

CENTRE FOR THE STUDY OF THE ECONOMIES OF AFRICA VIRTUAL ROUND TABLE EVENT
**THEME: DATA GOVERNANCE IN AFRICA - PATHWAYS FOR STRENGTHENING
CONFIDENCE IN THE DIGITAL ECONOMY**

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Keynote Address by the Director General of the World Trade Organization – Dr. Ngozi Okonjo Iweala

Good morning Ladies and Gentlemen.

I am pleased to lend my voice to this all important and pioneering conversation around data governance in the African context. I will like to thank the Centre for the Economies of Africa (CSEA), the Hewlett Foundation, and everyone here who has taken on this issue of trying to look into how Africa can strengthen its approach to data governance.

In Africa, the COVID-19 pandemic exacerbated already existing socioeconomic vulnerabilities; weakened economies, and is driving millions on the continent further into poverty. There have been various conversations in recent times on the global stage, many of which I have participated actively in, around the imperative for strong efforts towards speedy economic recovery for African countries. While some immediate short-term remedies such as debt relief were necessary, trade represents a far more sustainable solution to reviving the economies of African countries; trade and investment are important. A glaring example of the change that trade can bring about is the major fall in poverty numbers in East Asia that we all learnt about, due to export driven growth.

Boosting intra-African trade, and improving the region's integration with the global market has huge growth potential, particularly for poorer countries in the region. And in the African Continental Free Trade Agreement (AfCFTA), there's a remarkable opportunity for this to materialise rapidly. The AfCFTA can help break down trade barriers, lower transaction costs, encourage economies of scale and value addition for exports. This can make local exports compete better with international comparable products or services, and support small business expansion, which in turn means the creation of new jobs, something that we are very much in need of on the continent.

To optimally harness the potential of the AfCFTA however, improving significantly on existing data governance frameworks, to forge stronger data governance policies is critical. Boosting the continent's digital economy through this means will improve trade growth and development outcomes overall. These discussions today are important in understanding how the intersections between trade, digitalization and data governance can be used as a development tool to improve the welfare of Africa's citizens.

A lot of road blocks must be surmounted however, before the potential of trade integration can be guaranteed. For instance, a digitalization strategy for harnessing digital trade is more significant now than ever before as it provides a level playing field for local small and medium enterprises (SMEs). For this to occur, unhindered sharing of trade data and information is required, as well as policies and infrastructure for reliable digital trade. A focal element of the emerging digital economy is that trade is increasingly more intertwined and dependent on availability of data or information. Transactions involving people located across multiple jurisdictions can now be executed and concluded virtually. Also, a lot of customs procedures are now reposed online.

This increased interface between data and trade presents has two sides: opportunities and possible risks. For this reason, strategic policies are a necessity. Part of the key aspects for inclusion and fighting poverty lies in how we can use data responsibly. But how do we achieve responsible use of data for increased trade, more efficient business operations, and better public service delivery, and ensure that information sharing ultimately translates to increased welfare, helps reduce inequalities and that no one is disadvantaged as a result?

Governing how cross border data should flow is therefore a critical piece of public policy, and is important for Africa's growth. However, necessary policies, standards, and regulatory capacity are lacking in African countries. We don't have rules and standards that effectively govern e-commerce to make sure we have a level playing field. Currently, in Africa, the existing institutions, structures and capacity required for strategic planning around maximizing data for trade and other developmental goals are inadequate. Capacity for policymaking, implementation and enforcement of policies, and the ability to leverage available information/insights for value addition is rather frail. What this implies is that exporters and SMEs that operate in such weak data governance environments are at a disadvantage, because they will be restricted from trading with other countries or regions that have stricter or more advanced data governance rules.

We must recognise though that for many African countries, while the discussions around the prospects of data and digitalization are desirable, it appears to be such an abstract and difficult thing to achieve because of the vast digital divide; and I will come back to this later. Simply imagining the level of investment and work that needs to go into achieving the right infrastructure and resources to support any regulatory process for leveraging gains from the data and the digital revolution, can discourage countries from even participating in such conversations. In cases like this, poorer countries are at risk of being left behind, and this can worsen global inequalities. A world where there is inequality in access and use of data is not ideal. If it is possible to get value out of data and use it to improve access to public services such as education, health vaccination for children, conditional cash transfers, in a way to positively impact the lives of people, they would feel more included and might be more trusting and willing to participate in data sharing.

For the African countries that have data governance policies in place, some have localization provisions that restrict cross border data transfers, even to sister countries in the region. And whilst there may be legitimate reasons for these requirements, and we know that there is a lot of discomfort worldwide about issues of cross

border data flows, it is important that these policies do not undermine the goals of the ongoing regional trade integration efforts. We must ensure that as we advocate for data governance, it should be done in a manner that is geared towards supporting digital economy growth in the region. It should not be a medium for extending beyond what is necessary governmental powers on these issues. That is why CSEA's data governance project which focuses on understanding the existing gaps/problems and creating public awareness is timely. It is only when we fully understand the magnitude of data policy gaps and the resultant risks that these gaps can cause, that we can begin to articulate possible solutions and prioritize same.

Some of the issues to ponder are: How do we close the digital divide? How do we get African countries to prioritize data governance? How do we build trust in the data ecosystem itself?. How do we guarantee equitable access and use of data? The only way to solve these problems is through a multi-stakeholder approach. Governments, development institutions, citizens, trade organizations, private sector, everyone has a role to play. All stakeholders must get on board. A lot of gaps need to be filled, therefore, we cannot afford for data governance efforts to continue being fragmented, if we must keep up with the pace of global digital transformation. The power of collaboration and cooperation cannot be overemphasized.

At the WTO, the need for a holistic approach to the digital economy including data governance, has been recognized through the ongoing plurilateral negotiations on e-commerce and digitalization for trade. About 83 WTO members are involved in these negotiations, whose tasks are to lay the groundwork /global rules to ensure transparency and a level playing field for digital commerce and digital transactions which have exploded since the pandemic. It has been estimated for instance, that in the first year of the pandemic, digital adoption leaped forward on the continent to where it was expected to be in 2023 or even 2024. In a survey of the African private sector done by the Economic Commission for Africa (ECA), 61% of firms surveyed reported an increase in online sales since the start of COVID-19. In addition, 75% of businesses in the goods sector and 61% of micro enterprises identified their top new opportunity in reaction to the crisis, as online selling. 25% of African Micro, Medium and Small Enterprises (MSMEs) scaled up their use of digital tools during the pandemic, with women owned MSMEs demonstrating as much interest in digitalization and digital upskilling as MSMEs operated by males, according to the International Finance Corporation.

Nevertheless, as mentioned earlier, a persistent digital divide prevents African countries from not fully realizing the benefits of a digital economy. Internet penetration on the continent is only 28%, according to the ECA; only 18% of households have internet access and only 11% have access to computers. Digital gaps are more significant for women, and the digital infrastructure deficit and inaccessibility looms large on the continent but looms larger for women. This is why African countries should strengthen partnerships with requisite international organizations and the private sector to help bridge this divide. Yet, only 6 countries on the continent are participating in the WTO's e-commerce plurilateral negotiations – Benin, Burkina Faso, Cameroon, Cote d'Ivoire, Kenya and Nigeria. More countries need to engage fully, as the reality is that the

digital economy is here to stay and we must prepare fully for its requirements, as well as prepare to seize all opportunities it offers, especially for Africa's youth.

In Africa's case, a common data governance strategy for the continent can help bridge identified gaps. What is more, having a united front and uniform stance as a region can allow for greater influence in multilateral discussions on data governance issues. Considering that consultations relating to the WTO trade rules on e-commerce and the AfCFTA e-commerce protocols are now underway, this session could not have come at a better time. Furthermore, part of this session will see the unveiling of CSEA's central repository on data governance related issues on the continent. This is a valuable resource for all stakeholders, particularly for building awareness on the prevalent issues, highlighting the level of preparedness, and tracking progress. The hope is that the deliberations from today's session would be documented and disseminated to the right quarters, to increase awareness and spur further action.

Clearly, the data governance approach in the region needs to be upgraded and reformed to fully capitalize on the opportunities that come with data, digital transformation and trade. In this regard, the new African Commission Task Force on Data Policy and Governance is a move in the right direction; established this July with partners such as the ECA. We hope that it will move the continent towards seizing the opportunities that are looming before us. These efforts at the African continental level buttresses the efforts that CSEA is undertaking, and that all of you are undertaking today. I therefore enjoin you to be open, and to share your concerns and thoughts during this session. If time doesn't permit, please feel free to send in your contributions and suggestions on possible solutions. Africa's youth are on the move, they are on the move digitally, and I believe that a proper data governance framework and strategy will be the buttressing of their aspirations for the digital economy.

Thank you.