Digitalisation will transform and revolutionise our economies and societies, and influence the way we work, live and interact. Digitalisation creates numerous opportunities. Yet, if poorly managed, digitalisation can also lead to job losses and fears among citizens and lawmakers regarding data protection, ethics and privacy, freedom of speech, surveillance, and monopolistic tendencies.

Success in the Africa-Europe digitalisation partnership requires prioritisation of Digital4Development (D4D) strategy and improvements in innovation ecosystems, particularly to realise a safe and secure digital single market (DSM), which is the goal of both the African Union (AU) and the European Union (EU). Working together, the AU and EU can foster a digital partnership that will lead to inclusive digital economies and greater human well-being on both continents.

Digital capability and skills are necessary for the AU and EU to reach the ultimate goal of partnership in digitalisation. Without requisite digital skills, Africa will lag and miss the many opportunities that technologies and digitalisation offer for development and improved well-being.
KEY MESSAGES (CONTINUED)

- Data governance is a near-horizon challenge that requires urgent action. There is a need to ensure data sovereignty for the EU, but more importantly, for Africa. It is essential to view data as a new commodity, considering its importance in areas such as health, education, research, industrial innovation and agriculture.

- The COVID-19 pandemic is changing life as we know it, from education and learning to commerce and medicine. The AU and EU can take advantage of innovations and lessons learned from the pandemic to derive new approaches in, for example, governance and regulation, to further the digitalisation agenda on both continents.

- The EU can strengthen its geopolitical position by harnessing its expertise, leveraging policies and regulations, and boosting investment in the AU’s digital ecosystem. Combining its ability to set global standards and provide accompanying investments will allow the EU to navigate the intensive global competition for ideas, systems and markets in Africa. For the AU, working in a digitalisation partnership with the EU provides opportunities for learning that could advance Africa’s aspirations for a DSM, data sovereignty, regulation and governance in relation to digitalisation.

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1. INTRODUCTION

Digitalisation is the use of digital technologies and digitised data in enterprises and organisations, with far-reaching implications for how work gets done and how customers engage and interact with operations. There can be no doubt that digitalisation is transforming business models, revolutionising societies and creating new revenue streams around the globe. Now, more than ever, we need to understand and harness the power of digitalisation, to further the global common good.

As in other parts of the world, digitalisation is on the rise in Africa. Tech hubs here are multiplying exponentially. The start-up and innovation scene is becoming increasingly anchored in societies, and demand for trained professionals is growing. The rise of financial technology enterprises, or fintechs, and mobile money have been particularly notable in Africa, though the digital revolution is transforming productive sectors too. The strides being made are helping to grow economies, improve service delivery and generate jobs and incomes. Many organisations, businesses and governments have already moved, or are moving, their operations and processes to the digital space, using digital technologies to provide new products and services, expand existing services, increase revenues and exploit new value-producing opportunities.\(^1\)

Despite these trends and the rapid spread of the internet, the majority of Africa’s population is still offline. The digital transformation here “is hindered by continent-wide challenges linked to connectivity, capital and regulation as well as people’s mobility”.\(^2\) In 2019, Africa had the lowest internet usage rates in the world. Only 28.2 per cent of Africans used the internet, compared to 82.5 per cent of Europeans.

After years of slow progress, the European Union (EU) has committed to advance its own digital economy and improve its competitiveness by pooling resources and accelerating investments in high-performance computing, artificial intelligence (AI), cybersecurity and advanced digital skills. Europe is determined to strengthen its digital infrastructure and digital innovation hubs, while pursuing high societal and environmental impact.\(^3\) At the heart of this transition is the ‘Digital Europe Programme’, meant to drive Europe’s digital transformation. Through its Digital4Development (D4D) policy, the EU has also set out to mainstream digital technologies in its development policies and relations with third partner countries.

Despite the strong headwinds caused by the coronavirus pandemic and its economic consequences, many companies in the digital space have thrived. The pandemic has deepened reliance on digital commerce, medicine and learning. Many of the world’s technology companies have seen significant growth, and new innovation and technology companies have emerged in response to the current crisis.

Against this backdrop, the present policy brief identifies areas of opportunity, common objectives and potential for collaboration between the African Union (AU) and EU on digitalisation. At the same time, it recognises the significant disparities between the AU and EU, particularly in relation to capacity and regulatory powers. Three crosscutting recommendations to African and European leaders emerge from this discussion:

- Improve relations between the private sector and regional and continental institutions in both Africa and Europe.
- Create specialised forums for the AU and EU to transparently and honestly discuss particular bottlenecks and geopolitical implications of digitalisation.
- Conduct a robust analysis of why and how digitalisation, innovation and recovery efforts work or do not work, particularly in the era of COVID-19.

Beyond these crosscutting recommendations, a number of more specific recommendations are presented. These are organised around five themes: D4D and innovation ecosystems; a digital single market (DSM); digital capability and skills; data and taxes; and digitalisation and COVID-19.

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The analysis and recommendations presented draw on a review of the literature and policy documents by the authors, as well as four online expert meetings held on 28 May and 3, 11 and 23 June 2020.4

The remainder of this brief is structured as follows. Section 2 sets out the global context for digitalisation. Section 3 looks at digitalisation in the specific contexts of the AU and EU. Section 4 concludes the paper with recommendations in the five areas mentioned above.

2. DIGITAL REVOLUTION AND DEVELOPMENT

While societies and economies are rapidly transforming, international development is lagging behind on digitalisation. In principle, the EU sees digitalisation as an important area, and has set itself the goal of mainstreaming digital technologies and services in EU development policy. To this end, Digital4Development (D4D) has become an overarching concept running through many EU approaches on digitalisation. In 2017, for example, the EU presented a D4D strategy that includes connectivity, infrastructure and regulation; digital literacy and skills; digital entrepreneurship and job creation; and digital technologies as an enabler of sustainable development.

For the German Presidency of the Council of the EU, D4D is one of the priorities, building on European Commission work in this area. For example, the D4D Hub5 – a network of D4D like-minded EU member states and their development agencies working with the Commission directorate-generals (DGs) for International Cooperation and Development (DEVCO) and for Communications Networks, Content and Technology (CONNECT) – was established to support structured digital policy dialogues involving key stakeholders in national and regional digital ecosystems. The aim of the network is to promote human-centric digital transformation, together with partners around the world. Its first pilot project, called ‘Africa-Europe D4D Hub’, seeks to leverage technical expertise and build multi-stakeholder partnerships by 2021. However, the limited funding for this initiative (DEVCO’s contribution amounts to €8 million) underlines its prototypical nature.

Despite the progress made in advancing D4D,6 the majority of the EU’s D4D portfolio remains in a niche position or country focused, lacks agility to adapt quickly and is not well structured for optimal engagement with either the private sector or regional/continental institutions. This undermines the potential for EU development aid to meet expectations and harness strategic opportunities. There is an urgent need to work jointly with the private sector to create inclusive digital economies and societies in developing countries and beyond. To this end, the AU and EU would benefit from a better understanding of what the private sector needs to deliver services to those not currently connected. They need to use the private sector as a driver of digitalisation.

It will be critical for renewed efforts between the AU and EU to refocus D4D approaches to tackle innovation and digitalisation in ways that help improve relations between the private sector and regional and continental institutions. A partial or piecemeal operationalisation of EU D4D policies and of the AU Digital Transformation Strategy for Africa (2020-2030) will only hinder equitable growth, deterring innovation and leading to missed opportunities for effectively transforming the AU-EU partnership.

2.1 Digitalisation and geopolitics

The digital economy is a key realm of geopolitical competition, particularly between the two tech superpowers, the United States (US) and China. The increasing decoupling between the two threatens to create two separate digital spheres.

4. Participants of the online seminars represented a broad range of stakeholders from Europe and Africa. The seminars were conducted under the Chatham House Rule. The authors produced reports of the discussions for internal use, which fed the analysis and proposals set out in this policy brief.


Both the AU and the EU, and most of their members, have resisted taking sides to differing degrees, instead balancing between the two great powers and trying to protect their own interests. For example, both initially refused to ban Huawei from 5G networks, although European positions are beginning to harden vis-à-vis the Chinese company (and China in general). The EU’s involvement in launching the Global Partnership on Artificial Intelligence (GPAI) in June, together with the US and others, highlights the EU’s growing mistrust of the Chinese approach to AI. On the other hand, in Africa digital cooperation with Huawei and other Chinese companies remains strong.

One of the key actions of the EU’s ‘Shaping Europe’s Digital Future’ agenda is to make Europe a global leader in digital technologies. This objective recognises that the EU lags behind others in the digital world, and that African markets will be important for the EU in changing that. For the AU and African countries, perceptions of technology quality and superiority, scale, and price are important when considering where to engage when purchasing technologies and in seeking support to develop digital economies. Current evidence shows that the US and China “account for 75 per cent of all patents related to blockchain technologies, 50 per cent of global spending on IoT [the internet of things], and more than 75 per cent of the world market for cloud computing... [as well as] 90 per cent of the market capitalization value of the world’s 70 largest digital platforms”.8

The EU Commission under Ursula von der Leyen has declared ‘a Europe fit for the digital age’ as one of its key priorities, and has stated its aim to build the EU’s technological sovereignty. This includes development of Europe’s industrial capacity in emerging fields and reinforcement of antitrust laws to guarantee greater competitiveness within Europe’s DSM, as well as continued protection of European citizens’ data and assurance that development of new technologies respects the fundamental rights of Europeans. The approach also seeks to better equip Europe’s citizens for the digital age. Though the EU’s 2021-2027 multiannual financial framework (MFF) and recovery package (Next Generation EU) allocated less resources to digitalisation than initially proposed by the Commission, it was notable that Von der Leyen’s first State of the Union address focused on digital technologies in such depth.10

The AU and its member states have largely tried to avoid allying themselves fully with either geopolitical camp. Many African policymakers emphasise that Africa’s priority is economic development, and warn that US-China rivalries could be detrimental to Africa. By and large, African governments focus on working with whichever actors can best help to speed up the digital transformation of their economies, and the building of an African digital market in line with the AU digital transformation strategy.11

Commentators from both within and outside Africa warn of threats to Africa’s digital sovereignty.

Yet, many commentators from both within and outside Africa warn of threats to Africa’s digital sovereignty and even ‘digital colonialism’ or ‘algorithmic colonialism’. They emphasise the dangers of ‘surveillance capitalism’ by foreign companies that will use the data of African citizens without respect for their privacy, while rolling out foreign-developed AI that is poorly adapted to local circumstances and crowding out local products.12 The media and analysts...
in the US and Europe have focused on the expansion of China’s ‘Digital Silk Road’ into Africa, and emphasised the dangers of China helping to roll out state surveillance in African countries.\textsuperscript{13}

It is against this backdrop that the EU hopes to work more closely with the AU and African countries, sharing its experience both in developing its own DSM and in putting in place high regulatory standards for user privacy and data protection (e.g., the General Data Protection Regulation, or GDPR). Regulation remains one of the EU’s greatest areas of expertise in the digital realm and an area where it aspires to have international influence. Yet, the EU is not well known as a digital actor beyond the regulatory sphere. A recent study for DG DEVCO observes that to build its reputation the EU will need to expand its investment in critical infrastructure, develop better contacts with the private sector and mainstream digitalisation throughout its broader development cooperation.\textsuperscript{14}

2.2 COVID-19 and digitalisation

In the context of COVID-19, the urgency of investing in digitalisation is stronger than ever, and prioritisation of digitalisation in the AU-EU partnership becomes even more relevant. In the face of the crisis, clear and solid steps are now needed to make this a reality and to prevent backsliding on prior agreements and commitments. The way forward will require well-defined guidance and support for businesses, smart programming of EU external funds, strengthened capability and skills, and effective governance and regulation. The pandemic is already showing early indications of driving digital transformation and disruptive technologies, such as telemedicine, AI, robotics, 3D printing, (big) data and analytics, and online commerce.

The pandemic will have long-term economic impacts. It is increasingly clear that African countries will have to adjust expectations downwards (in terms of external assistance), inwards (in terms of regionalisation) and digitally (in terms of grasping opportunities, developing home-grown solutions and working with new partners). COVID-19 is changing much of life as we know it, from education and learning to commerce, medicine and health care. To this end, the key message to AU and EU leaders is that both partners should take advantage of lessons learned regarding innovations and new approaches in the governance of innovation and digital economies.

3. EU-AU dialogues and policy challenges on digital and related frameworks

There is a lot we have to change, but also a lot of opportunities ahead of us we want to grasp – with new technologies and new opportunities. And the same goes, of course, for the digital age – I know that there is a thirst for digital skills in young Africans and young Europeans – let us join forces there, let us give them the technologies, let us give them the skills and, of course, frame the whole thing, because technology is neutral [Opening statement by President Von der Leyen at the 10th EU-AU Commission-to-Commission meeting plenary session, 27 February 2020, Addis Ababa, Ethiopia].

This statement highlights the belief that a reliable partnership can provide new opportunities of mutual benefit to the AU and EU in areas including digital technologies and skills, both of which are essential for economic growth. Nevertheless, to unlock these opportunities, it is necessary to understand some of the common priorities of both continents. The joint communiqué issued by the 10th meeting of the AU Commission (AUC) and European Commission, referenced above, lists four areas of common priority: migration, mobility, youth, skills and innovation; sustainable growth, trade, investment and digitalisation; climate change and resilient infrastructure; and peace, security and governance. In addition, box 1 references some of the other relevant EU and AU agreements and frameworks, past and present. These highlight key policy challenges to be addressed and provide an understanding of the opportunities for the AU and EU.

3.1 Past and present AU-EU dialogues on digitalisation

There have been numerous AU-EU dialogues relating to digitalisation, resulting in more than a dozen agreements concerning topics such as digital technology, digital policy, information and communications technology (ICT) and trade. These agreements can inform the next round of dialogues. At the AU-EU Commission-to-Commission meeting in February 2020, on the topic of sustainable growth, trade, investment

Box 1: Some of the relevant EU and AU agreements and frameworks

- AU-EU 2017 Summit Declaration: Investing in Youth for Accelerated Inclusive Growth and Sustainable Development (AU-EU, 2017). Outlines key areas of mutual interest, including digital technologies, youths, research and innovation, and digital economy.
- Harmonisation of ICT Policies in Sub-Sahara Africa (HIPSSA). Project supported by the International Telecommunication Union and European Commission.
- EU-Africa Infrastructure Trust Fund. This facility provided €18.3 million for ICT from 2007 to 2019 (of €763 million in cumulative net approvals).
- Policy and Regulation Initiative for Digital Africa (PRIDA). This is a joint initiative of the AU, the EU and the International Telecommunication Union.

16. AfCFTA was captured in this category.
and digitalisation, the AU and EU “agreed to maximise synergies between European and African private sectors... and to promote actions focused on the diversification of African economies”. In addition, the European Data Strategy mentions EU-Africa cooperation on data, stating that “the EU will support Africa in creating an African data economy for the benefit of its citizens and businesses”. In both the AU and EU, significant progress towards digitalisation has been made. In Europe, DG CONNECT is working with EU member states to develop ‘digital innovation hubs’ to ensure that companies throughout Europe can take advantage of digital opportunities. More than €6.7 billion was proposed for the Digital Europe Programme as part of the EU’s 2021-2027 budget. Implementing existing AU-EU joint agreements, as well as the plans and activities proposed at the continental levels, will require further efforts by the AU and EU and their member states. Besides the current COVID-19 pandemic, factors that might slow the pace of implementation include knowledge gaps, funding shortfalls and capacity challenges, particularly on the part of the AU. That said, the commitment demonstrated so far indicates that, working together, the AU and EU are better placed than in the past to deliver on their ambitions of a digital partnership that is mutually beneficial and based on an engagement that is truly equal.

3.2 Policy challenges

Their commitment to an Africa-EU digital economy partnership notwithstanding, the two regions face a series of challenges. For the EU, a primary challenge is the need to strengthen its own DSM. This will include improving competitiveness and innovation to foster more European technology leaders and less dependence on US and Chinese technologies. As discussed earlier, the EU’s share of the global digital market is less than that of the US or China. Data protection and cybersecurity are two other challenges. These have gained in importance in response to online misinformation and...
disinformation, with their potential ramifications for democracy and human rights. In addition, the need to use personal data in contact tracing to limit the spread of COVID-19 has raised new issues for the EU’s data privacy agenda, given the strong privacy sensibilities of many EU member states.

Finance is another important area. Particularly in the age of COVID-19, the EU Commission will face difficulties in funding all the priorities in its next seven-year budget, including its digital aspirations. In July, the European Council agreed on a combined 2021-2027 MFF and pandemic recovery package amounting to €1,824.3 billion. Of this, €143.4 billion has been allocated to the single market, innovation and digitalisation. Another €98.4 billion is earmarked for external action (with approx. €70 billion dedicated to the Neighbourhood, Development and International Cooperation Instrument, or NDICI). Though the allocation fell short of the Commission’s proposal, the European Council still vowed to elevate digital transformation to a crosscutting theme in EU public policy. As the EU embarks on the programming of the NDICI, it will need to make strategic choices about its priorities with each partner country, including for the programming of the new European Fund for Sustainable Development (EFSF+). This offers an important opportunity for the EU and partners to think strategically about how they work together on investments in the digital sphere.

Key challenges facing the African continent are captured in the AU Digital Transformation Strategy for Africa (2020-2030). These include physical and digital infrastructure, connectivity, access, interoperability, and quality of services (e.g., the stability of ICT systems), alongside digital literacy and skills. Governance poses challenges too, in view of the fragility of some states, weak or non-existent policies, and the need to reform regulatory frameworks. There is an urgent need to develop policies to spur innovation and digitalisation.

Furthermore, fragmentation and silo mentalities persist within national governments, regional economic communities (RECs) and the AU. More broadly there is a need for inclusive governance and “leadership and a vision to push the frontiers of digitalisation and innovation for Africa”.

At the same time, resolution of finance, taxation and cross-border issues (such as the lack of harmonised policies and frameworks at the regional level) is necessary for improving interoperability and intra-African digital trade. These factors will also determine to a great extent the success of the African Continental Free Trade Area (AfCFTA). A very important challenge for the AU relates to its own organisational capability and the individual skills of AU decision makers, regulators and other actors in Africa’s digital and innovation ecosystems. The AU is not well-resourced in comparison to the EU. These challenges constitute a significant threat to the success of the AU-EU partnership on digitalisation.

To ensure the partnership’s success there is an urgent need to boost strategic investment and mobilise finance, particularly for digital infrastructure, but also for capacity building, skills development, and policy design and implementation. In addition, investing in education and training, and establishing appropriate digital governance and regulatory frameworks, will be essential.

These challenges, if not adequately addressed, will impede progress towards the EU’s D4D and geopolitical aspirations in digitalisation, and hinder Africa’s achievement of the goals set out in the AU digital transformation strategy, including having a DSM in place by 2030, as well as the objectives of the AfCFTA. There are many success stories, but we cannot forget the magnitude of the challenges related to digitalisation.
Connectivity, universal access and skills development must be priorities in Africa.

in Africa. For example, despite the progress recorded in improving digital infrastructure in Africa, “700 million people in Africa still do not have access to the internet”, 32 and some 300 million Africans live more than 50 kilometres from a fibre or cable broadband connection. 33 Connectivity, universal access and skills development must be priorities in Africa 34 to harness the full potential of the AU-EU partnership to their mutual advantage.

4. AU-EU DIGITALISATION PARTNERSHIP: OPPORTUNITIES AND RECOMMENDATIONS

There are numerous areas of opportunity for the AU and EU on digitalisation. The opportunities discussed below were selected to build on areas of mutual interests, potential benefits and possible collaborations between the AU and EU. They also reflect some challenges common to both partners. The recommendations draw on the expert meetings and an analysis of the literature and high-level AU-EU policy dialogues and agreements. Some of the recommendations represent short- to medium-term opportunities, while others constitute long-term goals. The discussion of opportunities and recommendations is structured around five themes:

• D4D and innovation ecosystems
• Digital single market (DSM)
• Digital capability and skills
• Data and taxes
• Digitalisation and COVID-19

These themes were informed by the expert meetings, but we acknowledge that there are other important themes such as gender, inclusion and climate change. Though not addressed here, these too are essential to create successful digital economies and societies.

4.1 D4D and innovation ecosystems

Prioritisation of Digital4Development (D4D) and thoughtful development of innovation ecosystems are a prerequisite for success in the AU-EU digitalisation partnership. They are important because if digitalisation is not truly mainstreamed as part of the development agenda it will continue to be fragmented and have limited impact. The programming of the NDICI offers the perfect opportunity to ensure that digitalisation is mainstreamed throughout the EU’s cooperation with partner countries. D4D must work to integrate the needs of innovation ecosystem development, bringing in the private sector, entrepreneurs, academia, research organisations, civil society, government and development partners.

Linkages among research and innovation organisations in Africa remain weak. These need to be strengthened and better harnessed. Similarly, there is a need for increased dialogue between governments and the private sector. Furthermore, in the current pandemic situation, entrepreneurs need access to finance that is tailored to the requirements of the fourth industrial revolution, which is upon us.

Recommendations on D4D and innovation ecosystems:

• Establish a special AU-EU dialogue to explore how D4D can best support innovation ecosystem development and to help ensure regular engagement between AU and EU policymakers. Such dialogues will need to include individual member states in some instances, given the nature of EU development projects.

• The AU and EU should create special initiatives to engage the digitally oriented private sector and other stakeholders. These need to be different from past public-private dialogues and must include a wider range of key stakeholders, such as academia, entrepreneurs and civil society, to inform the dialogue.
• The AU and EU must explore avenues for more effective engagement with entrepreneurs, in particular, digital entrepreneurs who have created new business models, face unique financing constraints and work as global collaborators. Establishing avenues for more effective engagement is essential to understand the challenges entrepreneurs face and to devise adequate policy and business interventions. This may include mapping digital ecosystems in selected countries to better understand the landscape, interests and opportunities.

4.2 Digital single market
Realising a safe and secure digital single market (DSM) is a goal of both the AU and EU. The EU is closer to achieving this, while it is the first objective of the AU Digital Transformation Strategy for Africa (2020-2030). Though most African markets are small, the continent can take advantage of cross-border trade and lower the cost of accessing digital technologies. Realising a DSM in Africa would allow for economies of scale currently unavailable in separate African markets with their diverse regulation. This could attract increased investment from both African and external investors, fostering greater growth and job creation. A DSM could also allow for stronger negotiating positions in relation to access to the EU single market. By sharing experience in building its own DSM, the EU hopes to influence Africa’s choice of regulatory frameworks and eventually be the first mover in negotiating access to the new African DSM, while supporting Africa’s development with a view to achieving the Sustainable Development Goals (SDGs).

A DSM will help Africa address key challenges, such as the persisting digital divide, connectivity gaps and the need for increased efforts to improve cross-border connectivity. Prior to establishing a continent-wide DSM, Africa’s highly fragmented domestic markets need to be unified. For this, the EU is already providing technical assistance to the AU, for example, through the Policy and Regulation Initiative for Digital Africa (PRIDA). Progress in addressing these challenges will determine the success of the AU-EU partnership in digitalisation. The AfCFTA remains a huge opportunity, alongside the continual transformations in mobile technologies and exponential growth in digital entrepreneurship on the continent.35 Ratification of the AfCFTA and AU member states’ commitment to implement it provide important lessons for implementation of the AU digital transformation strategy as well.

Recommendations on a digital single market:
• The AU and EU must do more to identify, develop and support cross-border digital infrastructure development throughout Africa, and address ‘last mile’ challenges. This may include improving and harmonising the regulatory environment and providing financing instruments, such as guarantees and blended finance, for cross-border digital investments.

• There is a need for enhanced focus and higher prioritisation of using the AfCFTA to help create a DSM and ensure appropriate links to the EU single market. This will provide mutual benefits for both partners and stimulate economic growth.

4.3 Digital capability and skills
Without the requisite capability, skills and human development, Africa will lag behind and miss out on the many opportunities that digital technologies and digitalisation offer. Digital skills development is essential in primary, secondary and tertiary education, as well as within national governments, regional institutions and the wider society. Strengthening digitalisation education and skills in the EU will create jobs and improve productivity even in non-tech sectors. It will also boost digital literacy overall. Tech start-ups and entrepreneurs in Africa struggle to find essential skills, such as high-end programming, and governments often lack the capability to effectively design the regulatory frameworks needed for a digital future. Digital skills are vital if Africa is to achieve a DSM by 2030. Currently, the AU and relevant stakeholders are engaged in several initiatives, such as the World Bank’s Digital Economy for Africa (DE4A), in which digital skills and literacy are a core component.

The EU can do more to help build the AU’s digital capability and skills. The EU’s experience in operationalising a European DSM means that the EU has much to share with the AU in terms of digital capability and skills related to design, development and supporting operations for a DSM. Expertise from individual EU countries can be of value too, such as Estonia’s capability.
in digital public service delivery and electronic identity systems (eID).36

African and European digital experts have stressed the need to focus capability and skills development on the AU, RECs and at the country level, starting with AU policymakers as a priority. There is also a need to ensure inclusion of digital literacy in education and training programmes. Likewise, the value of linking the various research, digitalisation and innovation collaborations across Africa to counterparts in Europe should be explored and harnessed.

Recommendations on digital capability and skills:

- Steps should be taken to strengthen innovation and digital capability and skills in the AU and RECs (e.g., in regulation), followed by efforts at the country level.

- Increased investment is needed in AU-EU research and innovation collaborations and partnerships focused on digitalisation. Partnerships linking African actors and initiatives should be supported, to help Africa develop its own critical mass of researchers in digital fields.

- Targeted interventions should be designed and implemented aimed at reorienting primary, secondary and tertiary education to the requirements of the fourth industrial revolution and digital technologies. These interventions may include increasing access to the skills required for emerging innovations and integrating more general vocational and technical skills into secondary school curricula, to maximise young people’s potential to become employed in technology sectors. At the same time, a substantial increase in STEM participation is needed (science, technology, engineering and mathematics fields), particularly among girls.

4.4 Data and taxes

Data governance, as a near-horizon challenge, requires urgent action. This includes many interrelated issues pertaining to regulation, sovereignty, privacy, standards and costs. Reducing the cost of data is essential to encourage widespread use of digital technologies. These challenges are interconnected. For example, until issues of regulation and taxes are adequately dealt with, investment in data infrastructure will continue to lag.37

There is an imperative to ensure data sovereignty in Africa and in Europe. It is essential to focus on data as a new commodity, considering its importance in areas such as health, education, research, industrial innovation and agriculture. Africa needs to own its data. A lack of frameworks and regulations that provide clarity on data impedes investment, digitalisation and development. There is also an urgent need for African data governance and data centres. Data sovereignty must be enshrined in the appropriate frameworks, regulations and governance structures in the AU and EU.

Recommendations on data and taxes:

- A ‘coalition of the willing’ should be established, made up of countries, international organisations and the private sector, to systematically identify and share global good practices, lessons and ideas on new approaches to data. Such an initiative could be hosted by a think tank, a university, or an AU or EU organ.

- An Africa-led initiative on data sovereignty should be developed, whereby the AU convenes stakeholders including businesses, civil society and policymakers, with the EU helping to ‘crowd in’ global stakeholders and investment where appropriate.

- The AU and EU should initiate new (or update existing) dialogues and agreements on data, particularly related to taxation. Working together, the AU-EU partnership can help identify emerging good practices in the area of taxation, and as such, help develop tax rates that are beneficial to society, without hindering entrepreneurship and innovation. The AU and EU should consider digital taxation approaches based on a percentage of actual profit and other policy instruments that spur innovation, such as tax and financial incentives for entrepreneurs, start-ups, and small and medium-sized enterprises (SMEs).


4.5 Digitalisation and COVID-19

While COVID-19 presents many challenges, the pandemic also offers opportunities for digitalisation, science, technology and innovation. The AU-EU partnership on digitalisation must identify and take advantage of these opportunities. The pandemic is changing much of life as we know it, in areas ranging from education and learning to commerce and medicine. The key message to the AU and EU is that both partners should take advantage of lessons learned, innovations from the pandemic and new approaches in, for example, governance and regulations, to further the digitalisation agenda.

There is an urgent need for the AU and EU to ensure that strategic investments have adequate financing to succeed. Access to finance, particularly during the post-pandemic recovery period, for tech start-ups and digital innovators in Africa, can lead to greater markets for EU products and services, while deepening industry linkages between Africa and Europe.

Recommendations on digitalisation and COVID-19:

• The AU and EU should establish a joint initiative to capture lessons learned, to conduct detailed analysis on how things worked (or did not work) and why, and to identify the incentives that encouraged (or discouraged) beneficial outcomes.

• In the post-pandemic world, the AU and EU should both focus strategic digitalisation investments in target priority areas, such as deepening online commerce, supporting innovation and technology, and establishing norms and regulations on data privacy and security, particularly in relation to contact tracing.

• Jointly, the AU and EU should promote high impact investment and finance in D4D, DSM development, and digital capability and skills. This could follow a model similar to the Programme for Infrastructure Development in Africa (PIDA), which identifies a strategic pipeline of investments and has been championed by African Heads of State.

Taken together, these recommendations can serve as a starting point. They can help position the AU and EU to deliver on their ambition of a digital partnership that is mutually beneficial and accelerates creation of a digital economy for improved competitiveness and greater societal, environmental and economic impact.

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