



Enhancing Cross-Border Digital Trust in Africa: *Challenges and Opportunities*

Regional Workshop on Digital ID and Interoperability in Africa

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United Nations
Economic Commission for Africa



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Digital ID in Africa | Current Status



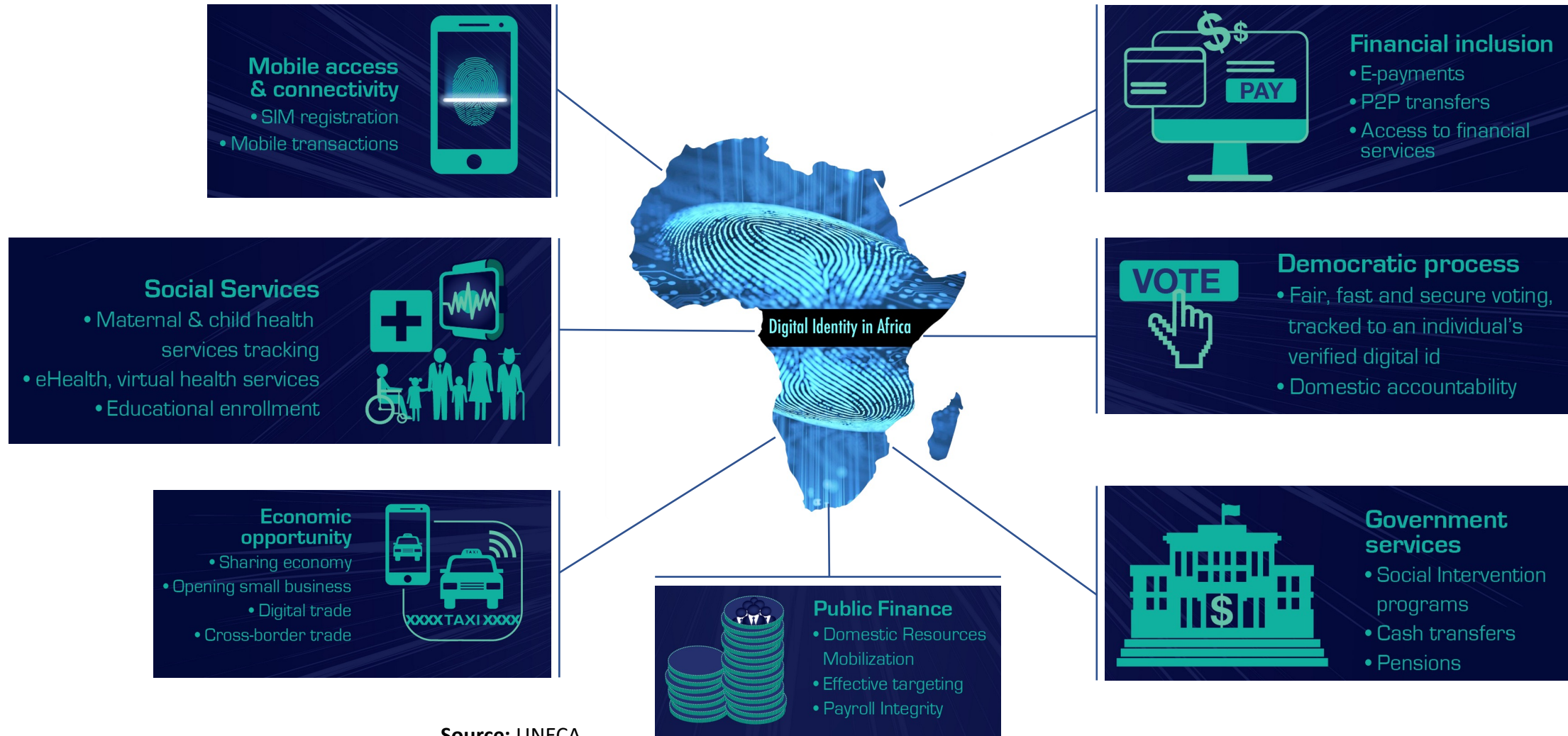
- Nearly 500 Million people in Africa
 - Lack any form of *legal Identification* (National ID)
- Provision for legal ID for all by 2030
 - Critical & important goal in *UN SDG 2030 (16.9)*
- AUC developing digital ID interoperability policy framework
 - Mandate from Digital Transformation Strategy (DTS) for Africa (2020-2030)
- COVID-19 effects & Mobile remain key driver
 - Mobile penetration to rise from 50-64% by 2025

Source: World Bank & African Union



Digital ID in Africa | Key *Enabler* and *Driver*

- Social-economic growth, spurs innovation & supports entrepreneurship



Question 1

Why is Cross Border Digital Trust still a challenge ?

Cross-Border Digital Trust:

- Involves establishing a **reliable and secure** environment for conducting **digital transactions** and **interactions** across different countries.
- This environment can be far **more complex** due to existing **interdependency, interoperability** and the need for **reliable and resilient** digital infrastructure.



Cross Border Digital Trust | Addressing Challenges

1) Development & Implementation of International Stds & Regulations

- Govern data protection, privacy, cybersecurity & cross-border data flows
- Enables establishment of a common framework for trust and security

2) Robust data protection and privacy measures (Ref *Malabo Treaty*)

- Adopting strong encryption methods and compliance (GDPR) across borders
- Implementing secure data storage and transfer mechanisms
- Transparent data governance to build trust with consumers and partners
- Facilitate secure and efficient cross-border data flows



Cross Border Digital Trust | Addressing Challenges

3) Strengthen National Cybersecurity Strategy (NCS) measures

- Conducting country/regional assessments, development & reviews of NCS
- Enhancing both national and regional CERTs/CSIRTs to protect CNI
- Enforce compliance and implementation of best/good Cybersecurity practice

4) Foster continental and International cooperation and collaboration

- Among governments, regulatory bodies, and industry stakeholders
- Sharing best practices and exchanging threat intelligence
- Working together to address global cybersecurity challenges



Cross Border Digital Trust | Addressing Challenges

5) Develop reliable and interoperable digital ID solutions

- Implement digital ID solutions that work seamlessly across borders
- Enhance authenticity and trustworthiness of individuals and organizations
- Enabler for AfCFTA in terms of cross border transaction data flow

6) Promote digital literacy, outreach and awareness

- Within individuals and businesses on digital ID risks and best practices
- Helps to make informed decisions and adopt secure behaviours



Cross Border Digital Trust | Addressing Challenges

- 7) Establish effective mechanisms for resolving cross-border disputes
 - In relation to digital transactions and data protection
 - Arbitration or mediation frameworks for fair and efficient conflict resolution

- 8) Regularly review and update policies, technologies, and practices
 - In order to adapt to evolving threats and challenges
 - Stay informed on emerging technologies, regulations, and best practices
 - To ensure ongoing enhancement of *cross-border digital trust*



Question 2

How can we develop and implement Cross Border Digital Services in a Regulated & Trusted manner?



Think
“Inside the BOX”



Think
“Outside the BOX”



Think
“Without the BOX”



Cross Border Digital Services | Regulatory Sandbox

Regulatory Sandbox:

It is a *regulatory approach* that allows live, time-bound testing of innovations *under a regulator's oversight*. Novel financial products, technologies, and business models can be tested under *a set of rules, supervision requirements, and appropriate safeguards*.



Cross Border Digital Services | Regulatory Sandbox

Regulatory Sandbox:

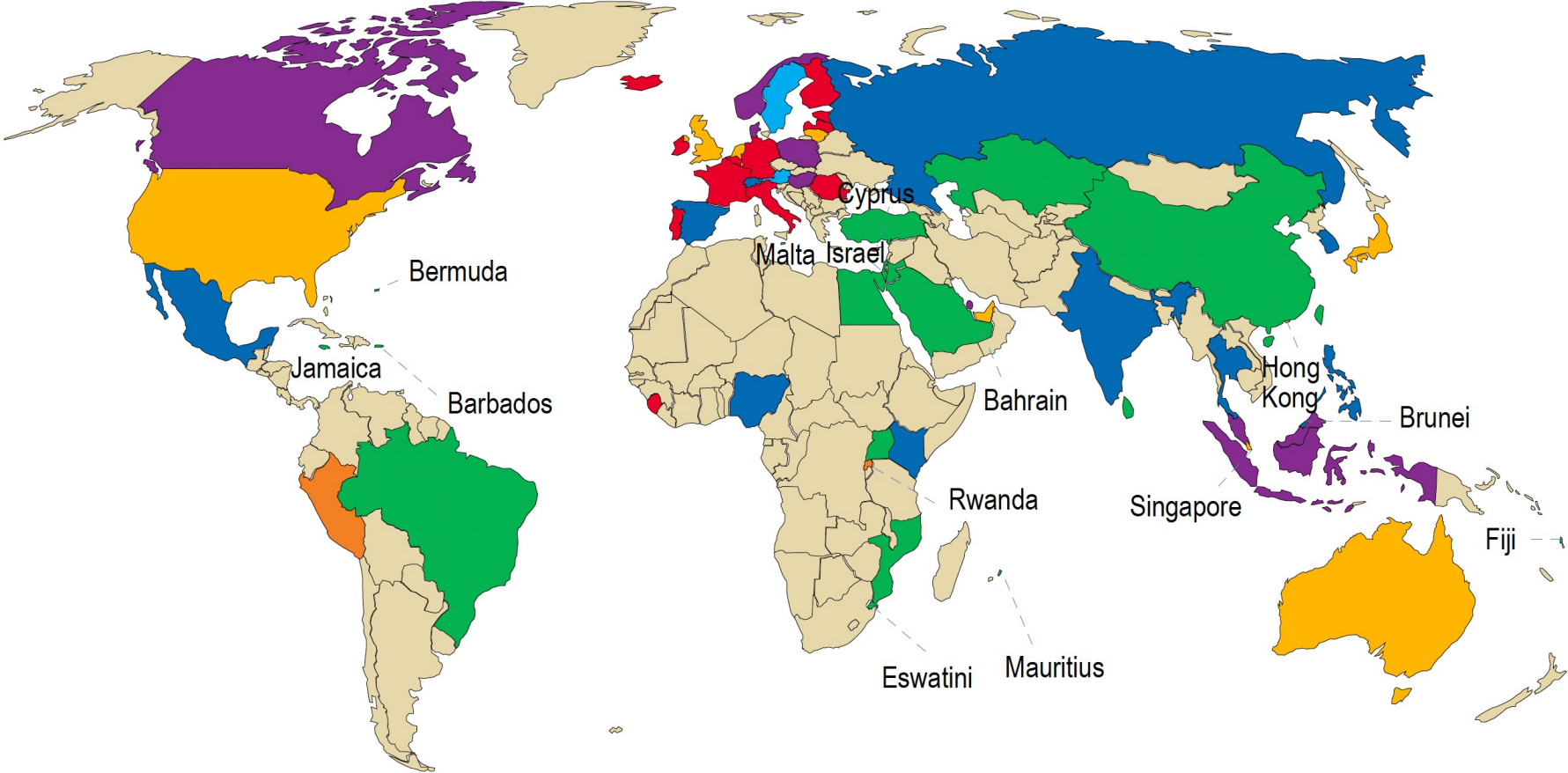
- A sandbox creates a *conducive* and *contained space* where incumbents and challengers experiment with innovations at the edge or even *outside of the existing regulatory framework*.
- A regulatory sandbox brings the cost of innovation down, reduces barriers to entry, and *allows regulators to collect important insights* before deciding if further regulatory action is necessary before *going to the market*.



Cross Border Digital Services | Regulatory Sandbox

Rise & Evolution of Regulatory Sandboxes

- Rise & Evolution of Regulatory Sandboxes



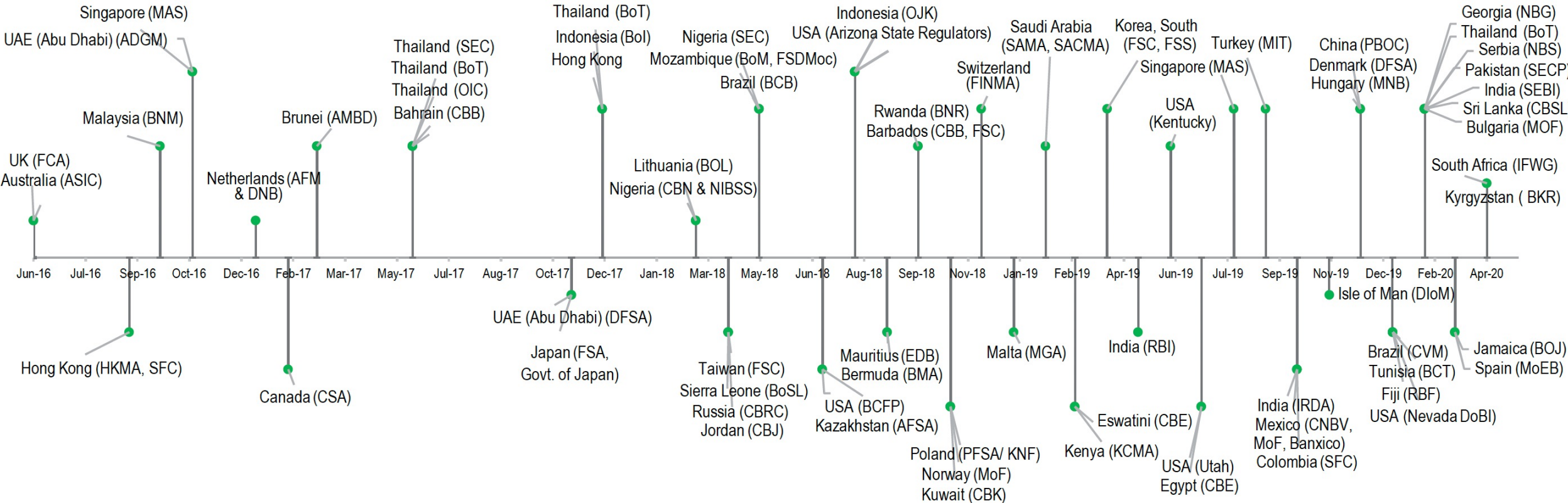
Source:
WBG Research



Cross Border Digital Services | Regulatory Sandbox

Rise & Evolution of Regulatory Sandboxes

- Timeline for Fintech Sandboxes creation since 2016



Cross Border Digital Services | Regulatory Sandbox

Benefits & Risks of Regulatory Sandboxes

| Benefits | Risks |
|---|---|
| Lowers cost of innovation in some cases | Competition issues (regulators pick winners, create uneven playing field) |
| Opens access to regulator | Limited capacity of regulator to run sandbox |
| Creates formal framework for safe, live testing | Liability issues in case of failed testing |
| Allows for market monitoring | Unclear pathways for successful exit |
| Signals openness to innovation | Intra- & inter-agency coordination issues |
| | Limited regulatory tools to implement sandbox |



Regulatory Sandboxes | Africa Status

- Development & Implementation in Africa
 - Mainly in Fintech, Finance, Insurance and related sectors

Regulatory Sandboxes

Fintech, Finance or Insurance Sector



Kenya



Ghana



Mozambique



Nigeria



Uganda



Rwanda



Mauritius



Egypt



Tunisia



Eswatini



Sierra Leone



South Africa

Telecommunication Sector



Kenya



Rwanda



Regulatory Sandboxes | Africa Status

- *Africa Telecom Regulators* have expressed great interest
 - Proposed Telecom Sector - *Regulatory Sandbox Framework*



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Q&A Session:

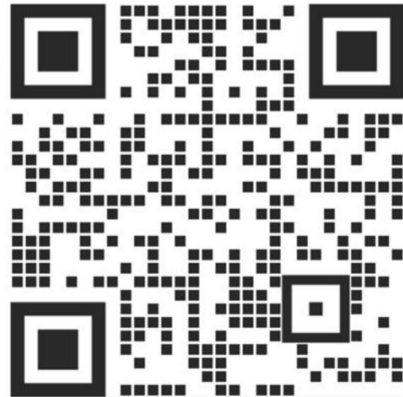
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