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SUBJECT: - AfCFTA Framework Policy Brief Series

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Topic:

Strategic Blueprint: Powering Continental Digital Trade through Interoperable DPI and Broadband Infrastructure

Strategic Blueprint: Powering Continental Digital Trade through Interoperable DPI and Broadband Infrastructure

By

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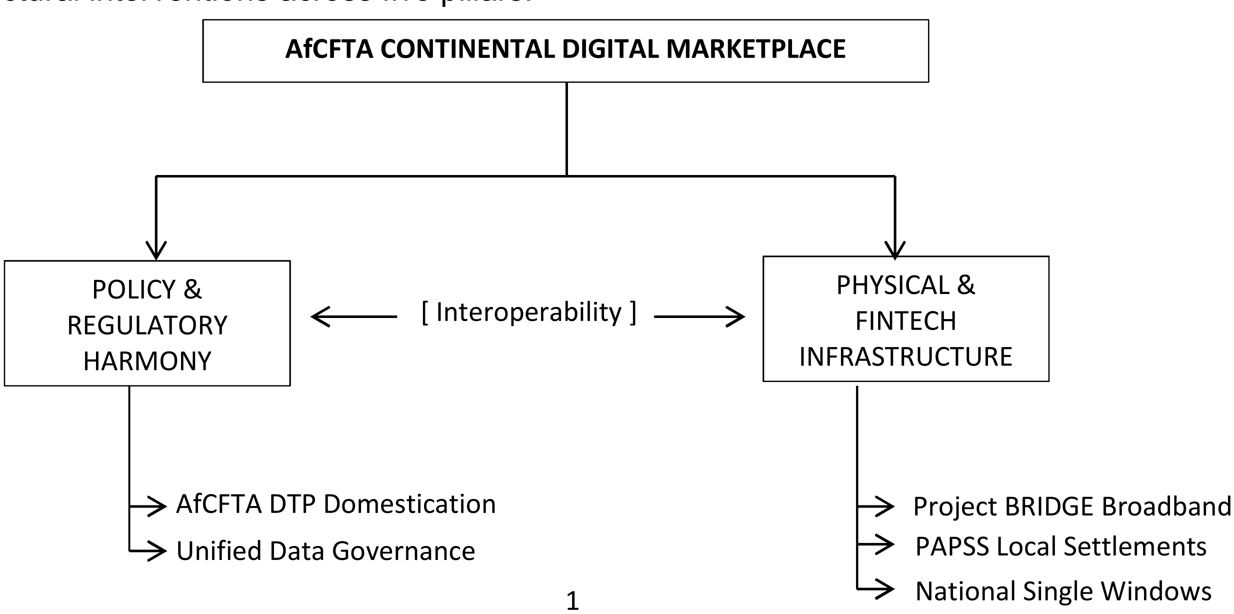
Executive Summary

The full realization of the African Continental Free Trade Area (AfCFTA) relies heavily on transforming physical trade barriers into secure, seamless digital channels. While the AfCFTA Protocol on Digital Trade (DTP) provides the regulatory foundation, African states must urgently bridge severe infrastructure, identity, and payment fragmentations.

Integrating robust **Digital Public Infrastructure (DPI)**, deploying open-access cross-border broadband backbones like **Nigeria's Project BRIDGE**, and scaling interoperable payment rails like the **Pan-African Payment and Settlement System (PAPSS)** can reduce trade costs by up to 25%. This blueprint details the required policy interventions, technical components, country case studies, and strategic recommendations needed to build a connected African digital economy.

I. Key Strategic Interventions Needed by African States

To achieve a unified digital market, member states must deploy coordinated policy and structural interventions across five pillars:



1. Regulatory Harmonization & Policy Implementation

- **AfCFTA Protocol on Digital Trade (DTP):** States must domesticate and enforce the DTP rules (finalized with annexes) to establish uniform frameworks for electronic transactions, digital signatures, and consumer protection [^1].
- **Data Governance Alignment:** Governments must align national laws with the AU Data Policy Framework, enabling secure cross-border data flows while safeguarding user privacy [^2].

2. Digital Infrastructure & Connectivity Expansion

- **Digital Public Infrastructure (DPI):** Deploying inclusive, public-interest software blocks—specifically digital identity, data exchange pathways, and payment systems—is critical to preventing market fragmentation.
- **Localized Cloud Hosting:** Public-private partnerships must drive the deployment of regional data centers to process commercial data locally, reducing latency and reliance on overseas infrastructure.

3. Integrated Digital Financial Systems

- **Cross-Border Multi-Currency Rails:** Central banks and commercial institutions must fully integrate into frameworks like PAPSS to eliminate external currency dependencies [^3].
- **Mobile Money Interoperability:** Standardizing retail Instant Payment Systems (IPS) enables micro, small, and medium-sized enterprises (MSMEs) to accept cross-border retail payments directly through mobile wallets.

4. Trade Facilitation & Smart Logistics

- **National Single Windows (NSW):** Trade ministries must replace paper-heavy border legacy platforms with unified digital portals to automate inter-agency data sharing [^4].
- **E-Logistics Integration:** Aligning digital marketplaces with tech-enabled supply chain companies ensures physical items seamlessly match electronic orders.

5. Capacity Building & Cybersecurity

- **Targeted Technical Talent:** Executing regional technology training programs ensures an adequate talent pipeline to build and manage regional platforms.
- **Joint Cyber Infrastructure:** Standardizing security protocols minimizes vulnerabilities across inter-linked cross-border settlement systems.

II. The Cross-Border Payment and DPI Nexus

The core engine driving digital trade is the interaction between cross-border payment platforms and national DPI layers. Historically, cross-border payments in Africa were limited by high transaction fees and complex foreign exchange conversions. However, targeted financial adaptations are optimizing trade corridors:

1. Scaling PAPSS for Settlement Efficiency

- **Local Currency Liquidity:** PAPSS allows buyers to clear payments in their native tender while sellers receive local currency instantly, bypassing intermediation through the US Dollar or Euro [^3].
- **Commercial Settlement Directives:** Backed by Afreximbank, commercial banks can settle financial obligations directly under unified clearinghouse guarantees, reducing transaction time from days to seconds [^5].

2. The ADAPT Blueprint

The AfCFTA Secretariat's **ADAPT Initiative** (*Africa Digital Access and Public Infrastructure for Trade*) serves as the pilot template for testing cross-border interoperability:

- **Pilot Geographies:** Nigeria, Kenya, and Morocco are running early deployments to synchronize live data exchange and automated documentation.
- **Reusable Corporate ID:** ADAPT links individual national registries so small enterprises possess a recognized, reusable corporate identity profile during cross-border clearance, resolving systemic trust deficits.

III. Country Case Studies: Driving Execution at Scale

Case Study 1: Nigeria's Trade Modernization Initiatives

Nigeria is actively executing institutional reforms to transition from paper-heavy processes to automated trade architectures:

- **Automated Border Workflows:** Through its unified National Single Window Portal, Nigeria aims to cut cargo clearance times from 21 days down to under 7 days via automated risk-based compliance [^4].
- **Customs Digitization:** The Nigeria Customs Service has deployed the *B'Odogwu* portal, ensuring digital tracking and revenue assurance along major regional corridors.
- **Macroeconomic and Digital Lift:** Recent trade data demonstrates that targeted digital service expansions can drive an 11.7% to 12.8% increase in GDP while growing intra-African trade volumes [^6].

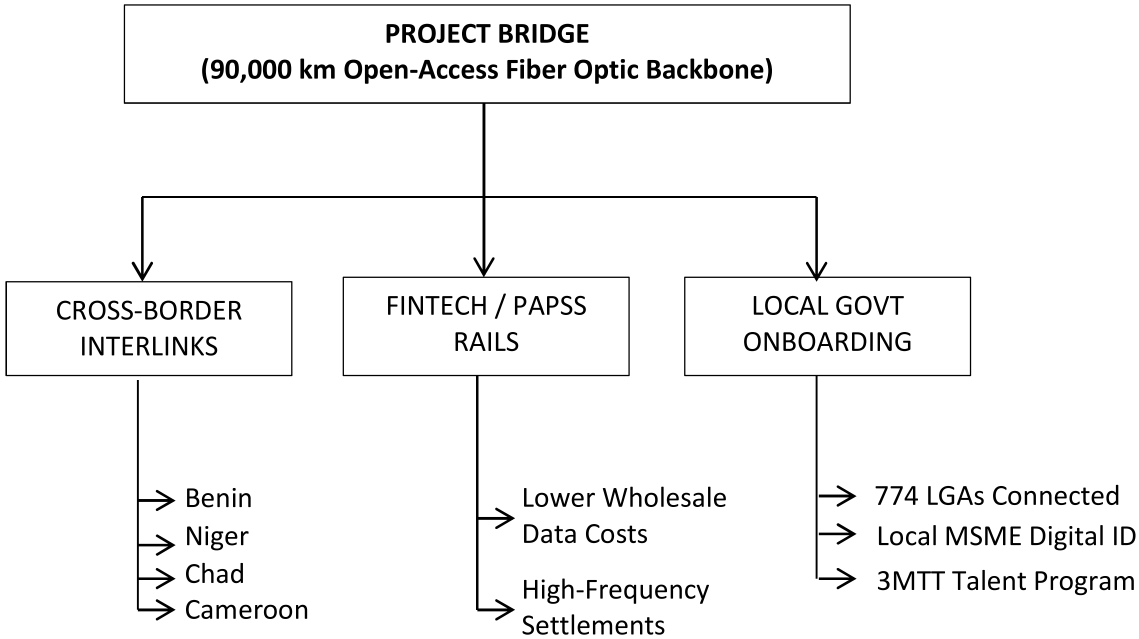
Case Study 2: Kenya's Integrated Trade Marketplace

Kenya leads East African digital trade integration by focusing on policy alignment and digital access:

- **KYC Integration:** Kenya maps its mobile money payment rails onto regional business profiles to ease onboarding for merchants.
- **Policy Leadership:** Via platforms like the Connected Africa Summit in Nairobi, Kenya spearheads regulatory passporting and intellectual property uniformity under the AfCFTA framework.

IV. Project BRIDGE: The Digital Trade Infrastructure Engine

Nigeria's **Project BRIDGE (Building Resilient Digital Infrastructure for Growth)** serves as a model for physical digital infrastructure under the AfCFTA framework [^7]. Backed by funding from the African Development Bank (AfDB) and the European Union's Digital Economy Package, this initiative deploys **90,000 kilometers of open-access fiber-optic cable** [^8] [^9].



Project BRIDGE acts as a physical catalyst within the digital trade ecosystem across four key functional dimensions:

1. **Cross-Border Interlinks:** The fiber network establishes physical terrestrial data lines connecting Nigeria to **Benin, Niger, Chad, and Cameroon**, forming a resilient regional network ring [^8].
2. **Lowering Fintech Operational Costs:** Operating under an open-access wholesale model managed by an independent Special Purpose Vehicle (SPV), Project BRIDGE drives down internet transit fees [^7]. This allows fintechs to execute high-volume, low-cost multi-currency liquidations via PAPSS.
3. **Powering E-KYC and Local Onboarding:** By dropping Points of Presence (PoPs) across **all 774 Local Government Areas (LGAs)**, the network allows rural MSMEs to complete biometric identity verifications, creating verification paths for trade.
4. **Human Capital Linkage:** The project provides foundational connectivity for talent accelerators, such as Nigeria's **3 Million Technical Talent (3MTT) program**, building the skilled workforce required to export digital services.

V. Strategic Matrix: Digital Trade Framework Comparison

Core Element	Primary Bottleneck	Strategic Solution	Expected Impact	Lead Example
Cross-Border Payments	Currency conversion friction; reliance on USD/Euro.	Scaling PAPSS local currency clearing models [^3].	Saves $5B annually in FX settlement charges; lowers fees to 5.8% [^6].	**PAPSS / Afreximbank**
Identity & Trust	Fragmented corporate identity and KYC systems.	Interoperable corporate IDs under the ADAPT Initiative.	Eliminates duplicative compliance verifications for MSMEs.	**ADAPT Pilots** (Nigeria, Kenya, Morocco)
Physical Data Transport	High data costs; rural infrastructure deficits.	90,000 km open-access fiber backbone networks [^7].	Interconnects regional trade zones; reduces data costs for ISPs.	**Project BRIDGE** (Nigeria)
Customs Clearing	Paper-heavy customs processes and border delays.	Deploying digital National Single Windows (NSW) [^4].	Reduces transit cargo clearance time from 21 days to under 7 days.	**B'Odogwu Portal** (Nigeria Customs)

VI. Conclusion

The future of African commerce relies on unified digital infrastructure. Isolated national developments create digital fragmentation that restricts cross-border trade. By linking large-scale physical infrastructure projects like **Project BRIDGE** with interoperable financial networks like **PAPSS** and the regulatory guidelines of the **AfCFTA Digital Trade Protocol**, African nations can build an integrated economic market. These combined steps provide the necessary speed, scale, and access to lift millions of merchants into the formal continental trade ecosystem.

VII. Actionable Recommendations for African Policy Makers

1. **Accelerate Domestic Integration of the AfCFTA DTP:** Member states must rapidly integrate the AfCFTA Digital Trade Protocol into national legislation to establish clear, predictable legal rules for e-commerce, electronic contracts, and digital signatures.

2. **Mandate Commercial Bank Integration into PAPSS:** Central banks should implement regulatory directives that require commercial banks and fintech platforms to integrate directly into PAPSS, increasing local-currency payment options for small businesses.
3. **Replicate Open-Access Broadband Frameworks:** Regional economic blocks (such as ECOWAS and EAC) should use Nigeria's Project BRIDGE as a blueprint to build cross-border, open-access fiber links that lower wholesale connectivity costs.
4. **Deploy Unified Corporate Digital Identity Systems:** States should work through the ADAPT framework to build interconnected business registries, enabling mutual recognition of trade credentials across borders without redundant compliance checks.
5. **Launch National Digital Trade Awareness Campaigns:** Because a high percentage of small firms remain unfamiliar with continental trade protocols, ministries of trade must partner with chambers of commerce to educate MSMEs on digital customs portals, cross-border payments, and regional consumer rights.

Endnotes References

[^1]: Overseas Development Institute (ODI). *Implementing the Digital Trade Protocol of the AfCFTA*.

[^2]: African Union. *Digital Transformation Strategy for Africa (2020-2030) & Data Policy Framework*.

[^3]: Pan-African Payment and Settlement System (PAPSS). *Official Operational Architecture and Local Currency Clearing Mechanisms*.

[^4]: Federal Ministry of Industry, Trade and Investment (FMITI), Nigeria. *National Single Window Automation and Trade Facilitation Milestones*.

[^5]: Afreximbank. *Afreximbank Chief Pushes PAPSS Adoption to Cut Africa's Dollar Dependence*.

[^6]: African Union / Afreximbank. *African Trade Report: Driving Macroeconomic Performance through Digitalization*.

[^7]: Federal Ministry of Communications, Innovation and Digital Economy (FMCIDE), Nigeria. *Project BRIDGE: Building Resilient Digital Infrastructure for Growth Technical Overview*.

[^8]: African Development Bank (AfDB). *African Development Bank Group Approves $200 Million for Nigeria’s Digital Value Chain Infrastructure Project BRIDGE*.

[^9]: European Union Delegation to Nigeria and ECOWAS. *EU Digital Economy Package Grant and EBRD Financing for Nigeria's Nationwide Fibre Rollout*.