



Trade elements of the Doha Programme of Action

REGIONAL PERSPECTIVES

Regional consultation on LDC5 for LDCs in Africa and Haiti

17-18 January 2023, Addis Ababa, Ethiopia

Session 3 - Digital trade opportunities for LDCs:

The importance of Africa's regulatory environment for digital trade



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18 January 2023, Addis Ababa

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1. Introduction



- 60% of world population has access to the Internet; only 30% in Africa alone (from 6.5% in South Sudan to 80% in Morocco) (World Bank, 2020).
- Connecting the entire African population to the Internet requires investment estimated at US\$ 100 billion (World Bank, 2020).
- However, Africa is accelerating its digitalization:
 - 30% of African population connected to the Internet in 2020 is 30 times greater than in 2000;
 - 2/3rd of worldwide transactions through mobile phones made in Africa in 2021 (GSM Association);
 - Covid-19 crisis seems to have contributed to increased digitalization, particularly in Africa – According to a series of surveys by ECA & IEC about impact of Covid-19 crisis on African businesses:
 - *65% of responding companies (April 2021 survey) indicated having accelerated their digital transformation (e.g. acquiring adequate technologies/tools, training staff to digitalization, developing new products dedicated to online selling).*
- If Africa suffers from digital trade-related infrastructure deficit, the efficient use of such infrastructure requires a conducive regulatory environment for digital trade.

2. Overview of ECA's initiative on digital trade regulatory integration



What is it about?

- **Training and research:** collecting/compiling/analyzing data related to digital trade regulatory environment in Africa.
 - Building **national datasets** about:
 - 1) **Digital Services trade restrictions;**
 - 2) **Digital trade integration.**
 - Developing **country profiles.**

Objectives and uses:

- Better understanding **Africa's regulatory environment for digital trade** (main objective).
- **Supporting member States with digital trade-related issues**, especially in the framework of the **African Continental Free Trade Area (AfCFTA)**.
- Adding African countries *Ajouter des pays africains* in **OECD's Digital Services Trade Restrictiveness Index (Digital STRI)**;
- Creating a **regional digital trade integration index for Africa.**
- Facilitating **digital trade-related analyses.**

For more information:

- **Dedicated web platform:**

<https://dtri.uneca.org>

2. Overview of ECA's initiative on digital trade regulatory integration



To date, 28 countries covered in 2 successive phases

Phase 1: Dec. 2020-June 2021 (11 countries):

- Central Africa (3): Cameroon, Chad, Gabon.
- Western Africa (2): Ghana, Nigeria.
- Eastern Africa (3): Kenya, Tanzania, Uganda.
- Southern Africa (3): Malawi, Zambia, Zimbabwe.

Phase 2: July 2021-March 2022 (17 countries):

- Northern Africa (1): Egypt.
- Central Africa(2): Congo, DRC.
- Western Africa (5): Gambia, Liberia, Senegal, Sierra Leone, Togo.
- Eastern Africa (4): Burundi, Ethiopia, Madagascar, Rwanda.
- Southern Africa (5): Botswana, Eswatini, Lesotho, Mozambique, Namibia.

(ongoing) Phase 3: Sept. 2022-March 2023 (13 countries):

- Northern Africa (4): Algeria, Mauritania, Morocco, South Sudan.
- Central Africa (1): Central African Republic.
- Western Africa (3): Benin, Côte d'Ivoire, Mali.
- Eastern Africa (3): Eritrea, Seychelles, Somalia.
- Southern Africa (2): Mauritius, South Africa.



Objective to cover remainder 13 member States in 2023

3. Digital services trade restrictions: *key findings*

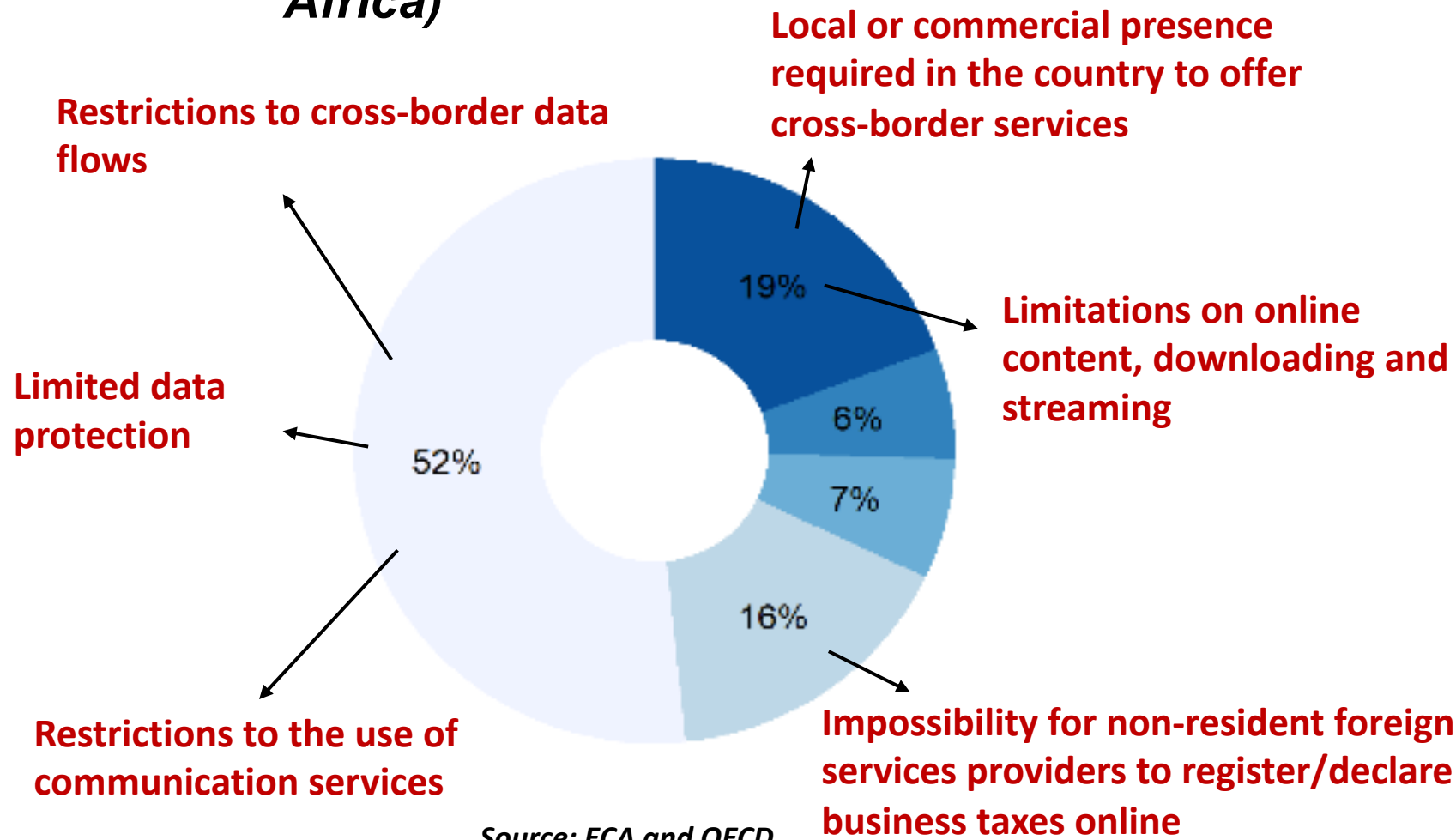


Main restrictions to digital services trade in Africa (2021)

(sample of 29 countries covered to date: 28 countries under phases 1 & 2 + South Africa)

5 areas/pillars:

- Infrastructure & connectivity
- Electronic transactions
- Payment systems
- Intellectual property rights
- Other barriers to digitally-enabled services

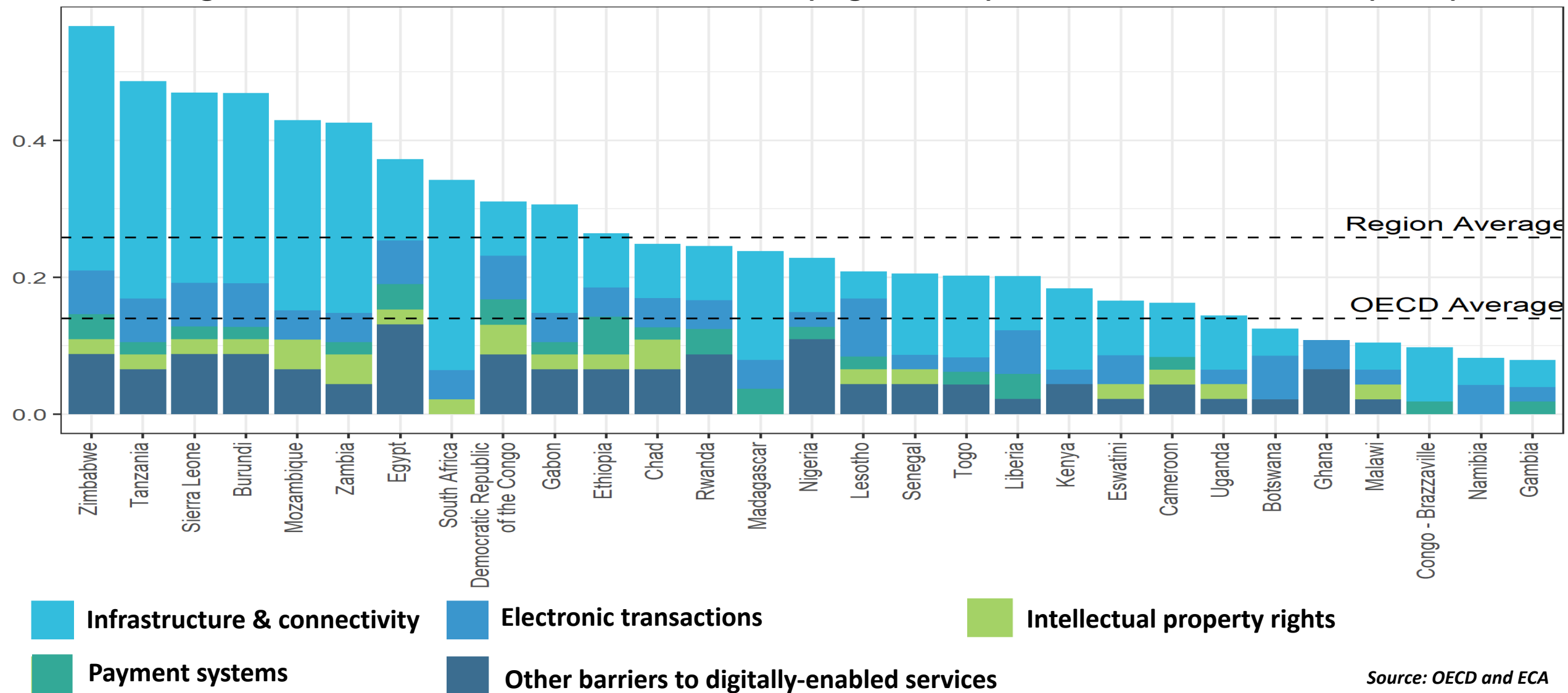


Source: ECA and OECD

3. Digital services trade restrictions: *key findings*



Digital services trade restrictiveness index (Digital STRI) for 29 African countries (2021)



Source: OECD and ECA

4. Regional Digital Trade Integration (an Index)



Regional Digital Trade Integration Index (RDTII)

- Provides an overview of the digital trade policy environment of a specific country, region or world
- Methodology jointly developed by ECA-ECLAC-ESCAP and EUI

Composite of the RDTII

- 12 pillars or policy areas & 65 indicators.
- Indicator scores range from 0 to 1

Score reading

- 0 indicates that the policy environment is conducive for digital trade
- 1 highlights a policy framework that can hamper digital trade
- Notice: some regulations are essential (i.e personal data protection).

12 Pillars

Pillar 1: Tariffs and trade defense measures applied to ICT products **imported within Africa**

Pillar 2: Public procurement of ICT goods and services

Pillar 3: Foreign investment restrictions

Pillar 4: Intellectual Property Rights (IPRs)

Pillar 5: Telecommunications infrastructure and competition

Pillar 6: cross-border data policies

Pillar 7: Domestic data policies

Pillar 8: Internet intermediary liability

Pillar 9: Content access

Pillar 10: Non-technical NTMs

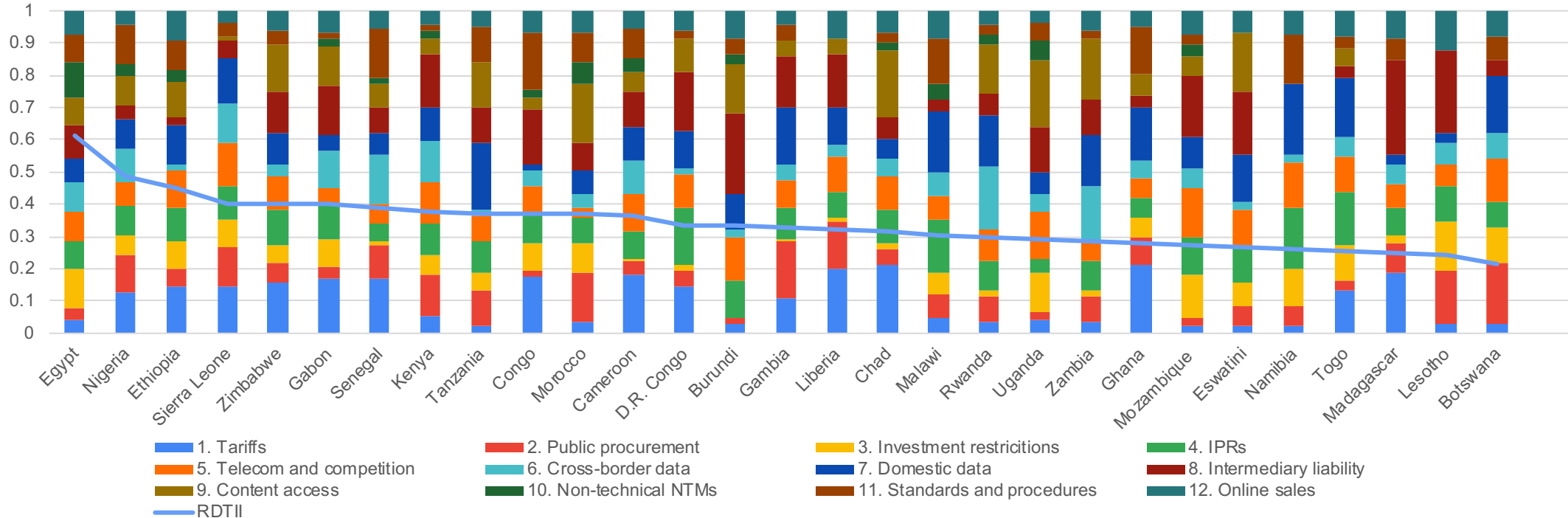
Pillar 11: Standards and related procedures

Pillar 12: Online sales and transactions

4. Regional Digital Trade Integration (key findings)



RDTII scores for 29 African countries



Source: ECA & EUI

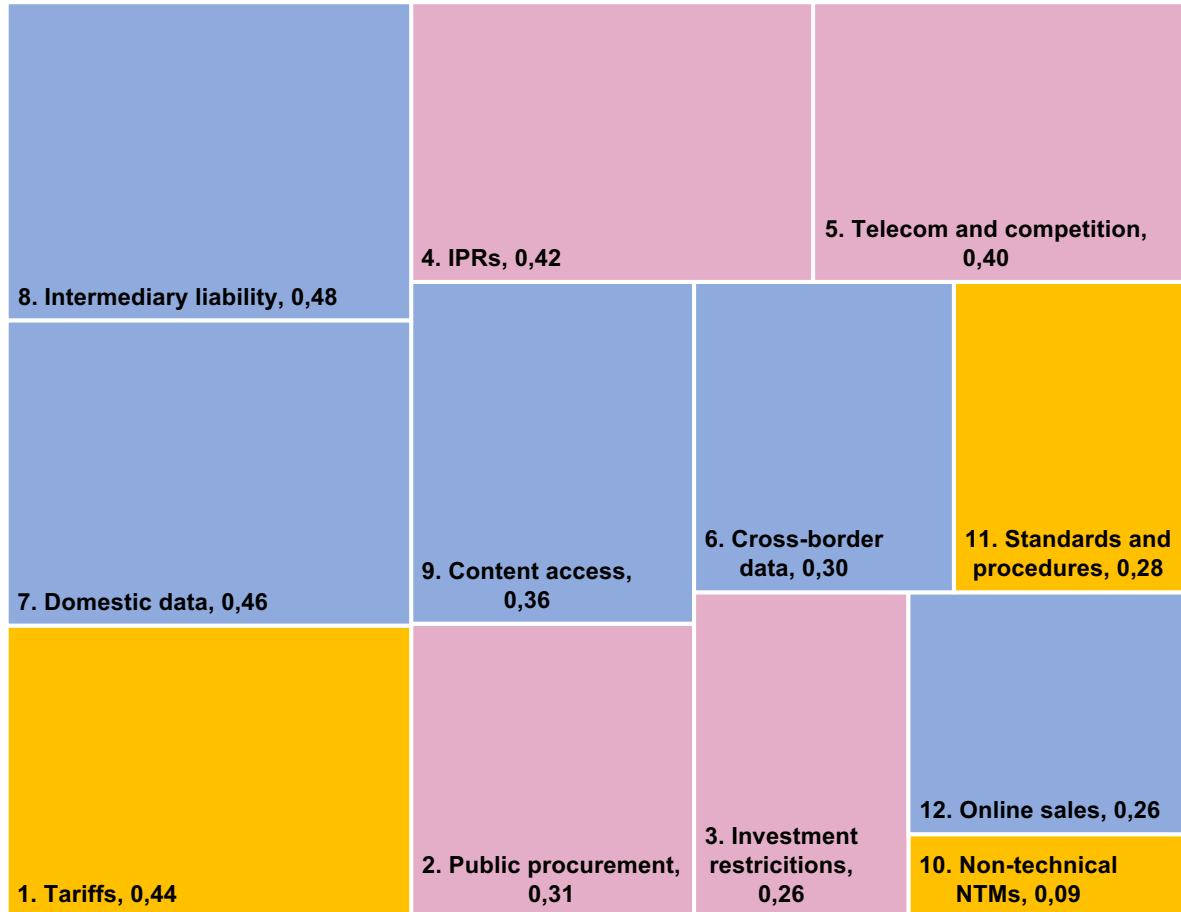
Keep in mind:

- African region RDTII' score: 0.34, slightly higher than the global RDTII score of 0.31 (102 countries)
- Significant variation of scores among countries: from 0.61 for Egypt to 0.21 for Botswana
- The Index score represents an overall average, which may hide significant disparities at the pillar level

4. Regional Digital Trade Integration (key findings)

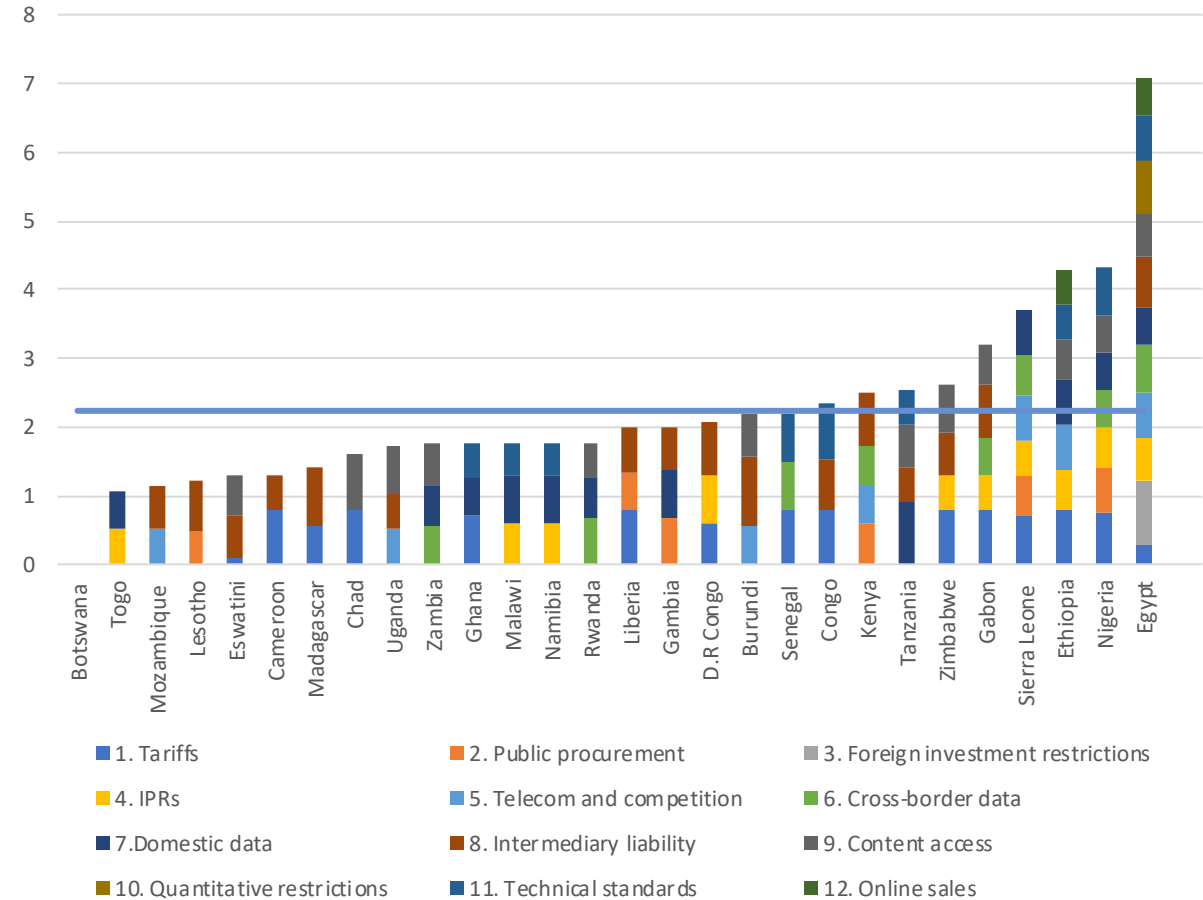


Average score by pillar for 29 countries



Source: ECA calculations, data as of October 2022

Countries with high score (>0.5), by pillar

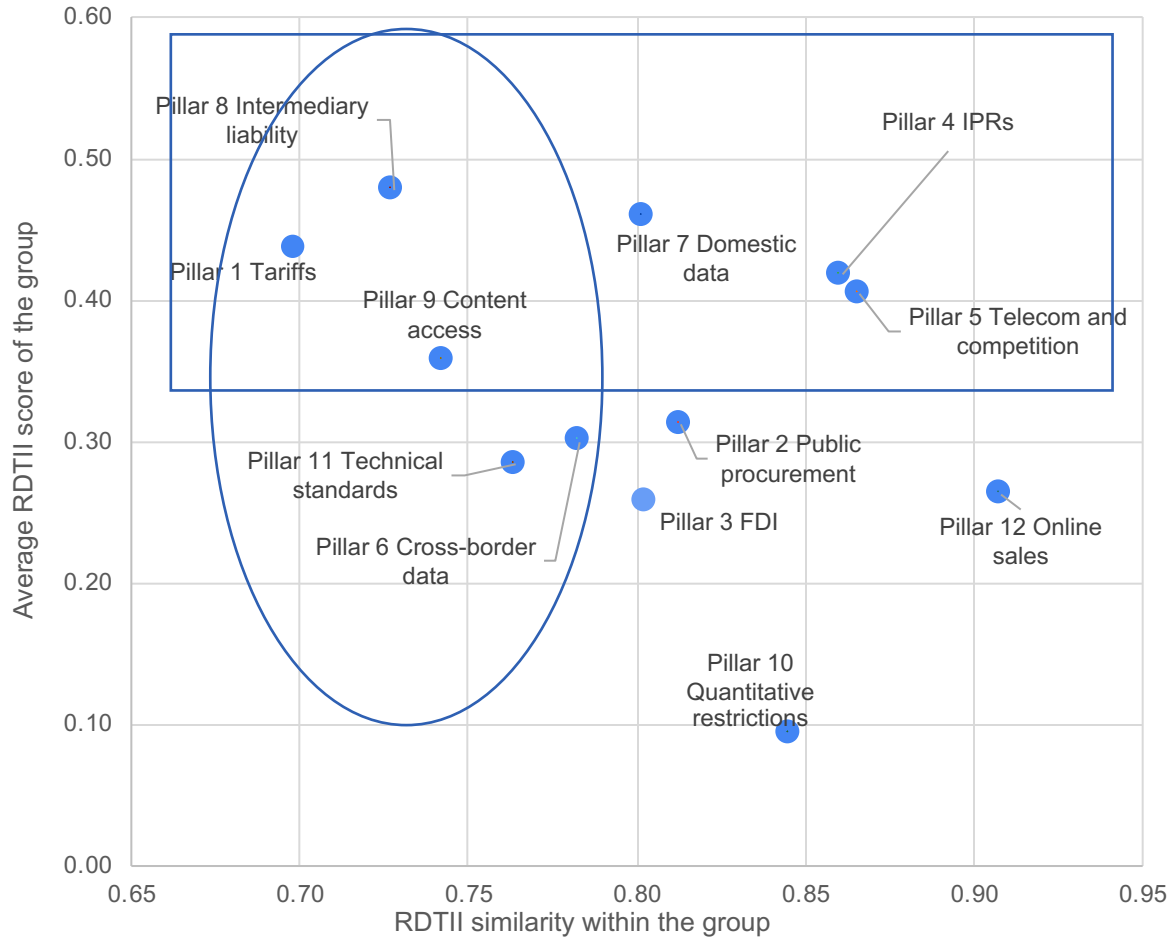


Source: ECA calculations, data as of October 2022

4. Regional Digital Trade Integration (key findings)



Digital-trade policy diversity in the African region in 2022, by RDTI policy pillar



ECA calculation based on DTRI data of 28 sample economies, data as of October 2022.

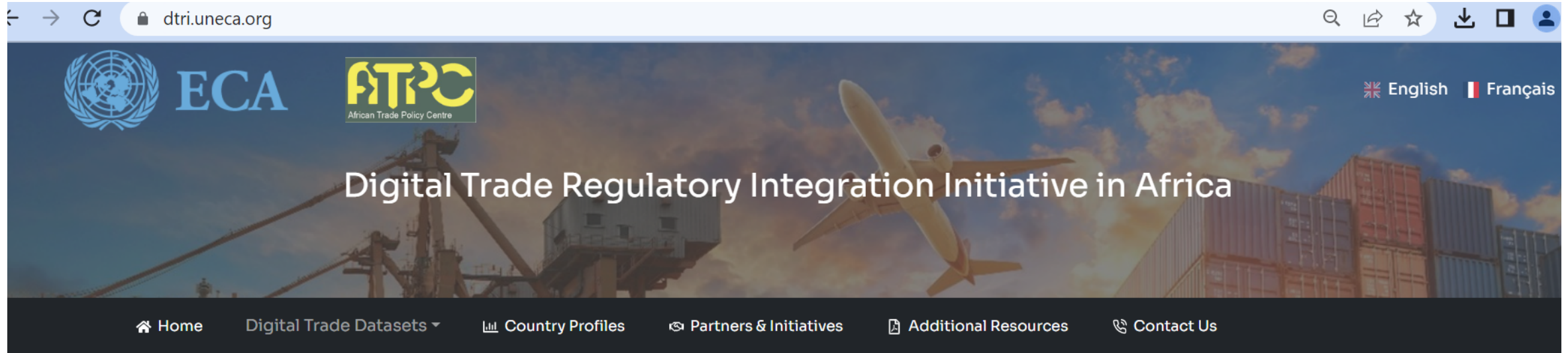
To keep in mind:

- Vertical axis illustrates the vast disparity of scores across pillars (the rectangle includes pillars 1, 4, 5, 7, 8, 9 which have a RDTII score above 0.34).
- Horizontal axis reflects the regulatory heterogeneity between countries (the circle concentrates pillars 1,6,8,9,11 with a similarity index lower than 0.79 (as the index gets closer to 1 the more similarity there is)
- A degree of regulatory convergence appears necessary in the region

Initiatives to promote regulatory convergence:

- African Union Digital Transformation Strategy for Africa (2020-2030)
- Protocol on Digital Trade, AfCFTA's Agreement.

5. Dedicated platform: Home page



About the Digital Trade Regulatory Integration Initiative

In December 2020 the United Nations Economic Commission for Africa (ECA), through its African Trade Policy Centre (ATPC), launched a training and research initiative on Digital Trade Regulatory Integration.

WHAT IS THE KEY OBJECTIVE?

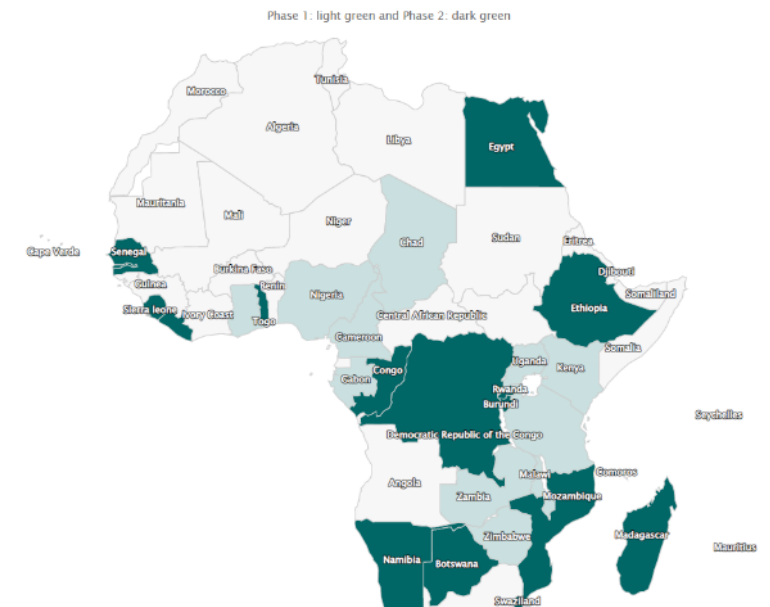
To assess the readiness of African countries to effectively engage in digital trade and e-commerce (with a strong focus on regulation).

COVERED COUNTRIES

This initiative, which is intended to cover the entire continent, focused on 28 countries in its first two phases:

Phase 1 (11 countries in light green): Cameroon, Chad, Gabon, Ghana, Kenya, Malawi, Nigeria, Tanzania, Uganda, Zambia, and Zimbabwe.

Phase 2 (17 countries in dark green): Burundi, Botswana, Congo, Democratic Republic of the Congo, Egypt, Eswatini, Ethiopia, Gambia, Lesotho, Liberia, Madagascar, Mozambique, Namibia, Rwanda, Senegal, Sierra Leone, and Togo.



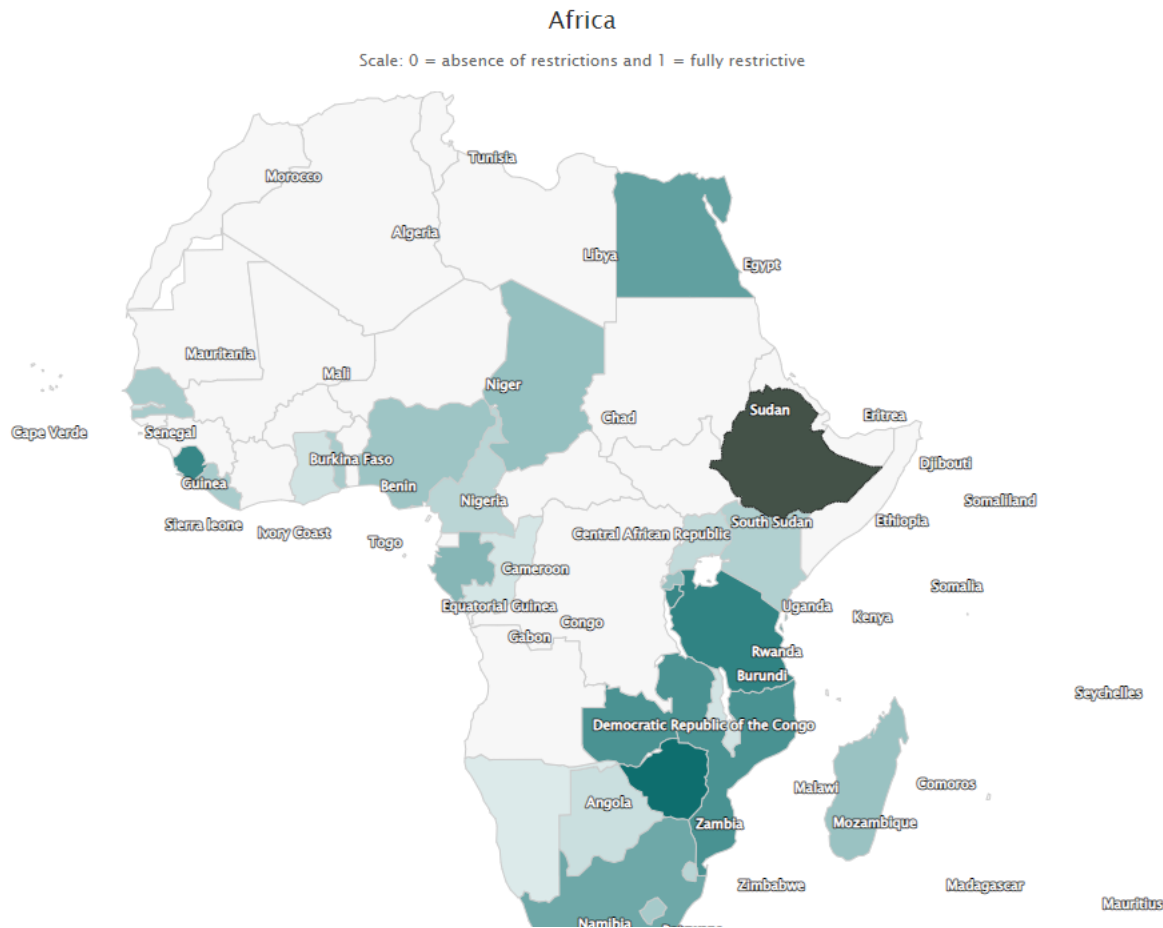
5. Dedicated platform: *Digital services trade restrictions*



National Datasets on Digital Services Trade Restrictions



The regulatory measures collected in these national datasets are based on the OECD Digital Services Trade Restrictiveness Index (Digital STRI) and are grouped into five pillars.



Ethiopia



Note: the countries differentiated by the sign V are those for which the data has been validated by government authorities: experts from the ministries of trade and/or communication.



Digital STRI scores are the sum of individual pillar scores

Click any of the below boxes to show the corresponding pillar description

Overall	0.264	Pillar 1: Infrastructure and connectivity	0.079
Pillar 2: Electronic transactions	0.043	Pillar 3: Payment systems	0.055
Pillar 4: Intellectual property rights		Pillar 5: Other barriers affecting trade in	

5. Dedicated platform: *Digital services trade restrictions*



➤ OECD's Digital STRI simulator



Digital Services Trade Restrictiveness Index Simulator

Africa for Zambia compared to Choose a country/economy

Zambia 0.426

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Africa measures	Search a measure	Search	Cancel	Answers	Scores	Values
➤ DG.1 Infrastructure					7	0.278
➤ DG.2 Electronic transactions					2	0.043
➤ DG.3 Payment system					1	0.018
➤ DG.4 Intellectual property rights					2	0.043
➤ DG.5 Other barriers affecting trade in digitally enabled services					2	0.044

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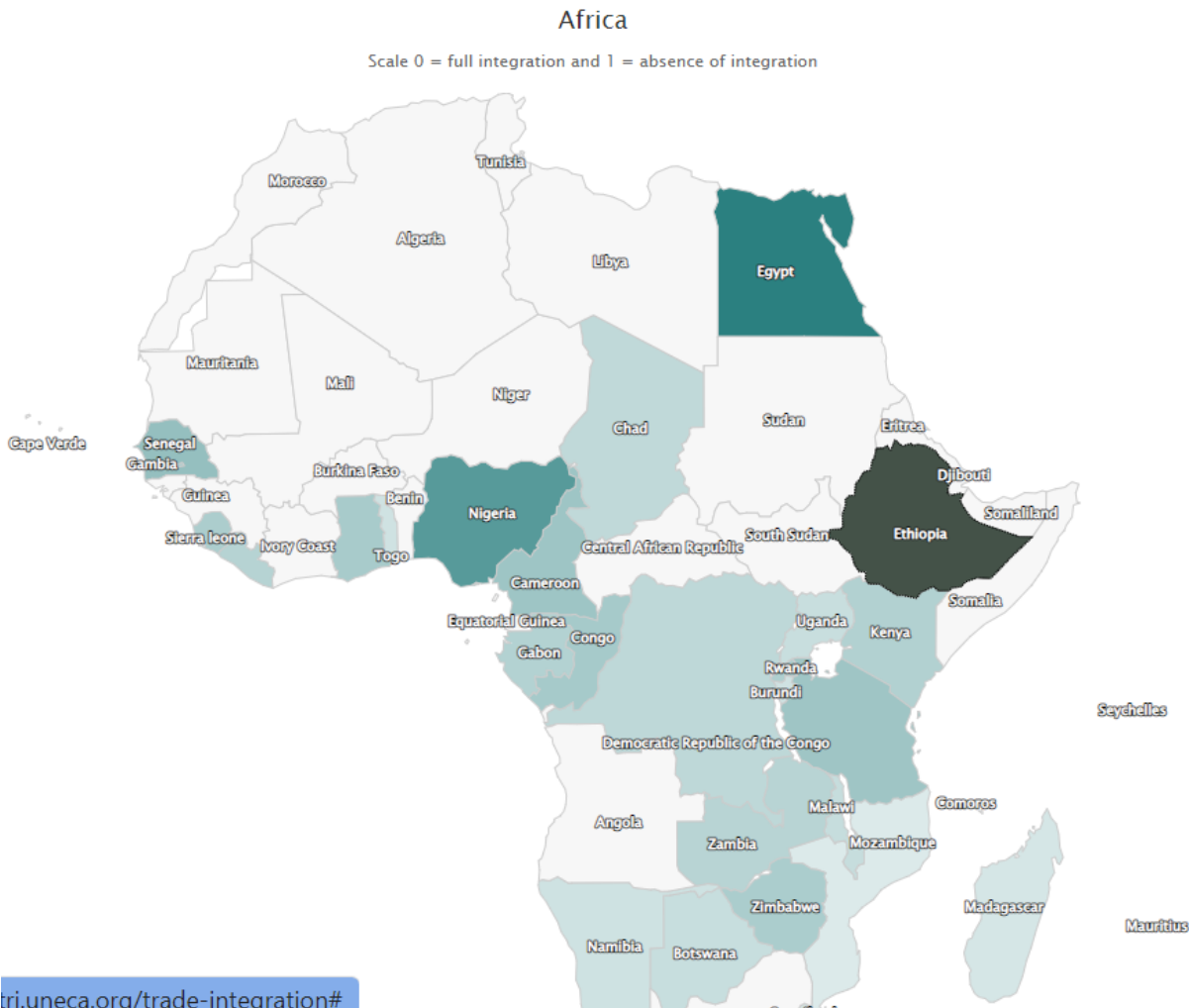
5. Dedicated platform: *Digital trade integration*



National Datasets on Digital Trade Integration



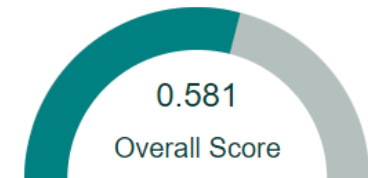
The regulatory measures collected in these national datasets are grouped into 11 pillars.



Ethiopia



[Download: Ethiopia full Dataset](#)



Overall scores for Digital Trade Integration are simple averages of pillar scores. Data for the Regional Digital Trade Integration Index to be updated and finalized. Methodological note to follow.

Click any of the below boxes to show the corresponding pillar description

✓ Pillar 1: Tariffs and trade defense measures applied to intraregional imports of ICT goods 0.85

Under this pillar the database cover tariff and trade defense measures applied to intra-African imports of Information and Communication Technology (ICT) goods. For each reporting country it includes effectively applied tariffs on ICT goods and coverage rates of zero-tariffs on ICT goods imported from other African economies. This pillar also looks at whether countries are signatories to the WTO's Information Technology Agreement (ITA) I and II and whether the country has enacted trade defense measures (anti-dumping measures, countervailing duties and safeguard measures) against ICT-related goods imported from any African economy.

1.1	Effective tariff rate to digital goods (applied weighted average) imported from UN-ECA countries	1.00
1.2	Coverage rate of zero-tariffs on digital goods (%)	1.00
1.3	Not signatory of the WTO Information Technology Agreement (ITA) of 1996 and the WTO ITA II of 2015 (the Ministerial Declaration on the Expansion of Trade in Information Technology Products)	1.00
1.4	Antidumping, CVD and safeguards measures against ICT products from other UN-ECA countries	0.00

» Pillar 2: Public Procurement related to ICT goods and digital services 0.28

» Pillar 3: Foreign Direct Investment in sectors relevant for digital trade 0.78

tri.uneca.org/trade-integration#


5. Dedicated platform: *Country profiles*



Country Profiles on Digital Trade Regulatory Integration




Opportunities, challenges and recommendations for the way forward identified from the national Datasets on Digital Trade Integration and Digital Services Trade Restrictions are summarized in the following country profiles:




Botswana

Country profile coming soon




Burundi

Country profile coming soon




Cameroon

Country profile coming soon




Chad

Country profile coming soon




Congo

Country profile coming soon




Egypt

Country profile coming soon




Eswatini

Country profile coming soon




Ethiopia

Country profile coming soon



Gabon

Country profile coming soon



Gambia

Country profile coming soon

6. Multiple uses of data on Africa's digital trade regulatory environment



- AfCFTA Protocol on Digital trade (negotiations and implementation).
- Empirical analysis (ongoing) by CEA and European University Institute (EUI) on harmonization of digital trade regulations in Africa.
- Readiness assessment (ongoing) on how Africa can effectively take advantage of digital trade moving forward.
- Any other analyses by interested stakeholders.



Thank you!

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Ideas
to
Action