



# Strengthening EU-AU Dialogue on Innovation and Digital Transformation

By Rob Floyd

## Summary

The COVID-19 pandemic has highlighted the importance of innovation and the digital economy in Africa, but the continent does not yet have comprehensive, interoperable policies for innovation-driven technologies and systems. The European Union (EU) serves as a model for an emerging single digital market, and improved exchanges between the EU and African Union (AU) can help ensure an innovation-driven recovery for Africa.

## Thematic Context

Implementation of the AU's [Digital Transformation Strategy for Africa](#) was fast-tracked after the onset of the pandemic. The strategy addresses regulations, infrastructure, skills, and entrepreneurship. At the same time, the EU Digital Europe Program, with an overall budget of €7.5 billion, is being implemented to shape and support digital transformation in the EU. The program increases investments in supercomputing, artificial intelligence, cybersecurity, advanced digital skills, and digital technologies. Through the European Commission's "digital for development" (D4D) policy, the EU seeks mainstream digital transformation in its international development approaches.

The first D4D hub—the AU-EU D4D Hub—was launched in December 2020. In this context, the EU will scale up its investments in digital partnerships with Africa, with 20% of the Next Generation EU Recovery Plan dedicated to the digital transition. However, while the European Commission is adjusting its development and partnership agenda, there is only a nascent dialogue on innovation and digital transformation between the EC and the AU. The 2019 EU-AU Digital Economy Task Force, which resulted in the creation of the EU-AU Partnership on Digital Transformation and the EU-AU Data Flagship, was a step in the right direction.

Policy institutes in Africa and Europe are jointly supporting these dialogue efforts and have identified a range of actions that will help both the EU and the AU benefit from greater cooperation and learning and ensure a strong economic rebound after the pandemic.<sup>1</sup>

## Innovation's Contribution—and Challenges

The COVID-19 crisis has amplified the need for Africa to be digitally connected, because it has changed the way people learn, work, engage in commerce, and access health and other government services—changes fueled by innovation and technology. As in other parts of the world, digitalization is on the rise in Africa. Tech hubs are emerging across the continent and start-ups have played important roles in fostering innovation, particularly during the pandemic. Catalysts of digital transformation in Africa include financial technology and mobile money, as well as digital revolutions in productive sectors that are helping to grow economies, improve service delivery, and generate jobs and incomes. The international community initially focused on emergency measures but is

increasingly looking to economic recovery, which will require medium term actions in areas such as resource mobilization and management, governance and government effectiveness, business and investment environment, and digital innovation and entrepreneurship.<sup>2</sup>

Despite these trends, and the rapid increases in connectivity, the majority of the continent's population is still offline. Africa's digital transformation remains hindered by continent-wide challenges linked to connectivity, capital, regulation, and a lack of innovation ecosystems. In 2019, Africa remained the world's region with the lowest internet usage rates. Only 28.2% of Africans used the internet in 2019, compared to 82.5% of Europeans.

Their commitment to an EU-Africa digital economy partnership notwithstanding, the two regions face a series of challenges. For the EU, strengthening the digital single market is the primary challenge. The EU has to improve competitiveness and innovation to develop more European tech leaders and become less dependent on U.S. and Chinese technologies. Data protection and cybersecurity are two other challenges that have become increasingly important in response to online misinformation, which has potential ramifications for democracy and human rights. The need to use personal data in COVID-19 tracing has provided new challenges for the EU's data privacy agenda, given the strong support for privacy rights in many EU member states.

For Africa, key challenges include improving the physical and digital infrastructure, connectivity, access and interoperability, digital literacy and digital skills. Additional challenges are related to governance, weak or non-existent digital and innovation policies and the need to reform regulatory frameworks. Furthermore, fragmentation and a silo mentality within national governments, regional economic communities, and the AU underline the broader challenges facing digitalization across the continent. At the same time, improved interoperability and intra-African digital trade require the resolution of financial, taxation and cross border issues.

## Recommendations

The EU's D4D and geopolitical aspirations on digital transformation, and the AU's digital transformation strategy objectives are ambitious and should be lauded. But concrete actions are needed to meet these objectives—developing strategies and holding summits will not be enough. Strategic investments have to be boosted and finance needs to be mobilized to bring projects to financial close. National curricula have to be changed to ensure effective capacity building and skills development and new legal frameworks need to be written and implemented. In light of COVID-19, the AU and EU should take the following actions:

- A joint EU-AU effort should capture innovation and digital lessons learned throughout the crisis, with a detailed analysis on how things worked or did not work, and what incentives should be established to ensure that the digital transformation momentum is sustained.
- A process to share lessons learned should be mainstreamed into the regularly scheduled EU-AU summits.
- Strategic digital investment with target priority areas in a post-COVID-19 world should include deepening online commerce, supporting innovation and technology, and establishing norms and regulations on data privacy and security, particularly related to contact tracing.
- The EU and AU should jointly promote high impact investments and finance in D4D, DSM, data, and capabilities. This could follow a model similar to the Programme for Infrastructure Development in Africa (PIDA) championed by African Heads of State, which identifies a strategic pipeline of investments.<sup>3</sup>

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## About the Series

Policy experts and researchers from the [African Center for Economic Transformation \(ACET\)](#) and the [Development and Economic Growth Research Programme \(DEGRP\)](#), in partnership with [ODI](#), explore the critical role of innovation in Africa's recovery from COVID-19. Essays identify areas in which innovation can contribute to effective responses and offer high-level policy recommendations.

## Endnotes

1. For example, this essay is informed by work jointly undertaken by the African Center for Economic Transformation (ACET), the European Center for Development Policy Management (ECDPM), and the German Development Institute (DIE).
2. "[COVID-19: Ten Policy Priorities for Africa's Recovery, Growth, and Transformation](#)" (ACET, 2020).
3. The PIDA process is a good example of collaboration among African institutions, global and regional institutions, private sector and national governments to promote infrastructure investment.

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