2018

III. DIGITAL TRADE FINANCE – DIGITALIZATION TO SAFEGUARD TRADE FINANCE, EXPORT CREDIT, AND INVESTMENT INSURANCE

COVID-19-induced dislocation in the trade credit market will have significant negative implications for essential intra-African and global trade flows, and the viability of many African MSMEs. Due to the necessary public health interventions to tackle the pandemic, African banks face increased constraints and difficulties processing trade finance transactions. These operations typically require considerable levels of in-person staffing to review hardcopy paper documentation, which is required as a matter of national law in many jurisdictions. Apart from trade financing being largely paper-based and requiring manual data entries, it also lacks the connectivity required between stakeholders in the trade. The promotion of digital trade platforms and ecosystems will connect the different parties involved in transactions and serve as a one-stop-shop for corporates, providing access to finance, while lowering transaction fees, and creating transparency. The Pan-African Payment and Settlement System is an example of a digital payment system that will facilitate payments for goods and services across the continent.

Financial institutions also face challenges with the traditional approach to trade finance, particularly, the complexity of oversight required in ensuring compliance with KYC, standards as an example. This increases operational costs as an extraordinary amount of resources is required. The interconnectivity of parties across digital trade platforms within the AfCFTA can facilitate an exchange of data and information between parties and can reduce the burden placed on banks to keep up with regulatory oversight. Manual processes will be reduced, and errors minimized, while connectivity and the volume of transactions between parties in the trade community will increase.⁴⁸

The digitalization and automation of trade finance processes can ensure continued access to trade finance for Africa's MSMEs during the COVID-19 pandemic, and beyond, including support for the development of trade and export finance, FinTech marketplaces and ecosystems. Digital

financing can be broadly defined as financial services which are delivered through digital processes and infrastructure.

The UN Task Force on Digital Financing⁴⁹ has highlighted the core features of digital financing as:

- 1. The availability of better quantities and quality of data, which enables product service and innovation. Aggregated data, which is shared and linked across platforms and entities, can be analyzed using AI and machine learning for target and risk analysis.**
- 2. Radical reduction in the cost of financial intermediaries. Digitalization disrupts traditional finance models, by providing cheaper and faster computing to complete tasks (for example, digital marketplaces for trade insurance removes the need for middlemen/brokers). Digitalization allows for the unbundling of financial value chains, and automated processes at every point of the value chain from payment processors to point of sale machines, billing and invoice management, cashflow and liquidity management, lending, equity, invoice financing and insurance.**
- 3. Innovation in financial products and services, enterprises, and markets. Digitalization enables new business models, like online marketplaces and index-based insurance.**

⁴⁸ Boston Consulting Group (2020).

⁴⁹ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

We support the UN Convention on the Assignment of Receivables in International Trade and the adoption of the UNCITRAL Model Law on Secured Transactions that act to facilitate financing for international trade. The transactions covered by the Convention and Model Law (e.g. asset-based lending, factoring, forfeiting, securitization, and project financing) are fundamental for the financing of international trade. The uncertainty as to the content and choice of legal regimes applicable to the assignment of receivables constitutes an obstacle to intra-African and international trade.

Further, we support the adoption of the UNCITRAL Model Law on Electronic Transferable Records to clarify the functional and legal equivalence of electronic and hard copy documents. We urge African governments to consider implementing the UNCITRAL Model Law on Electronic Transferable Records (MLETR), which provides the necessary clarity for widespread adoption of digitalized trade and trade finance instruments. Important provisions of the Model Law include:

- **Article 7 on electronic transferable records, which “shall not be denied legal effect, validity or enforceability on the sole ground that it is in electronic form”.**
- **Articles 8 to 11 on the functional equivalence of electronic and manual records.**
- **Article 12 on the general reliability standards for verifying signatures, integrity, and other aspects of electronic records. This general reliability standard allows for the consideration of “any applicable industry standard”.**

Distributed Ledger Technology (DLT) makes use of a ledger is shared (distributed) among participants, doing away with the need for a centralized database in a fixed location. A blockchain is a type of DLT that involves an encoded and distributed database, which acts as a digital ledger, storing immutable records of transactions between parties. DLT is already being used in trade applications (supply chain management and logistics, customs procedures, trade finance, and international payments)

DLT based trade and supply chain technology platforms often incorporate other technologies, such as smart contracts, which automate the execution of contracts, and data generated from IoT devices, attached to goods to monitor conditions and progress through the supply chain. This data is combined with data from digitized documents, enabling data to be shared more easily across parties in the supply chain and with trade finance providers.

Policy and regulatory support for DLT based industry platforms will enable significant investment from private sector stakeholders in these platforms, notably financial services companies, and logistics companies. Platforms developed in Africa, like AfricaPLC, will connect with established private sector-led consortia in other countries, attracting investment and increasing Africa’s access to international trade finance and its share of global trade.

The establishment of digital platforms and ecosystems in trade finance will require multiple stakeholders and cross-industry partners to collaborate and connect within trade finance networks, to ensure that data flows and digital trade finance is optimized. Digital trade finance can achieve harmonization, efficiency, transparency, and security in trade, with the implementation of the recommendations below.

17	The future of digital trade facilitation	32	Trade Facilitation	38	Digital Trade Finance	54	eCommerce and boosting MSME eTrade	64	Investment opportunities
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DIGITAL TRADE FINANCE – DIGITALIZATION TO SAFEGUARD TRADE FINANCE, EXPORT CREDIT, AND INVESTMENT INSURANCE RECOMMENDATIONS

payments (cashless transactions), and access to social services, minimizing the disruption to government assistance.

Digital ID systems will require access to affordable and accessible digital infrastructure, and it will require governments to boost both supply and demand. Governments will need to deliver digital ID schemes, which are technically and legally enabled for multiple services; and which are accessible to services which citizens most frequently use. Digital IDs can be used by governments and financial institutions, with the potential to simplify interactions between citizens and governments, and citizens and businesses.⁵¹

Digital IDs provide the foundation on which other digital technology solutions (including FinTech) can be built and are particularly important to the large unbanked population of Africa, including women and people living in remote areas, where access to finance and social services are limited. Digital ID ecosystems must be inclusive, considering digital infrastructure and digital literacy on the continent.

We recommend that countries and RECs foster and utilize digital ID and KYC processes and standards for identification and simplified account opening. This would greatly increase the velocity of financial inclusion, especially during the time of COVID-19. In addition, the ability to access, share and analyze data using machine learning will combat fraud and trade-based money laundering.

38. Legal Entity Identifier

The adoption of the Legal Entity Identifier (LEI) on the continent is encouraged, to align with global standards. Systems like the LEI connects to key reference information, which enables clear and unique identification of companies participating in global financial markets. The LEI is an alphanumeric code based on an ISO standard developed by the International Organization for Standardization (ISO). The global LEI index provides open, high-quality reference data on legal entities.⁵²

⁵¹ McKinsey & Company (2020) *How Governments Can Deliver on the Promise of Digital ID*.

⁵² Beck, S. (2020).

37. Digital IDs

There are more than 1 billion people in the world who do not have identity documents, with half of them being in Africa.⁵⁰ Digital IDs provide secure authentication of citizens' identities, and enables mobile or digital services, which has the potential to bring about significant socio-economic change. Digital IDs can unlock digital payments and promote financial inclusion on the continent, by connecting Africans with digital finance, enabling remote transactions and digital

⁵⁰ World Economic Forum (2020) *This is How Digital ID Systems Could Help the Most Vulnerable*.

39. Blockchain interoperability and trade finance

Blockchain interoperability is the ability for different blockchain networks to share and access information. It is critical for the viability of blockchain technology. Interoperability is the key to maximizing blockchain efficiencies. Blockchain interoperability is central to the technology's utility and effectiveness within trade finance. The disruption of COVID-19 has emphasized the need for communication between supply chain infrastructures. Blockchain technology, while decentralized, nevertheless serves the supply chain transformation, due to its characteristics, which allow supply chain management systems to share information securely.

Blockchain interoperability is critical, as one blockchain network alone is unable to provide all requirements for a trade transaction. Multiple networks are necessary, each providing a specific value. In the same way that physical goods move with little friction in the global supply chain, so too should digital assets from one blockchain network to another.

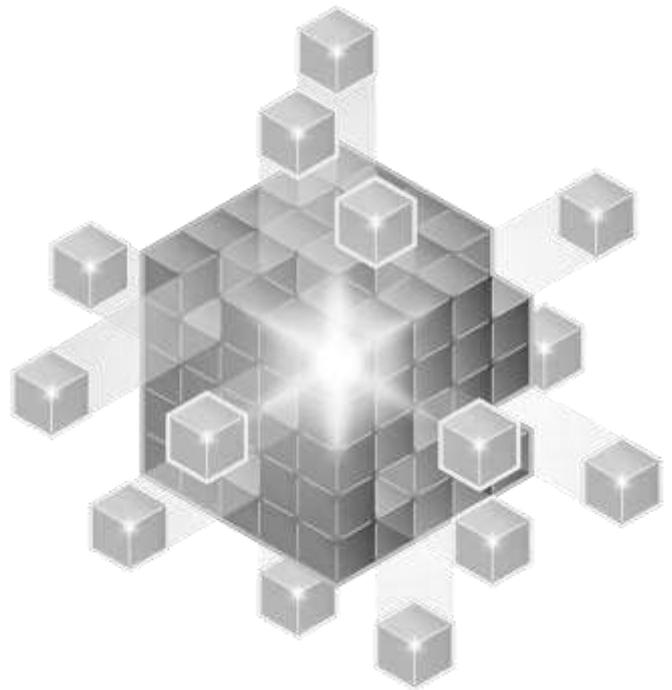
While APIs allow systems to share information and communicate, there are multiple drawbacks, including the need for one-to-one integration between blockchain networks. Therefore, in industries where blockchains remain fragmented, it is important to collaborate on a data standard as soon as possible. In order for blockchain interoperability to be successful at scale, there needs to be a common standard that is widely adopted.⁵³

40. Digital finance for MSMEs

⁵³ World Economic Forum (2020) *How Interoperability Establishes Blockchain's Utility and Effectiveness for Trade Finance*.

Afreximbank and the International Trade Centre (ITC) has launched a training programme that explains how to export within the AfCFTA. This is designed to provide small businesses and young entrepreneurs with the knowledge and skills required to take advantage of the AfCFTA, and to fully develop regional value chains.⁵⁴

Digital financing has provided access to finance for MSMEs around the world. For example, MYbank in China, using Alipay's technology, serves millions of SMEs via digital platforms, with loans taking less than 3 minutes to apply for, 1 second to approve, and all completed without human intervention.⁵⁵ In Kenya, Equity Bank uses ATMs, mobile branches and agents to reach a previously unserved customer base.⁵⁶ Mercado Libre in Latin America provides SME loans, one-third of which would have been assessed as 'high-risk' based solely on traditional credit bureau information.⁵⁷



⁵⁴ New African (2020).

⁵⁵ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

⁵⁶ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

⁵⁷ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

41. Data-driven lending

EcoCash is Zimbabwe's leading payment platform and listing platform, a world-first stock exchange which uses payments data to provide due diligence and credit ratings for prospective listings. The platform provides Zimbabwe's SMEs with debt and equity financing and to date, has 300 companies who have been preselected for due diligence towards listing, with over 24 being successfully listed.⁵⁸ Policymakers and regulators should encourage market innovation in data-driven lending, equity, and debt platforms, integrating broader sustainability criteria into financing criteria.

42. Electronic data warehouses

The National Bank of Rwanda (NBR) implemented an electronic data warehouse (EDW) in 2017. The system automates and streamlines the reporting processes of financial institutions. The EDW allows the NBR to access granular data on financial products without needing to delay and rely on financial institutions to provide this information. The data can be used by the NBR to inform policymaking and improve financial inclusion.

43. Movable asset finance

Support for registries and financing for movable assets/property such as receivables and inventory, provides access to capital for MSMEs, and particularly supports agri-finance through financial products like warehouse receipts. These products can be enabled through the support of FinTech lenders in addition to traditional banks/financial institutions.

⁵⁸ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

44. Credit infrastructure

The implementation of international standards on credit infrastructure, which are a set of laws and institutions that enable efficient and effective access to finance through modern insolvency frameworks and secured lending on movable property, will enhance financial stability through diversification of financial products and services. This improves risk management, assessment, and mitigation through information asymmetry, which supports socially responsible economic growth.



45. Trade risk funding

Digital online platforms can assist various stakeholders, including financial institutions, companies, investors, and governments, to collaborate in an efficient and effective manner, and securely negotiate trade finance, guarantees and risk mitigation. Digital platforms can facilitate the exchange of data and information between stakeholders to enable effective financial trade flows. Automated quotation workflows can also be incorporated into digital platforms, which will provide stakeholders with immediate insight into market pricing.

46. Risk and credit scores

Digital platforms that allow for banks and non-bank investors to connect, collaborate, and transact, will free up banks' capacity, and result in more financing for MSMEs. AI and machine learning can be used to determine risk and credit scores, negating the need for outdated statistics methodology. Data from digital platforms can be aggregated to produce real-time behavioural patterns to form a more accurate representation of credit scoring to monitor investments. Banks are already applying machine learning to assess credit risk.

The AfricaPLC RegTech data platform brings data together from all African trade counterparts: traders, buyers, sellers, financiers and investors, and connects them with domestic and global partners. The platform covers more than eight million African businesses located throughout Africa, providing a single digital source of vetted primary data, assisting trade finance banks, corporates and export credit agencies perform customer due diligence and credit and risk management checks on trade counterparties in Africa.

The data is used by global firms such as Dun and Bradstreet and Moody's Bureau van Dijk.

47. Open account trade finance

Blockchain technology can be used for secure open account trade finance between MSMEs throughout the continent, and for MSMEs to access financial services. Digitalization can be incorporated into the entire trade supply chain from the inception of orders to the execution of payments. AfricaPLC's Trade Finance platform, is already working with consortiums of banks within and outside the continent, to provide open account trade finance support African MSMEs.

48. Online marketplace for trade credit insurance

Digital platforms can connect banks and investors with the trade credit underwriting market for quotes from multiple underwriters at the same time. This saves time and removes the need for a broker, providing greater transparency in the trade credit insurance process. A seamless digital process from quote generation to execution and processing of insurance policies is possible.

49. Supply chain finance

Digitally enabled platforms can connect buyers and their suppliers with financial institutions financing the transactions. An online digital platform can connect stakeholders, providing greater transparency, security, and efficiency in supply chain finance. Businesses will be able to track transactions, which will free up working capital. Digital supply chain finance will benefit suppliers and buyers by demarcating finance for suppliers to get paid earlier and allow for buyers to extend their payment terms online, while maintaining oversight. Businesses which import goods can unlock working capital and at the same time reduce the risks associated with buying and transporting goods in bulk.

50. Cryptocurrencies

Cryptocurrencies provide a digital alternative to fiat money, which has significant advantages including its peer-to-peer network structure, which cuts out the middleman, and facilitates cross-border transactions. Cryptocurrencies also ensure that transactions are safe and secure, due to the nature of DLT technology. The use of cryptocurrencies across the AfCFTA should be explored, as it can overcome the challenges associated with cross-border transactions and security. Cryptocurrencies also offer a solution to the fluctuation in national currency exchange rates.

51. African gold-backed Central Bank Digital Currencies (CBDCs)



Gold markets remain one of the most liquid in the world, and the innovation in blockchain technology is changing the way in which the world looks at processing gold. The idea of phasing out fiat money and long-standing monetary conventions is contentious, however, there are exemplary reasons as to why digital currencies should be phased in, particularly in Africa, which holds the largest gold reserves in the world. In the first instance, it is difficult for central banks to take policy interest rates below zero with paper currency, and second, paper currency is anonymous, making it an easy vehicle for facilitating tax evasion and other illegal activity.⁵⁹ Digital currencies backed by gold (or other globally traded mineral resources) linked to underlying goods (to address money laundering concerns), provide a compelling alternative international trade currency to fiat money, which should be explored by African governments.

⁵⁹ Rogoff, K. (2014).

The global demand for gold has increased for several reasons. The demand and value of gold increases during times of inflation due to its inherent value and limited supply. The value of gold cannot be diluted, and it therefore retains its value, as opposed to other forms of currency, including fiat money. The currency of countries with gold or other internationally traded and priced mineral reserves, will be strengthened when gold prices increase. An increase in the price of gold will affect countries which import and export it, and create a trade surplus or offset a trade deficit. Countries with gold reserves will have a stronghold when the price of gold rises, while countries that import gold will end up having a weaker currency.

Digitalization is disrupting the way in which banking systems operate, to include digital IDs for the opening of accounts online and the issuance of CBDCs. Central banks around the world are rapidly exploring the use of CBDCs, with the view of issuing a digital currency which is complementary to fiat money. According to the Bank for International Settlements (BIS), 80% of the surveyed global central banks were engaged in CBDC development at varying levels, 10% of which will launch CBDCs in the next 3 years. 30% of the surveyed 66 countries have plans to issue a digital currency, with 20% confirming that they will release a CBDC to the public by 2026.⁶⁰

While still largely in its infancy, there are compelling reasons for African central banks to issue CBDCs, including the need to support the digital economy, and the global trend of digital payments and eCommerce, which has accelerated as a result of COVID-19. CBDCs also provide a solution to overcome the risks associated with unregulated payment solutions, which are exploding both on the continent and globally. CBDCs combine the best of cryptocurrencies, namely its security and convenience, with the proven characteristics of the traditional banking system, in which money is regulated and reserve backed.

Research on CBDCs in several jurisdictions (Canada, China, Sweden, and Uruguay) has progressed to pilot projects. The European Central Bank has also released a report on a digital Euro.⁶¹ South Africa is actively developing experiments and trials, while Singapore has recently welcomed cooperation

⁶⁰ BIS (2020).

⁶¹ European Central Bank (2020).

with the People’s Bank of China on a digital currency, having led research on CBDCs with its multi-phase Project Ubin. The aim of the project is to facilitate the reduction of cross-border payments costs and the efficiencies of settlement to ensure security. It is believed that China will soon roll out its gold-backed digital currency, while Iran has launched a gold-backed cryptocurrency called Peyman. Japan will launch a CBDC feasibility study in April 2021, with the Bank of Japan (BoJ) exploring a digital yen.⁶²

CBDCs provide an alternative payment instrument, which is safer and more convenient than traditional payment systems. The consideration of digital currencies by central banks is to support financial inclusion and stability, and increase efficiency in operations and to secure financial integrity, particularly in cross-border payments. An approach to implement CBDCs should consider the potential effects on the financial industry and economy, as well as legal implications, and the optimal framework design of the CBDC. The public sector will need to collaborate with the private sector and utilize private sector expertise. 57% of the delegates at Sibos 2020 agreed that CBDCs are certainly relevant to their markets, while 43% stated that they will see widespread adoption of CBDCs in the next 5 years.⁶³

A major contention surrounding cryptocurrencies is its volatility, as many cryptocurrencies do not have intrinsic value. This position has evolved, with many cryptocurrencies being backed by fiat, most notably the US dollar. While fiat-backed cryptocurrencies are widely used stablecoins, asset-backed coins can also be tied to commodities like gold⁶⁴. A gold-backed cryptocurrency has intrinsic value. In other words, it is a stablecoin, where each digital coin is backed with physical gold, and the digital coin is pegged to the current gold price, which increases its credibility and security.⁶⁵

The opportunity for African central banks to issue gold-backed CBDCs is phenomenal, given that Africa has over 50% of the world’s gold resources, of which 50% has not yet been geologically explored or mined. Gold mining can be revived and become more climate-friendly and ESG-driven on the continent and become a sunrise industry, which will also support a CBDC agenda on the continent. The revival of the gold industry however will rely on, governments and their capacity to work with local producers before investors, to increase investment by a) expanding and greening existing mines; b) purchasing new mines; c) bringing in new joint-venture partners to invest, and; d) attracting a larger percentage of the global exploration spend of approximately USD3 billion in 2019, (of which Africa secured less than USD1 billion, which should be ideally 50%).

Despite the view that gold prices have reached a ceiling, central banks have been purchasing gold in recent years, more so than ever before. In the first quarter of 2019 central banks purchased a combined total of 145.5 tonnes of gold – an accumulation not seen by the World Gold Council since 2013. China’s central bank is estimated to have increased its gold resources in recent years which stands at approximately 1 900 tonnes. The Central Bank of Russia is reported to hold over 2 000 tonnes of gold. 75% of US foreign reserves are held in gold. The US remains one of the biggest holders of gold, with a 2016 total estimated at 8 133 tonnes of gold, more than twice the amount of gold held by China and Russia combined.⁶⁶

Given this global trend, Africa must ensure that African gold remains on the continent to back African CBCDs, creating both mining investment opportunities and global investments opportunities for Africa. It is important for the continent to protect gold and rare earths reserves, as the world looks to increase its gold and rare earths resources, and subsequently its geopolitical influence.

⁶² Coingeek (2020).

⁶³ Finextra (2020).

⁶⁴ BCG (2020) *Get Ready for the Future of Money*.

⁶⁵ BIS (2020).

⁶⁶ The Gold Bullion (2019).

Top 10 global central bank gold reserves	Tonnes	Percent of foreign reserves	Top 10 African central bank gold reserves	Tonnes	Top 10 gold producers	Tonnes
United States	8,133.5	78.9	Algeria	174	China	383.2
Germany	3,363.6	75.2	South Africa	125	Russia	329.5
Italy	2,451.8	70.8	Libya	117	Australia	325.1
France	2,436	65	Egypt	78	United States	200.2
Russia	2,299.2	22.6	Burundi	38	Canada	183.9
China	1,948.3	3.4	Morocco	22	Peru	143.3
Switzerland	1,040	6.5	Nigeria	21	Ghana	142.4
Japan	765.2	3.1	Ghana	9	South Africa	118.2
India	654.9	7.5	Tunisia	7	Mexico	111.4
Netherlands	612.5	70.9	Mozambique	4	Brazil	106.9

Current gold-backed cryptocurrencies include the Perth Mint Gold Token (PMGT), backed by gold contained in Western Australian government’s Perth Mint. With a market cap of just under USD6 million DigixGlobal (DGX) is backed by gold in Canada and Singapore; PAX Gold (PAXG) is backed by gold stored in Brink’s vaults, with a market cap of approximately USD32 million; and Tether Gold (XAUT), held in a Swiss vault has a market cap of approximately USD50 million.⁶⁷

Gold has a significant impact on the value of currencies. As a commodity, gold can be a substitute for fiat currencies and can be used as an effective hedge against inflation. Gold-backed CBDCs will ensure that African gold is used to advance Africa and will lessen Africa’s reliance on foreign currencies in trade. Digital technology makes gold an even more practical medium of exchange that it ever was in the past. Gold-backed CBDCs offer a valuable alternative to fiat currency, which in the context of the AfCFTA, will accelerate intra-African trade by avoiding exchange rate loss and the volatility of currencies.

⁶⁷ Cryptobriefing (2020).

South Africa and Algeria are the only African countries in the top 30 countries in the world by gold reserves, despite South Africa accounting for 40% of the world's gold production. Ghana and Sudan are not even in the top 50 countries by gold reserves, despite being among the top 15 gold producers in the world. In the light of the AfCFTA and Agenda 2063, it is imperative now, more than ever, that African countries protect their gold deposits. While blockchain technology cannot provide an absolute solution to Africa's gold exploitation challenges, it can provide the necessary tools for African governments to manage and control gold production and supply chains.⁶⁸

52. Why now for RegTech investors?

Regulatory Technology (RegTech) solutions allow for the efficient and effective management and digitalization of regulatory compliance. With fewer legacy systems and more flexible frameworks, African countries can become earlier adopters of the technology and gain a competitive advantage over other markets.

RegTech offers an opportunity to support and fast track the implementation of essential administrative and trade-related compliance functions critical to the implementation of the AfCFTA. This technology attracts specialized RegTech investment, which has enjoyed a 600% increase in global investment during a 5-year period from 2014 to 2019, and a 103% year-over-year increase in 2019 alone, little of which has come to the continent.

RegTech investors are attracted to markets where policy and regulation align to remove barriers to technology adoption, and where new market opportunities for investment are created by proactive policymakers and regulators.

An important component of the success of the AfCFTA is the use of digital technology in the regulatory infrastructure of state parties. RegTech uses information technology to enhance regulatory compliance and reduce regulatory risk. While it is often associated with the financial services industry, it can be applied to any regulated industry, and

digital trade and finance. RegTech has seen exponential growth since the 2008 financial crisis, as financial services regulation became more stringent and complex. The value in RegTech applications is in its ability to reduce the costs and time of compliance processes, particularly for resource-strapped MSMEs, which are often stifled by overburdensome regulatory requirements (hence the widespread recognition of RaaS)). It uses a combination of technology solutions like AI and machine learning together with big data analytics and automation to seamlessly comply with regulations, and allows entities to understand and monitor regulatory requirements more efficiently and effectively. Entities that are better able to monitor regulatory compliance, and have real-time oversight will be better equipped to grow their economies and mitigate risk.



Apart from the ability of RegTech to make regulatory compliance more efficient and thereby strengthen financial crime controls, it can also deliver commercially valuable insights about markets. This aspect of RegTech is particularly significant for RegTech investors in Africa. The data and analytics required by regulators cross the AfCFTA can become a source of competitive advantage⁶⁹ for both governments and businesses by improving access to data. RegTech companies will have access to a plethora of data inputs, which places them in a unique position to publish open-source, anonymous datasets, which can be utilized by both the public and private sectors to further socio-economic interests. Governments, for example, will be able to dynamically identify priority policy and regulation areas, while companies can use trends to develop and market innovative products.⁷⁰

⁶⁸ Cointelegraph (2020).

⁶⁹ Oliver Wyman (2018).

⁷⁰ RegTech Summit & Opportunities in Africa (2020).

A strong regulatory environment that creates trust in the market is an important part of attracting investment into Africa. The application of RegTech solutions across Africa can be used to underpin the digital economy on the continent, and it can reduce NTBs in line with the AfCFTA objective to integrate Africa into a single market. Several RegTech solutions can overcome trade regulatory inefficiencies experienced by both the public and private sectors.

Africa provides great opportunity for RegTech investment, as the AfCFTA aims to create a single African market and unlock trade efficiencies. The challenges to reduce cross-border trade and transaction impediments can be addressed by RegTech solutions, to build transactional trust, standardize and digitize documentation, promote cross-border efficiency, and facilitate data access and management.⁷¹

In order to support this, African governments should consider shifting regulatory compliance from being procedural to one of report or investigate. This cuts costs while maintaining standards. To bolster regulatory compliance in this regard, DLT systems can be streamlined to increase speed, transparency and traceability of compliance for market participants and regulatory authorities.

Regulatory bodies need to evolve into a primarily nurturing role to support and grow their sectors. These efforts can be incentivised with measures that give weight to these goals. Similarly, Request for Proposal submissions for upgrading regulatory and compliance capability can award higher procurement points to those firms that utilise RegTech.

At the same time, an external, independent regulatory review needs to be established to assess both overt and hidden compliance costs, across economic sectors and to assess the regulatory value added or detracted from existing activities. In tandem with this, the AU should consider a policy body to avoid non-standardised approaches, incompatible systems, and the insufficient integration of systems.

53. Financial supervisory technology (SupTech)

The Financial Stability Board (FSB), which makes recommendations on issues affecting the global financial system, has endorsed the use of Digital Regulatory Reporting (DRR) and SupTech. SupTech is the application of innovative technology solutions by financial supervisory entities, to digitalize reporting and regulatory processes for proactive supervision and policymaking. The European Commission has published its Digital Finance Strategy, which also endorses the use of DRR. The European Commission confirmed that it will apply DRR, machine readable obligations, to legislative amendments proposed to financial services legislation in instances where public data is mandated. Challenges faced by regulators, like the complexity and volume of reporting can be addressed by SupTech, which can overcome poor reporting quality and delays.

The digitalization of reporting and regulatory processes allows for more efficient and proactive monitoring of risk and compliance. The technology can improve financial regulatory oversight through multiple applications, including the use of real-time analytics. SupTech can be used in both data collection and data analytics: data pulling from IT systems can assist institutions with reporting and data management, while data analytics can be used to monitor market misconduct (financial crime identification, monitoring of liquidity risks). SupTech can also include data collected from chatbots, which attend to consumer complaints.⁷²

Regulators should see the implementation of SupTech as a priority and should ensure that sufficient SupTech innovation and data strategies are in place. This will safeguard the credibility of supervisory bodies and ensure that regulation is optimized.⁷³

⁷¹ World Government Summit (2018).

⁷² Financial Stability Institute (2018).

⁷³ JWG (2020).

54. FinTech, RegTech and SupTech solutions – Regulatory benefits for the implementation of AfCFTA provisions

AfCFTA provisions and core reforms to implement	FinTech, RegTech and SupTech solutions – Regulatory benefits for the implementation of AfCFTA provisions
<p>Trade in Goods Annex 3: Customs Cooperation and Mutual Administrative Assistance</p> <ul style="list-style-type: none"> ▪ Articles 3 and 4: harmonization of customs terminology and transparent customs valuation systems and practices ▪ Article 5: simplification and harmonization of customs procedures ▪ Article 6: automation of customs operations and processing ▪ Article 8: identification of, and cooperation over, the prevention and investigation of customs offenses ▪ Articles 9 and 12: exchange, provision, and communication of customs information 	<p>Proactive regulation</p> <p>Traditional regulatory compliance takes place after the regulatory breach has already happened. This retrospective approach to regulation can be replaced by proactive/preventative compliance systems using SupTech and RegTech solutions.</p> <p>These solutions can be built into digital platforms and systems, like smart contracts, which self-execute once condition precedents and regulatory compliance is met. This removes the need for manual processes and ensures transparency in transactions, which are also irreversible.</p> <p>Regulators can build predictive models of harm to intercept market non-compliance.</p> <hr/> <p>Real-time monitoring</p> <p>Real-time data capturing can assist regulators in providing up to date and current data, which will ensure that regulators keep tabs on customs processes and market trends, so that they may step in at the opportune time to protect consumers, rather than relying on outdated data and stepping in too late.</p> <hr/> <p>Improved access to data</p> <p>AI, machine learning, and big data can be employed to analyze a much wider range of data (unstructured and unlabelled data), aggregated from FinTech, RegTech and SupTech platforms, which will allow for better customs and market insights.</p>

	<p>Automation</p> <p>Automated compliance or compliance automation is software that uses artificial intelligence (AI) to simplify compliance procedures. Automated compliance ensures more time and cost-effective implementation and reduces reporting errors.</p> <p>Risk management decision making can be made in real-time, and audit information and compliance statuses can be accessed from a single dashboard.</p>
<p>Trade in Goods Annex 4: Trade Facilitation</p> <ul style="list-style-type: none"> ▪ Article 4: publication of trade compliance procedures and duties ▪ Article 5: identification of enquiry points for trade facilitation ▪ Articles 6, 7 and 9: provision of pre-arrival processing and advanced rulings on imports, and release of goods prior to duties determination ▪ Article 8: provision for electronic payments of duties, taxes, fees, and charges ▪ Article 10: adoption of risk management systems, with a focus on high-risk goods ▪ Article 12: publication of average release times for customs ▪ Article 13: adoption of authorized operator regimes ▪ Articles 16, 17, 18 and 20: use of international standards, ICT and standard documentation, and establishment of single windows 	<p>Proactive regulation</p> <p>Real-time monitoring</p> <p>Improved access to data</p> <p>Automation</p> <p>Online payment systems</p>
<p>Trade in Goods Annex 5: Non-tariff Barriers</p> <ul style="list-style-type: none"> ▪ Article 3: use of a common categorization system for 	<p>Proactive regulation</p> <p>Real-time monitoring</p>

<p>NTBs to improve transparency</p> <ul style="list-style-type: none"> ▪ Articles 4, 5, 6, 7, 8, 9, 10 and 14: establishment of national monitoring committees for identifying, resolving, and monitoring NTBs ▪ Articles 12 and 13: creation of mechanism for identifying, reporting, resolving, monitoring, and eliminating NTBs 	<p>Improved access to data</p> <p>Automation</p>
<p>Trade in Goods Annex 6: Technical Barriers to Trade</p> <ul style="list-style-type: none"> ▪ Articles 6, 7, 8, 9 and 10: cooperation in standardization, development and implementation of technical regulations, conformity assessments, accreditation, and metrology ▪ Article 11: ensure transparency and predictability through notification of technical regulations and conformity assessments 	<p>Proactive regulation</p> <p>Real-time monitoring</p> <p>Improved access to data</p> <p>Automation</p>
<p>Trade in Goods Annex 7: Sanitary and Phytosanitary (SPS) Measures</p> <ul style="list-style-type: none"> ▪ Article 8: harmonize SPS measures based on international standards ▪ Article 11: cooperate to improve transparency in application of SPS measures 	<p>Proactive regulation</p> <p>Real-time monitoring</p> <p>Improved access to data</p> <p>Automation</p>
<p>Trade in Goods Annex 8: Transit</p> <ul style="list-style-type: none"> ▪ Articles 4, 5, 6 and 9: provision for the licensing of transit carriers with approved AfCFTA documentation and procedures 	<p>Proactive regulation</p> <p>Real-time monitoring</p> <p>Improved access to data</p> <p>Automation</p> <p>Online payment systems</p>

“Increasing intra-African trade does not mean doing less business with the rest of the world.

On the contrary, as we trade more among ourselves, African firms will become bigger, more specialized, and more competitive internationally.

From now on, the clear wish of everyone is that consultation between business and political leadership, at all levels, becomes a continuous feature of continental deliberations.”

Mr. Paul Kagame, President of Rwanda, African Union Summit on the Continental Free Trade Area
17-21 March 2018

IV. eCOMMERCE AND BOOSTING MSME eTRADE

eCommerce is the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders. The payment and the ultimate delivery of the goods or services do not have to be conducted online.⁷⁴

1.8 million jobs will be created through the additional economic activity stimulated by online marketplaces and digital platforms such as eCommerce.⁷⁵ The economic activity generated by eCommerce will create entirely new jobs,⁷⁶ stimulate skills development programmes, and increase demand for goods and services in locations currently beyond the reach of conventional retail networks. eCommerce can achieve financial inclusion by bringing marginalized groups into the formal workforce and economy. There is a need to prepare women entrepreneurs as champions to excel in their areas of work.⁷⁷

The WTO defines eCommerce as, “the production, distribution, marketing, sale or delivery of goods and services by electronic means”.⁷⁸ The OECD defines eCommerce as, “...all forms of transactions relating to commercial activities, including both organisation and individuals, that are based upon the processing and transmission of digitised data, including text, sound and visual images”.⁷⁹ It adds, “business occurring over open, non-proprietary networks such as the Internet, included (sic) the related infrastructure”.⁸⁰

The implementation of eCommerce can open the AfCFTA as one marketplace, enabling eCommerce participants to build economies of scale. Africa can become the global leader in

eTrade and eCommerce, if it embraces and develops the digital economy by creating a continental market through economic transformation and integration, and harmonization between state parties. Central to this objective is the investment in adequate trade-related and digital infrastructure and the elimination of NTBs to trade and investment.

The AfCFTA provides a once-in-a-generation opportunity for Africans to cooperate and create economies of scale for MSMEs to grow and thrive. Digital technology can be leveraged to grow African eCommerce platforms which are already a driving force for both B2B and B2C⁸¹ on the continent. eCommerce, as we have seen during the COVID-19 pandemic, provides enormous economic benefits, and has the potential to develop Africa’s undeveloped formal job markets⁸² without displacing employment levels,⁸³ thus creating jobs and empowering previously disadvantaged groups of the African population, particularly women and youth.

⁷⁴ AU *The Digital Transformation Strategy for Africa (2020-2030)*.

⁷⁵ Employment data supplied by Oxford Economics and various other sources analysed by BCG 2019.

⁷⁶ The biggest employment gains may come in the consumer goods sector, where online marketplaces are projected to account for 58% of jobs created - direct, indirect, and induced - by 2025, followed by mobility (18%) and the travel and hospitality sector (9%). BCG estimates.

⁷⁷ This point has been stressed by the creation in April of a Women’s Forum in the UNCTAD E-Trade for All project; by the work of the Commission on the Status of Women and by the AUC’s Ecommerce Conference in Nairobi in July 2018.

⁷⁸ WTO (1998). *The Declaration on Global Electronic Commerce*.

⁷⁹ OECD (1997).

<http://www.oecd.org/internet/ieconomy/2093249.pdf>

⁸⁰ OECD (1998).

<http://www.oecd.org/internet/ieconomy/1893506.pdf>

⁸¹ According to the World Economic Forum (2019) SMEs provide 80% of jobs and represent 90% of all companies in Africa today. E-platforms depend on SMEs to sell products online.

⁸² According to the International Labour Organization (ILO) 71% of Nigerian workers are self-employed. The International Monetary Fund (IMF) estimates that the informal economy accounts for 38% of the GDP in Sub-Saharan Africa.

⁸³ ESCAP World Bank Trade Cost Database and BCG analysis 2019. Very few African countries have a large brick and mortar retail sector – the exception is South Africa. It is sometimes claimed in the developed countries that eCommerce has displaced brick and mortar outlets and therefore resulted in loss of jobs, however, Bloomberg in an article on 20 September 2017 entitled ‘Amazon is a lifeline for retail workers’ points out that over 444 000 jobs were created in the USA in warehousing alone. This number of new jobs created was almost the same as the number lost through the closures of retail outlets.

Despite MSMEs accounting for 70% of global employment,⁸⁴ the sector has been left the most vulnerable in the wake of COVID-19. In recognizing that MSMEs are pivotal to national economies, resource assistance to MSMEs is vital. The enhancement of financing for MSMEs is critical to economic development on the continent.

According to the World Bank, there is an estimated USD5.2 trillion a year shortfall in financing MSMEs.⁸⁵ Digital finance can overcome many obstacles hindering MSMEs, including access to finance and simpler regulatory processes. The simplification and harmonization of trade lowers the cost of cross-border transactions and increases access to trade finance while reducing administrative burdens on MSMEs through RaaS. In contrast, traditional manual processes result in high costs to income ratios that make it economically unattractive to offer finance to MSMEs, creating broader working capital challenges for suppliers and restricting intra-African and cross-border trade. Trade digitalization and eCommerce can help MSMEs to survive in the trade distancing post-COVID-19 economy.



⁸⁴ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

⁸⁵ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

Point 24 of the of the 33rd Ordinary Session of the Assembly of the Union “Urges Member States to critically review approaches that are being made to them by bilateral partners to enter into bilateral e-Commerce legal instruments with them in order to ensure that Africa is able to negotiate and implement an AfCFTA Protocol on e-Commerce where Africa has full authority on all aspects of e-commerce such as data and products being traded under e-commerce, and to promote the emergence of African owned e-Commerce platforms at national, regional and continental levels as part of our preparations for the negotiation of an AfCFTA Protocol on e-Commerce.”

33rd Ordinary Session of the Assembly of the Union, February 2020

eCOMMERCE AND BOOSTING MSME eTRADE RECOMMENDATIONS

56. Stable, accessible, and reasonably priced internet

The increase in smartphone⁸⁷ use and low internet connection costs on the continent will increase eCommerce.⁸⁸ Major improvements in communications infrastructure are essential for eCommerce to fulfil its potential to create jobs and boost economic growth. Policymakers should ensure that telecom regulators have the necessary powers to create a level playing field for operators, and that subscriptions for data reflect costs to telecoms, to prevent distortions in coverage or competition.

A reduction in overall uncertainty and unpredictability in the tax system and a focus on general taxation profits rather than revenues can introduce direct incentives for rural area investment, such as import duty exemptions on mobile equipment.⁸⁹

Robust, accessible, affordable, and secure digital foundations are a pre-requisite to citizen-centric, SDG-aligned finance. This includes the core digital connectivity and payments infrastructure, digital IDs, and data markets that enable financial innovation and low-cost service delivery.

55. Statistics on the size of eCommerce in the AfCFTA

The public and private sectors need to collaborate to produce official and verified statistics on all aspects of eCommerce in Africa. There is an imperfect view of the size of B2B eCommerce, and little information about the growth of government to business/government to consumer (eGovernment) sectors.⁸⁶

⁸⁶ We note that there was a recommendation from the UNCTAD Annual Ecommerce Week in April 2018 calling for all member states to collect statistics on eCommerce.

⁸⁷ According to GSMA's 2019 report, smartphone connections to the internet in 2018 in Sub-Saharan Africa accounted for 24.4% of subscribers. A further 47% live outside coverage, however, GSMA expects that there will be 165 million new subscribers by 2025, and that the number using smartphones on the continent will double in that time. GSMA: The Mobile Economy 2019 - <https://www.gsmainelligence.com/research/?file=b9a6e6202ee1d5f787cfebb95d3639c5&download>

⁸⁸ We note that most leading countries for eCommerce in Africa enjoy low costs per 1GB of data – e.g. Rwanda, \$0.56; Egypt, \$1.49; Ghana, \$1.56; Morocco, \$1.66; Nigeria, \$2.22; Kenya \$2.73; Senegal, \$3.28, Mauritius \$3.71. South Africa has the highest cost of data, at \$7.19. These are average costs per 1GB. Source <https://howmuch.net/articles/the-price-of-mobile-internet-worldwide-2019>

⁸⁹ Page 16 EU-AU New Africa-Europe Digital Economy Partnership draft report.

57. Secure online payment systems

Financial service regulators should implement policies to reduce security risks and cyber-crime. The implementation of FinTech can provide secure online payment systems and can be used to introduce eCommerce trade at a micro level.



58. NTBs on cross border trading

The removal of tariffs on intra-African trade may reduce national customs duties/tariffs revenues. However, eCommerce will benefit national revenues by bringing new businesses into the economy, which should off-set any loss of customs duties caused by the AfCFTA Customs Union. To be effective, particularly for B2B pan-African trade, eCommerce requires a stable and open market, free of unnecessary NTBs. We support the WTO moratorium on customs duties for digital products, which has encouraged the adoption of the digital economy.

59. Reconsidering sales taxes

Sales taxes introduced on social media and mobile banking in several African countries have not proved a success, and in some cases have been withdrawn or reduced, as they reinforce the digital divide. Governments can look to regional and global approaches to taxation of eCommerce activities, as these offer African businesses the best chance of growing rapidly across the continent and beyond. We support the current multilateral efforts to ensure a level playing field.⁹⁰

60. Transport logistics and 'last mile' delivery

Inadequate transport infrastructure makes it difficult to deliver goods to consumers. The public and private sectors must prioritize investments required to build the necessary infrastructure to link the AfCFTA effectively.⁹¹ National transport ministries should consider what policies and funding is necessary to overcome the present challenges, which may, for example, include licenses for transporter drones, rather than major transport infrastructure projects.

Another logistics challenge Africa faces is the lack of accurate addresses and detailed postal codes in addition to poor coordination of distribution networks.⁹² In some state parties, the nationally-owned postal operator claims a monopoly

⁹⁰ For example, at the OECD BEPS regime:

<http://www.oecd.org/ctp/consumption/international-vat-gst-guidelines.pdf>

⁹¹ We note that presently about 18% of the continent's trade is intra-African, many products are exported from one African country to 3rd countries to be re-exported back to neighbouring African countries, adding unnecessarily to costs.

⁹² As a result, some online marketplaces report that 30% to 40% of products ordered are returned because delivery services cannot find the destination.

over last mile deliveries,⁹³ which creates NTBs, increases costs and stifles innovation.⁹⁴

61. Regulatory clarity, alternative dispute resolution, trademarks and IP, and competition authorities

Consumers’ distrust of online transactions is amplified by little or no regulatory framework for eCommerce transactions like online payments, personal data protection, consumer protection, effective competition laws, trademark laws and intellectual property (IP). The AfCFTA will make it increasingly important to have full knowledge of existing national regulations and its economic impact to identify beneficial requirements or barriers.

Issues like the challenges posed to brick and mortar businesses, financial sector stakeholders, alternative dispute resolution mechanisms, and regulatory compliance, need to be discussed by stakeholders in order to reach decisions that allow consumers a high level of protection while promoting and encouraging trust in eCommerce. IP regulations are needed to cater for the interaction between all stakeholders. Africa must become a global rule maker, rather than a passive rule taker in this regard.

Competition regulators should be equipped with a comprehensive legal mandate and sufficient financial and human resources to invest in the data-intensive

⁹³ The Universal Postal Union (UPU), a UN body, supports the last mile monopoly, however it has also fully recognized the need for alternative delivery systems as long as these do not threaten to undermine the national postal operators, which are the members of the Union.

⁹⁴ We note that there are innovative national postal operators in developing countries that can serve as models for Africa, including Brazil Post, and both the Nigerian and Kenyan Postal services.

investigations that characterize modern digital antitrust enforcement.

62. Funding to create a robust MSME sector

Funding for entrepreneurs⁹⁵ is necessary for businesses to gain a foothold in the market.⁹⁶ Development aid to support the ICT sector is now barely 1% of total aid funding, and at a time when such aid is invaluable for the development of a sector, which offers skilled employment to Africans.⁹⁷ Greater progress is needed in making formal financial markets accessible to smaller enterprises to attract and secure investment.

63. Digital literacy – Education, training, and upskilling

eCommerce is an employment generator which requires specific skillsets. The AfCFTA promises free movement of people between state parties, which will alleviate existing shortages of skilled personnel. We recommend that public-private initiatives in the AfCFTA offer training programmes to address the digital talent shortage.⁹⁸ Investment is required in innovation hubs, technical colleges and other government funded programmes, and private training initiatives. Digital illiteracy and education on the digital economy should ideally be introduced in primary and secondary schooling systems.

⁹⁵ In Europe, 17% of companies cite access to finance as a major constraint to their business; in East Asia 11% of companies cite financial access as a constraint, but in Sub-Saharan Africa, 39% of companies complain of limited access to finance. Data quoted supplied by the Boston Consulting Group (BCG).

⁹⁶ Of all the funds raised for eCommerce in Africa, 90% are concentrated in just five countries—Egypt, Kenya, Morocco, Nigeria, and South Africa. According to the World Association of Investment Promotion Agencies (WAIPA).

⁹⁷ According to UNCTAD – quoted at the annual UNCTAD Ecommerce Week, 1-5 April 2019.

⁹⁸ As the recent UNCTAD report on “The impact of rapid technological change on sustainable development” recommends: - 71(d) “Foster closer collaboration among different international organizations and with civil society organizations regarding initiatives designed to build skills for rapid technological change”.

64. Centres of excellence

Provisions to encourage the establishment of national “centres of excellence” within customs agencies, with dedicated resources to focus on eTrade, eCommerce, sellers and buyers, including MSME shipments, should be based on a multi-stakeholder model, making full use of private sector partnerships, resources and expertise.

In this respect, AfricaPLC hosts the Electronic Trade Institute for Africa (ETIA), which is an online lab for African companies, traders, trade and procurement ministries, regulators, business academics and business associations, to build capacity in the efficient use of eCommerce, eProcurement, eCustoms, eTrade Exchanges and web-based trade finance, blockchain and supply chain management technologies.

We also welcome the ICC Centres of Entrepreneurship being established across Africa designed to make technology work for all, by implementing capacity-building programmes that will improve connectivity, expand market access, and accelerate the digital transformation of African SMEs.

65. Cross-border eCommerce policy considerations

There are several challenges which should be considered by state parties during the negotiations on eCommerce, within the AfCFTA. While the AfCFTA will encourage cross-border intra-African trade facilitated by online sales and the digital economy, limitations such as internet access, logistics constraints, secure online payment systems and harmonized regulations, will need to be addressed. The lack of trust between businesses and consumers, pertaining to online payments, consumer protection, the quality of goods, and the return of unsatisfactory goods may inhibit the development of eCommerce on the continent. Online trustmarks, like Safe.Shop, launched by the Ecommerce Forum of South Africa can be used as a best practice model for Africa.⁹⁹ The WTO’s guidelines on eCommerce will also assist State Parties.



⁹⁹ South African Institute of International Affairs (2020).

“As we look to the post-COVID-19 era, it is clear that the future of Africa as regards recovery, development and resilience lies in accelerating its economic integration through the implementation, at the level of Africa, of the AfCFTA. The AfCFTA offers the best platform for us to build and deliver inclusive and sustainable development by using the large market space to mobilize investment.”

—
H.E. Mr. Cyril Ramaphosa, Chairperson of the AU, President of the Republic of South Africa; H.E. Mr. Issoufou Mahamadou, AfCFTA Champion, President of the Republic of Niger; and H.E. Mr. Moussa Faki Mahamat, Chairperson of the AU Commission, joint statement on the occasion of the commemoration of African Integration Day, 7 July 2020

V. INVESTMENT OPPORTUNITIES FOR AFRICAN DIGITAL INFRASTRUCTURE

Digital infrastructure is essential in supporting broad economic development. The EDHEC Infrastructure Institute's (EDHECInfra) classification of digital infrastructure, and The Infrastructure Company Classification Standard (TICCS), includes categories of data infrastructure, storage, and transmission, in addition to communication technologies and equipment. We encourage the prioritization of investment in digital infrastructure, along with traditional infrastructure to unlock available sources of infrastructure investment capital to enable exponential growth in eTrade and eCommerce across Africa.

In addition to digital infrastructure technologies, there are several core technologies which are essential to the digital optimization of trade and trade finance. We recommend the adoption of innovative technology-centred market development policies, regulatory frameworks and mechanisms that enable the understanding, testing, and adoption of these technologies, in order to accelerate scale and investment impact, in support of the implementation of the AfCFTA.

It is imperative that Africa builds its own digital technology solutions and platforms, to safeguard against algorithm bias. AfricaPLC is a platform built by Africa for Africans, which ensures that machine learning processes make correct assumptions, based on African data sets. The collection and quality of data must reflect the socio-economic realities of a country or region to promote sustainable and efficient digital solutions. The digital transformation in Africa must protect the most vulnerable, ensuring that algorithms are unbiased in the treatment of women, youth, and other marginalized groups.¹⁰⁰

The successful digitalization of the AfCFTA will depend on Africa's ability to leverage public-private partnerships, to build sustainable digital infrastructure at a national, regional, and continental level. Public-private collaboration is central to the continent's ability to scale digital services and competitiveness on the continent and globally.

¹⁰⁰ UN Task Force on Digital Financing of the Sustainable Development Goals (2020).

Up to USD100 billion is needed to bridge the connectivity gap in Africa by 2030. With the pending economic crises expected to have damaging consequences, investment in digital technology and digital infrastructure is beyond urgent for African economies to bounce back. A full-fibre Africa would live up to these expectations. A 10% increase in broadband penetration in Africa could yield a 2.5% increase in GDP per capita.



**INVESTMENT
OPPORTUNITIES FOR
AFRICAN DIGITAL
INFRASTRUCTURE
RECOMMENDATIONS**

**66. Public-private
partnerships for digital
acceleration**

96% of the participants at the Africa investor RegTech Investor’s Consultative Summit believe that there should be closer partnerships between market participants, RegTech investors, developers, regulators, and African policymakers. Governments should lead a whole-of-government approach, donors, development partners, investors, and business sector consultative process to accelerate the shift to digitally optimized trade and trade finance. The private sector can provide the necessary resources to the public sector and create the technology and economic infrastructure required to create a balanced digital economy across the AfCFTA. The public and private sectors must follow the same set of standards, with solutions that interoperate, as Africa and the world goes through the current digital transformation. Africa risks fragmentation if a unified approach is not taken.

**67. eTrade optimization
and innovation**

We recommend that Chief Innovation Officers (CINOs) support testing, adoption, and scale of digitally enabled platforms, FinTech, RegTech and SupTech investment. This should include exploration and consideration of digital African assets to increase efficiency between supply chains, trade administrations, central banks, commercial banks, and other financial institutions.

**68. FinTech investment
opportunities**

FinTech solutions can work alongside and assist traditional banks, by making it easier to conclude lower value deals, by making the process to extend payment terms easier, and by creating efficiencies in completing paperwork for MSMEs. FinTech solutions also make the pooling of trade finance

books and securitization more feasible for investors. Governments can work with the private sector to promote the use of digital payment platforms, including, mobile point-of-sale solutions.

69. RegTech investment opportunities

Governments can take the lead in creating new industry assets, such as digital identity and data assets. The digitalization of financial tools like digital IDs and electronic know-your-customer (eKYC), onboarding and verification will strengthen financial crime controls and promote financial inclusion. RegTech can be used to automate eKYC, which will reduce onboarding MSME costs. The digitalization of trade assets that support the creation of new business and services in digital government include smart cities, FinTech and RegTech.

70. Regulation as a stimulus (RaaS)

As a major source of income, Africa’s SMEs are also key in supporting economic growth on the continent but have been hardest hit by the pandemic, especially those that are women and youth-led. This underscores the drastically vulnerable position of African SMEs in relation to trade barriers, which are a hindrance to the regionalisation and internationalisation imperative to the success of the AfCFTA.

African governments do not have the fiscal capacity to provide its economies with massive cash economic stimulus packages enjoyed by OECD markets to support and protect their most vulnerable SMEs and economies. Thus, African regulators are well-placed to seize the opportunity as policymakers to provide equivalent regulatory stimulus relief. Through regulation as a stimulus (RaaS) policies, SMEs can benefit from the fast-tracking of emergency trade-related regulatory reforms. This should aim to eliminate the pernicious hidden costs that are stifling African SMEs’ ability to trade and compete across borders, which are estimated

collectively to cost African SMEs in the tens of billions of dollars each year in compliance costs.

By pursuing RaaS, African regulators have a unique opportunity and impetus to opportunistically modernise customs procedures, domestic regulations and emerging less direct and visible procedural barriers. Together with other well-publicised legacy impediments to SMEs, governments can leapfrog outdated trade practices and regulations, many of which have been overtaken by existing and imminent multilateral and bilateral trade agreements that just need implementation. This can then constitute and provide defacto cash stimuli that directly support SMEs, immediately improving prospects to survive, compete and support the successful implementation of the AfCFTA.

71. Private sector investment in ICT

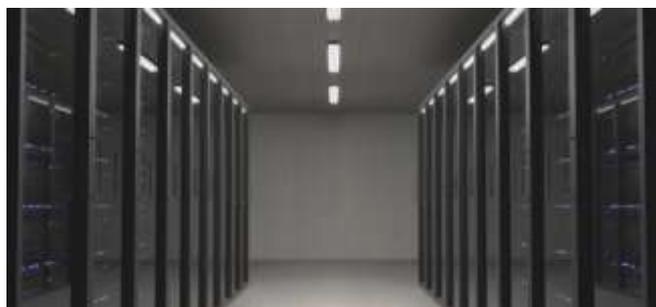
In 2018, USD7.1 billion was invested in ICT in Africa, of which USD4.8 billion was provided by the private sector. African governments provided USD1.1 billion of investment capital. The private sector’s commitment to ICT investment in Africa is a clear reflection of its profitability. Governments should therefore take advantage of the private sector interest in ICT investment and strategically collaborate with the private sector operating on the continent.



72. Private sector investment in cloud computing

Cloud computing is essential to the low-cost and secure operation of digital-enabled trade platforms and related horizontal private sector investment opportunities, and governments' ability to interact with platforms and build digital assets which support new industries. It is important to have cloud-friendly regulation that encourages cross border commerce and avoids restrictive policies like data locality.

The benefits of cloud computing include, lower costs, resilient systems, and the ease to scale technology. Cloud migration policies will help public institutions particularly in times of crisis where high demand for social services increases exponentially. Private sector collaboration in cloud migration will ensure that resources and expertise are harnessed for the best transition. The transition to cloud computing will require expertise on cloud service providers (CSPs) and different offerings to capitalize on the benefits of cloud migration. Reorganization of operating models and training and upskilling of key stakeholders is central to the success of cloud computing within public institutions. The cloud computing solutions chosen should be fit-for-purpose, taking into consideration the cost-benefit and data to be stored in the cloud. It is suggested that easy-to-migrate applications should be implemented as use cases, after which more complex applications can be added to the cloud. The success of cloud migration is related to ICT infrastructure. Private sector investment in ICT and cloud computing are complementary.¹⁰¹



¹⁰¹ McKinsey & Company (2020) *How Public-Sector Tech Leaders Can Speed Up the Journey to the Cloud.*

73. 3D printing as a trade instrument

Additive manufacturing (3D printing), together with cloud computing technologies allow for decentralised and geographically independent distributed production.

It thus enables the participation of SMEs in the production and value chain of specific processes, without necessarily warranting substantial, upfront capital investment, or to a certain extent, advanced technical training.

This development enables African countries to combine the benefits of technology-enabled 3D production processes with certain comparative advantages, such as a youthful, literate and lower-cost working population.

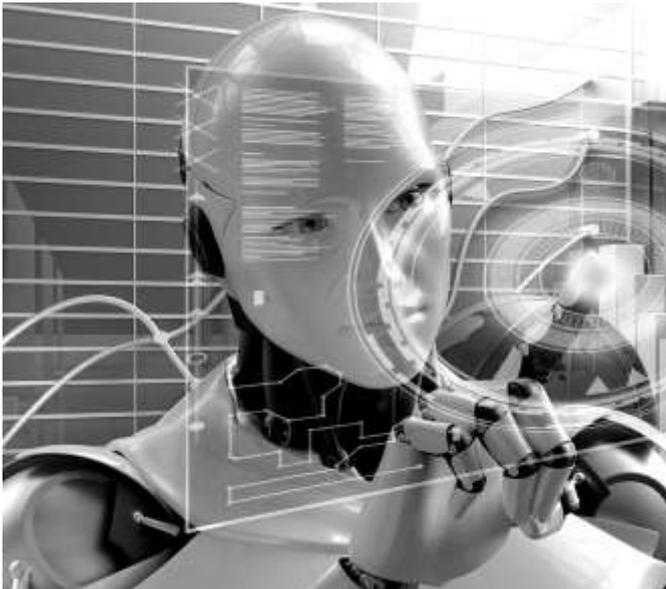
74. Artificial Intelligence Bridge agreements

The UAE and India have signed a bilateral Artificial Intelligence Bridge Agreement, which seeks to grow AI economies and create economic benefits worth USD20 billion in the next decade. The objective of the agreement is to promote discussions and explore options for both countries to grow AI economies. The impetus behind the application of AI and data processing is the significant impact which these technologies will have on a country's ability to innovate and succeed for more effective and efficient service delivery. The collaboration between the UAE and India will take place through a joint working group, with engagement between multiple stakeholders including governments, technology start-ups, academic institutions, and industry players. A collaborative approach is central to the success of the AI application. The evolution of the technology and ways of accelerating its adoption needs to be understood.¹⁰²

¹⁰² Arabian Business (2020).

In 2019, the UAE and China signed a memorandum of understanding (MoU) at the UAE-China Economic Forum in Beijing.

The MoU was concluded between the UAE’s Office for Artificial Intelligence and China’s Ministry of Science and Technology on scientific and technological cooperation, with a focus on AI technology.¹⁰³



75. Digital healthcare and agriculture

The implementation of digital technology in healthcare and agriculture can drastically improve the state of healthcare on the continent and increase agriculture productivity. COVID-19 has demonstrated the need for digital healthcare solutions like telemedicine. Countries like Singapore and the Philippines have implemented an ePharmacy, which allows for pharmacies to accept electronic prescriptions from service providers or patients, dispense the medication then have it delivered. Consultations can also be given online, eliminating the need for patients to leave their homes and interact with other patients. Coherence between trade and healthcare policies is needed for supply chains and

¹⁰³ Gulf News (2019).

healthcare systems to function optimally. The use of electronic sanitary (SPS) and phytosanitary (ePhyto) certificates can be electronically exchanged to support agricultural trade across the AfCFTA. AfricaPLC runs a dedicated Healthcare Vertical marketplace platform – AfricaPLC Health.

The AfricaPLC Health COVID-19 Supplier Platform, supports African governments and the private sector, respond to the Covid-19 pandemic, by facilitating ordering, crowd buying, logistics and a payments solution for PPE supplies and equipment.

AfricaPLC is Africa’s largest healthcare supplier platform, currently with over 8 500 vetted suppliers and 10 000 product types.

AfricaPLC Health’s marketplace technology has facilitated the purchase of over 45 million pieces of PPE.

76. Artificial Intelligence (AI) and the fight against climate change

With Africa set to host COP 27, climate change is a high priority for the continent. SDG 13 on climate action urges the global community to take urgent action to combat climate change and its impact. Investments in fossil fuels is still higher than investment in clean energy.¹⁰⁴ The negative impacts of climate change on our environment are well known. To be sustainable, an African digital transformation strategy must be cognisant of climate change issues. Investment in AI and machine learning in all industries, including mining, manufacturing, supply chain and logistics, can address Africa’s energy efficiency challenges and have a high impact on the fight against climate change. Climate change solutions call for collaboration¹⁰⁵ across all fields, including infrastructure and sovereign investors, corporate leaders, governments, and energy efficiency technology start-ups. Climate change strategies must address energy use and energy sources. AI and machine learning should be the

¹⁰⁴ UN Department of Economic and Social Affairs (2020).

¹⁰⁵ *Tackling Climate Change with Machine Learning* (2019).

backbone of energy efficiency strategies. The application of these technologies can be a powerful tool in reducing greenhouse gas emissions and accelerating the transition to clean energy, as industries adapt to climate change. We welcome the African Green Infrastructure Investment Bank (AfGIIB) initiative and one of its priority areas being, to invest in support of corporate power purchase agreements (PPA's) and technologies and projects that support the greening of African supply chains that assist the implementation of the AfCFTA.

77. Opportunities for foreign direct investment into Africa – ESG mandates and impact investing

Digital infrastructure projects which are environmental, social, and corporate governance (ESG) compliant, can attract and access global pools of capital, from the rapidly growing number of investors with explicit ESG mandates in their portfolios. A clear and consistent definition of sustainable finance and investment practices across the AfCFTA will promote investment in long-term sustainable projects.

The African Green Infrastructure Bank, led by African pension and sovereign wealth fund investors, will play a critical role in this regard.

78. Private sector contribution to digital literacy

Education and training can take the form of various capacity building methods, especially remote training to accommodate travel limitations caused by COVID-19. This also allows for world-class private sector experts and partnerships to contribute their knowledge and experience.

The private sector can provide assistance to the AfCFTA negotiators through seminars and technical training support, in line with the African Union directive to build the capacity of trade negotiators' involvement in eTrade and eCommerce related negotiations within the AfCFTA.



79. The AfCFTA and the African protocol on investments

Achieving uniformity in the regulation of investment across the AfCFTA will be a challenge, as policymakers need to strike the right balance between free trade across the continent, and the rights of each government to regulate its own affairs in the best interest of its citizens. The application of RegTech solutions can be used to simplify and harmonize legislation and rules pertaining to investment, which will promote African investment, as it will assist investors to cross national borders and trade freely.¹⁰⁶

The African Union's Continental Business Network (CBN) will have an important role to play, as African infrastructure investment leaders, to support AfCFTA negotiators access data and insights to strike that balance that ensures the AfCFTA attracts optimal levels of domestic and foreign direct investment.

¹⁰⁶ Mining Weekly (2020).

80. Private sector negotiations within the AfCFTA

The private sector must understand the structure of the AfCFTA agreement and its substance to optimize effective engagement with the public sector. As a legitimate participant in the AfCFTA, the private sector must marshal human and financial resources and engage with the AfCFTA negotiators on issues during the negotiation phases.

African business can contribute to the AfCFTA negotiations in several tangible ways, including, hiring experts to review draft texts, and by proposing amendments or new texts. Further, the private sector can engage with national trade negotiators, and can collaborate with other stakeholders involved in trade and integration issues to lobby governments to consider issues which have not been placed on the agenda. This may include concerns around informal cross-border traders, and gender equality, as over 70% of informal traders on the continent are women. The private sector should also consider sharing data on the challenges and success of implementation.

Intergovernmental and international organizations, like UNECA, UNDP and the AfDB can also help with the creation of sustainable partnerships for negotiating the AfCFTA and bringing to life private sector recommendations.

Africa investor (Ai) and AfricaPLC, as African investment and digital trade leaders, were delighted to have had the honour to convene and lead this high-level multi-stakeholder consultative process, resulting in the publication of these insights and recommendations to assist AfCFTA negotiators, as they negotiate the AfCFTA eTrade and Investment protocols, for a globally enviable and competitive digital AfCFTA.

A special thanks goes to the AfCFTA Secretariat, the African Union’s Continental Business Network (CBN), the International Chamber of Commerce (ICC), Berne Union, the World Trade Organization (WTO), the World Customs Organization (WCO), ECA, DHL Express Sub-Saharan Africa, Afrexim Bank, TDB, ABSA, Standard Bank, the African Sovereign Wealth and Pension Fund Leaders Forum.

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A WHOLE NEW DIGITAL WORLD:

The roadmap on globalizing African eTrade in support of
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