



FONDATION POUR LES ÉTUDES  
ET RECHERCHES  
SUR LE DÉVELOPPEMENT  
INTERNATIONAL



# ACFTA and ASEAN: Some comparisons

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# Why Compare AfCFTA and ASEAN

- 2 regions engaged in Regional Integration Arrangements (RIA)  $\approx$  for 50 yrs
- AfCFTA and ASEAN, respectively, regional RIAs with the largest memberships
- AfCFTA: 55 members; GDP  $\approx$  \$3T; avg GDP/cap  $\approx$  \$2k
- ASEAN: 10 members; GDP  $\approx$  \$3.7T; avg GDP/cap  $\approx$  \$5k
- About the same market size, but ASEAN GDP/cap is over twice that of AfCFTA's

## COMPARE 2 ASPECTS

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- **Market integration** is about reducing trade costs, some imposed by geography (landscape, borders not corresponding to ethnicities, especially across Africa), some by policy choice (tariffs and NTBs)
  - (1) **Policy challenge:** Remove policy-imposed costs ----
- **Regional Public Goods** (RPGs: Goods, services, policy regimes with cross-border spillovers that are non-rival, non-excludable)
  - RPGs are not provided by the market
  - (2) **Policy Challenge:** How to provide them
- Both tough challenges, but (1) releases resources while (2) requires resources

→ Current turbulences in WTS are

- (a) Distorting markets, slowing integration
- (b) Weakening trust needed to provide RPGs

# Examples of cross-border externalities (slides 5-8) & Implications for RECs and ROs (slides 9-10)

Order of next slides and number in brackets

AFCFTA/ASEAN indicators (Markets) [4]

RPGs indicators: Ratification & financing [5]

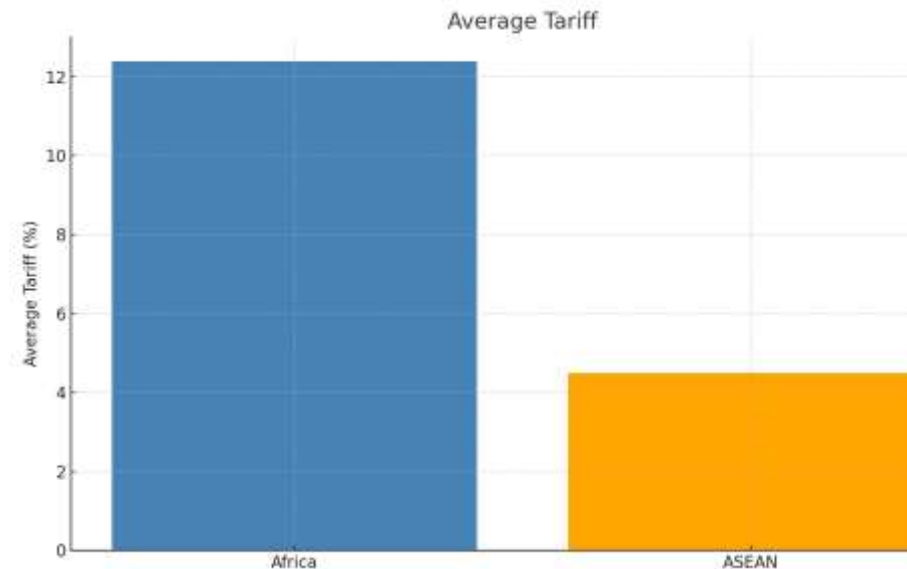
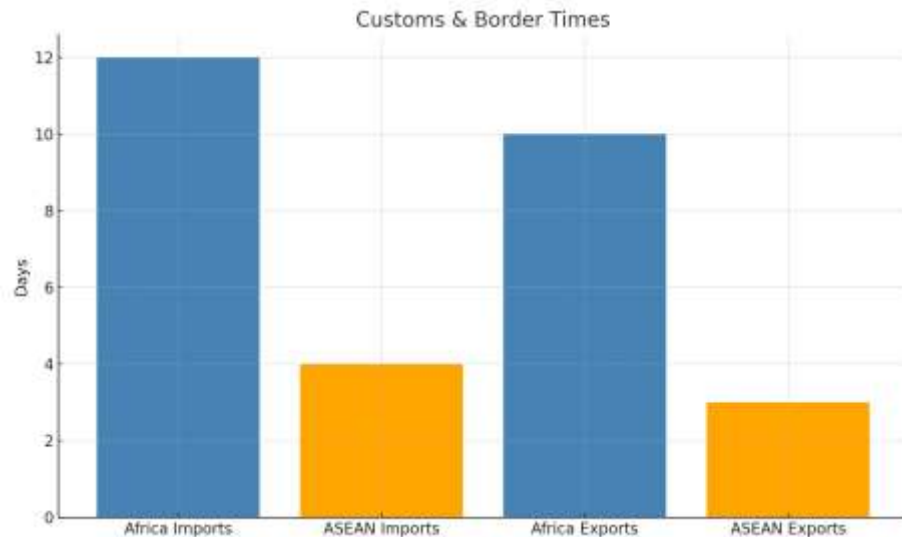
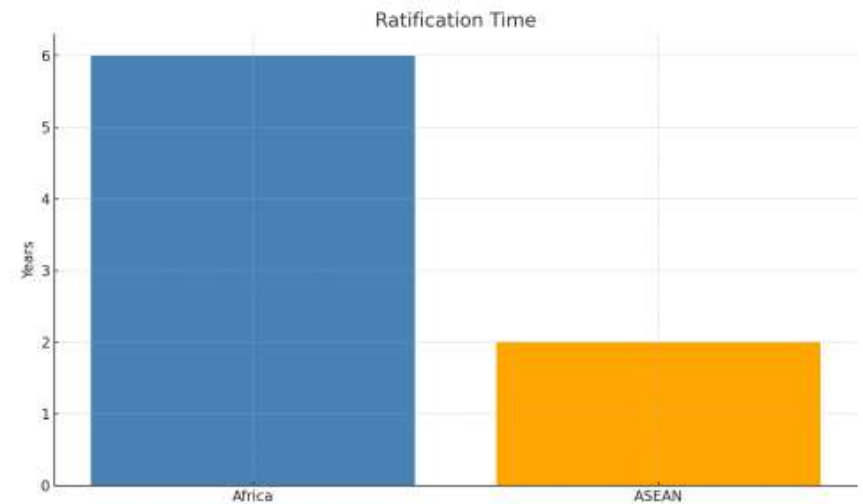
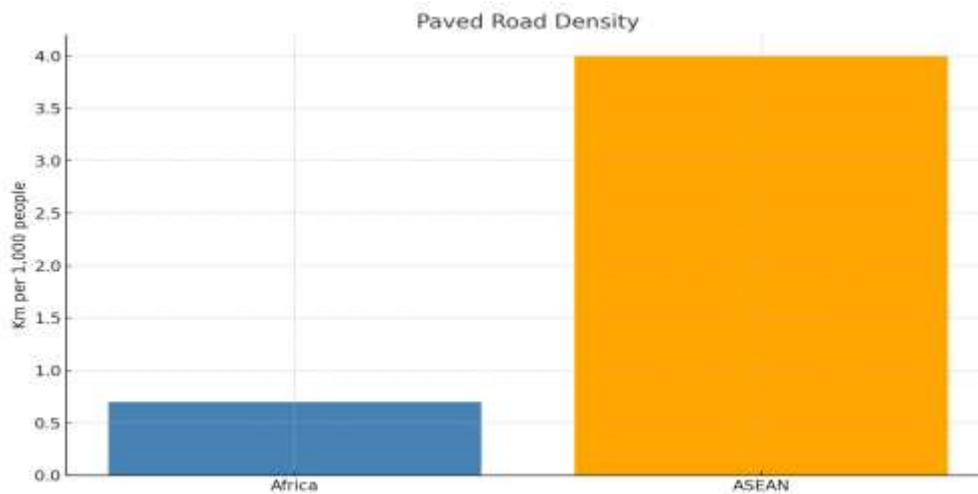
Transborder externalities (1): River basins; coastal-landlocked [6]

Transborder externalities (2): Diseases, fires [7]

Regional Economic Communities (RECs) & Regional Organizations (ROs)memberships [8]

The Crisis of Implementation in ROs : Capability traps [9]

# AFCFTA/ASEAN indicators (Markets)

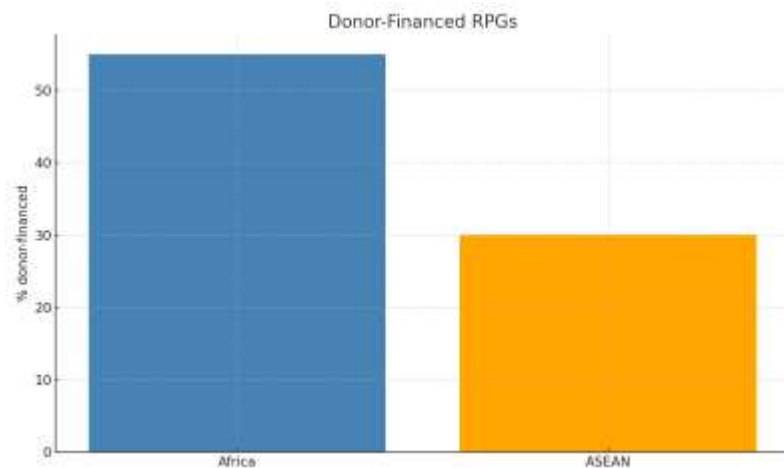
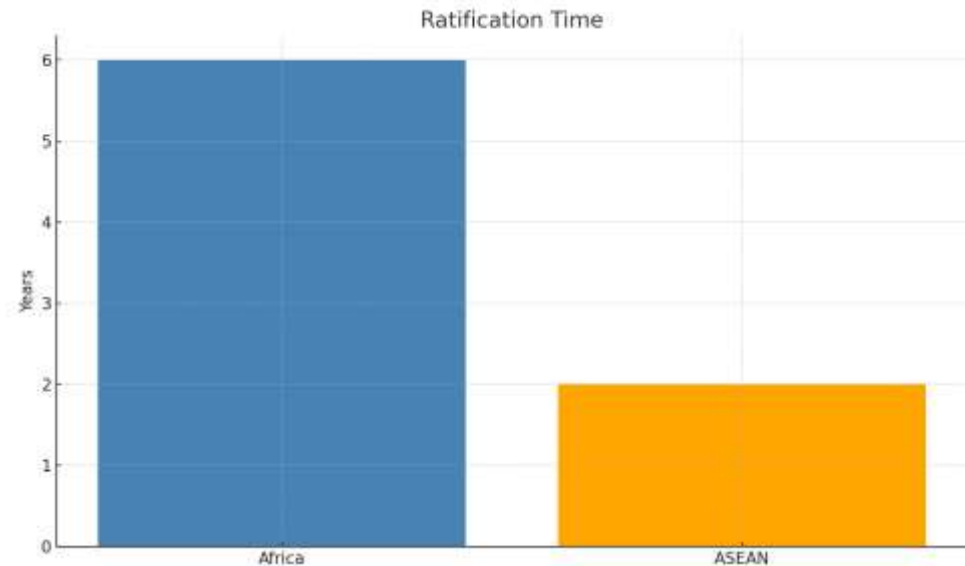


Africa: Paved road density ~0.7 km/1,000 people ASEAN: ~4 km/1,000 people

# RPGs indicators: Ratification & financing

African countries urged to adopt “best practice” models → Capability traps =delays & non-delivery of RPGs

ASEAN: Bottom up projects often conceived at country level



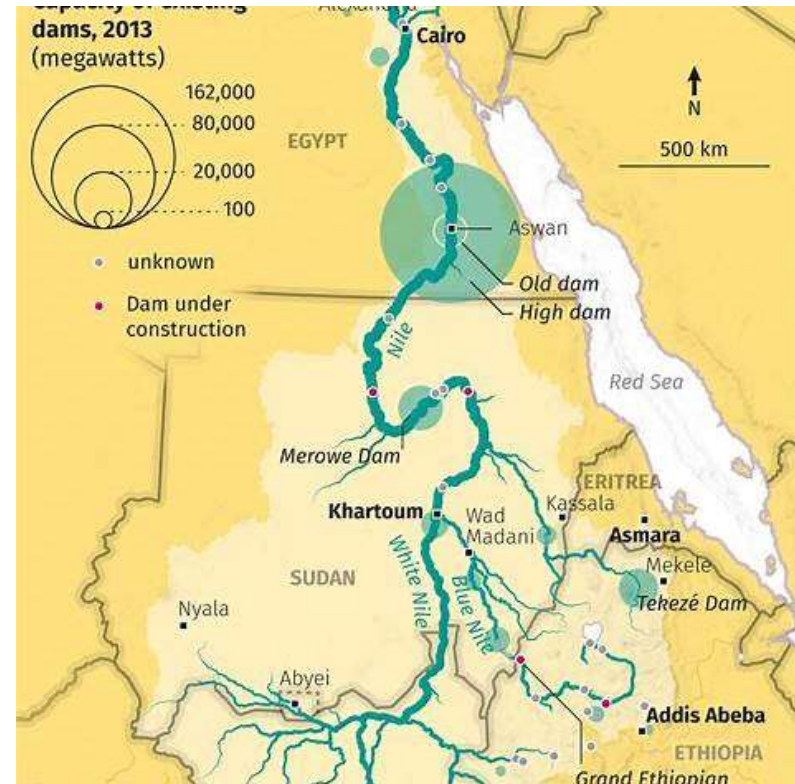
Africa: >50% donor-financed

ASEAN: Majority domestically or jointly financed, better incentives, more trust.

Smaller membership & strong middle powers (Singapore, Thailand) ease burden-sharing

# Transborder externalities (1): River basins, coastal-landlocked

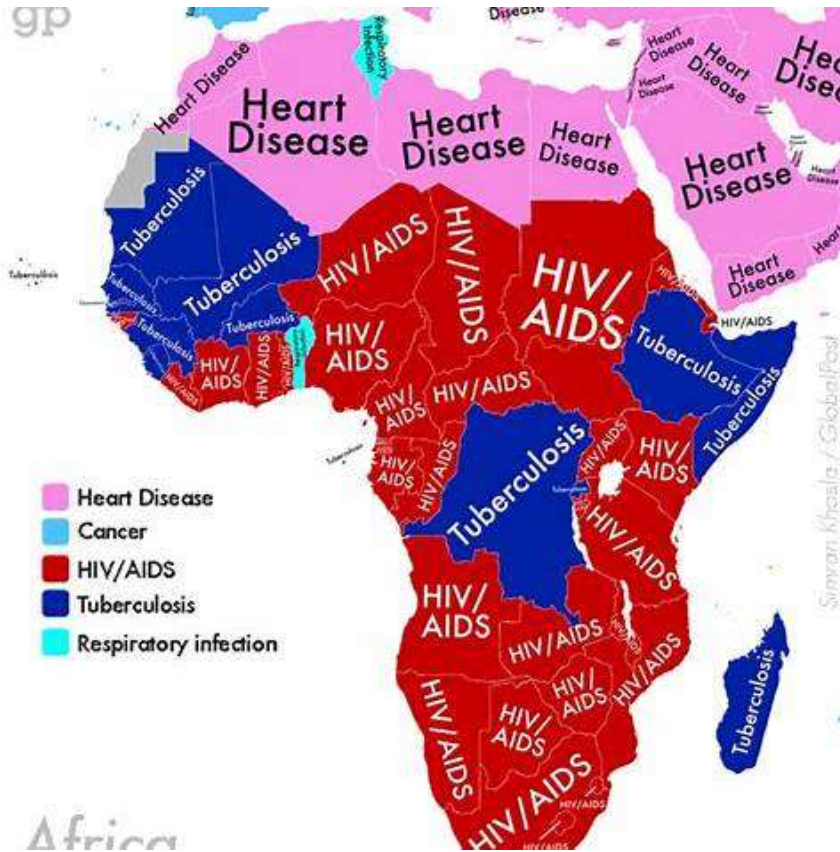
## Dams along Mekong and Nile basins: Upstream-downstream conflicts (GERD not shown)



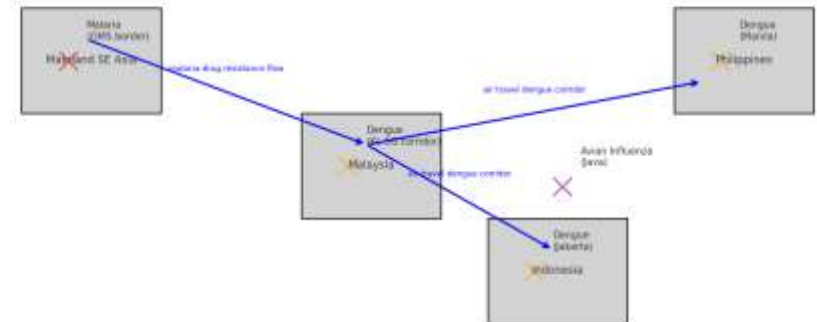
One-way externalities: (dams upstream-downstream). Haze from fires in Indonesia associated with deforestation → haze falls on Singapore-Malaysia = one-way externality

Two-way externalities (LL. vs. Coastal) ACFTA: 16 Landlocked (LL) ([17] with DRC) countries in Africa. GDP share (13%; [42%]). ASEAN: 1 (Laos). GDP share (0.004% )

## Transborder externalities (2): Diseases, fires

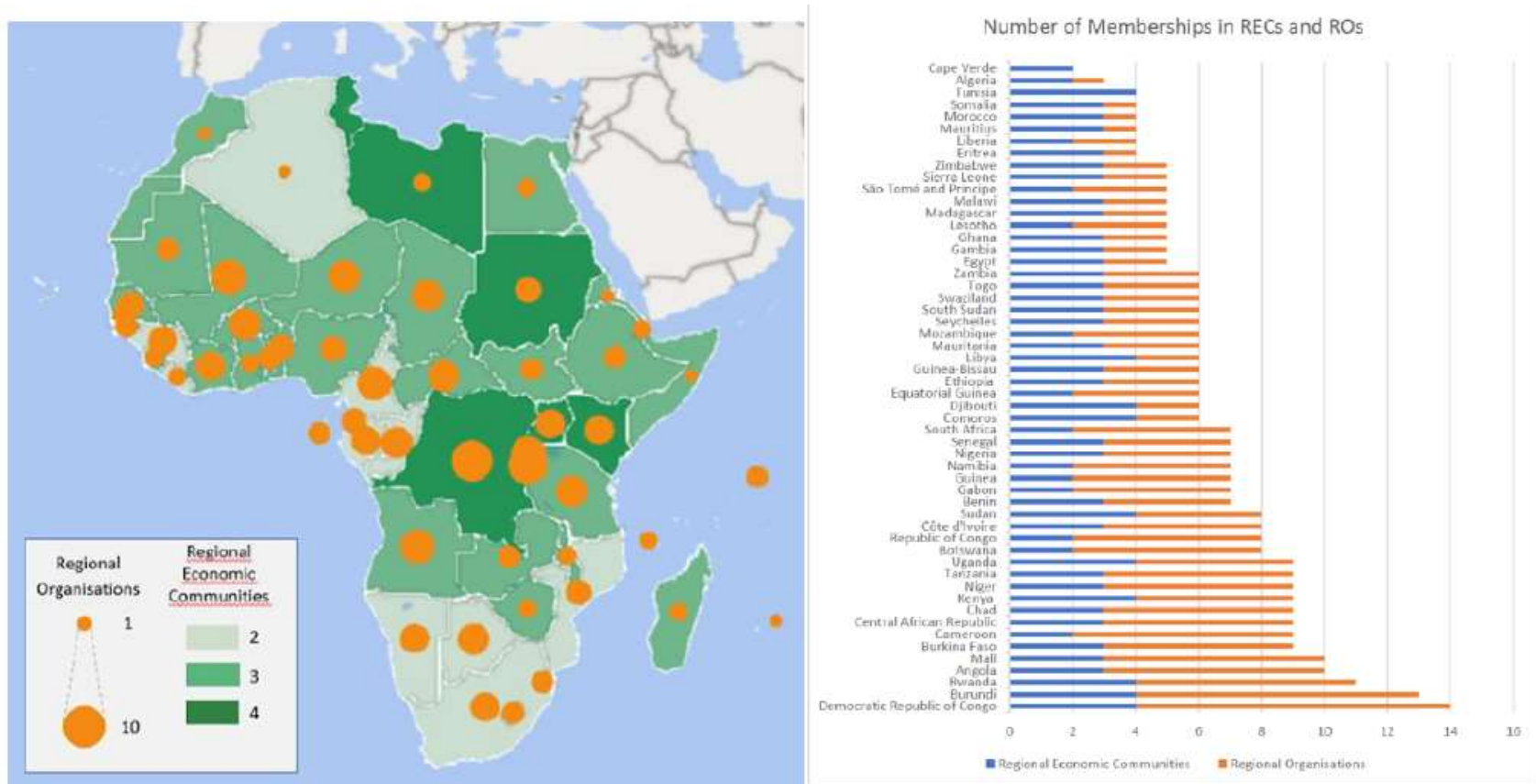


Schematic Infectious Disease Map — ASEAN



- Diseases (misinformation) spread ever more rapidly with expanded travel (communication).
- Africa's fragmented political landscape (many small countries with many artificial borders) that mechanically increase spillovers and interdependencies requiring more cooperation

# Memberships in Regional Economic Communities (RECs) and Regional Organizations (ROs)



## Multiple cross-border externalities require specialized ROs. ...

- RECs (8 in Africa) have their place, but set up guided by colonial powers (Nigeria in ECOWAS as counterweight to French-speaking countries) rather than by economic considerations. Of the eight AU-recognized RECs, the DRC is a member of COMESA, SADC, and ECCAS (figure 3). Different regions of the DRC are economically integrated with different neighbouring countries and regional blocs.
- ROs. Landlocked countries with artificial boundaries have the largest participation in ROs (Democratic Republic of Congo (13), Burundi (11), and Rwanda (10). Countries with the least artificial have fewer memberships (Cape Verde (1), Algeria (2), and Tunisia (4).

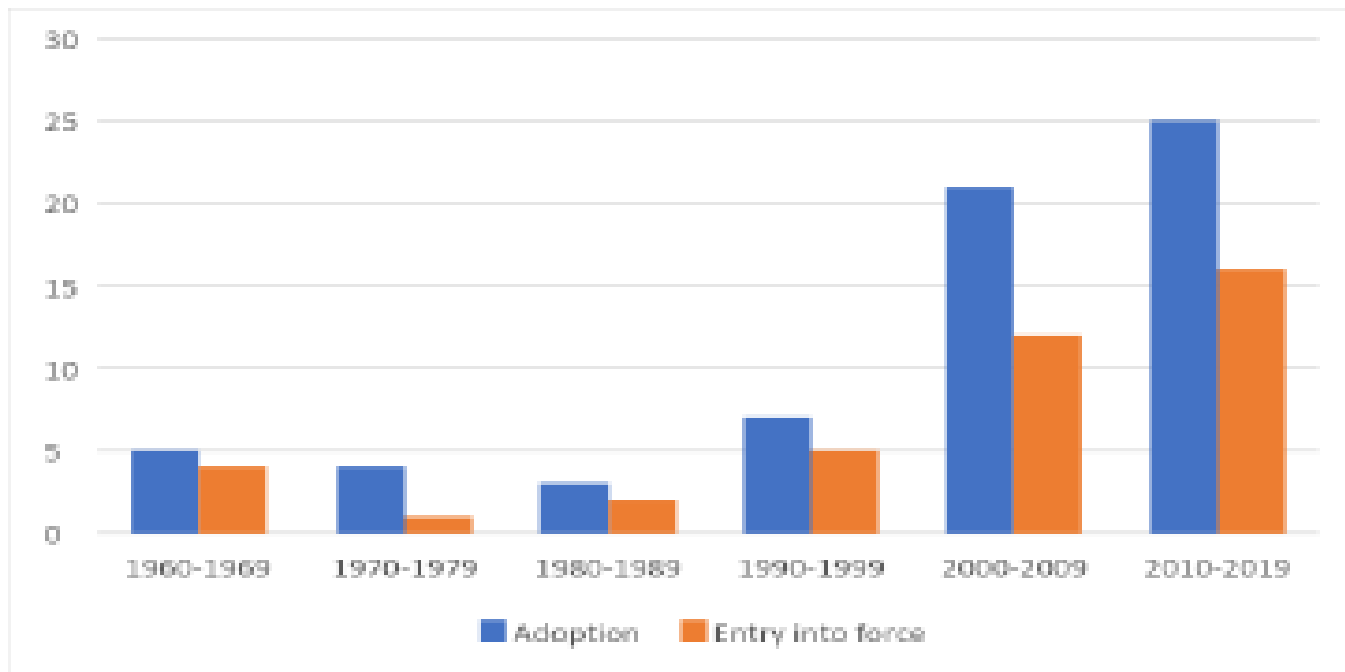
**..but spillover/benefits of regional cooperation do not always correspond to geography of ROs overseeing them**

# The Crisis of Implementation in ROs : Capability traps

The wide interdependence (cross-border externalities) justifies the many ROs but there is a significant gap between the signing of treaties and their entry into force.

- Growing number of treaties every decade, a sign of maturing countries and of growing attempts to jointly manage interdependencies.
- For Mutual Recognition Agreements (MRAs) average time to ratification is 6 years for Africa, 2 for ASEAN
- Growing gap between signing and entry into force: “crisis of implementation” and a moratorium on new Regional Organizations (ROs).
- African countries were urged to adopt “best practice” models → Capability traps (discussed in Andrews et al.). At the regional level, premature load-bearing involves cooperation among multiple actors

**Figure 1 Number of continental treaties adopted and entered into force per period**



# Challenges & Policies to accelerate Market Integration

## Current policy indicators

NTM notifications: AFRICA: Few notifications; ASEAN: NTMs ~8,237 (2015) to ~9,502 (2018); ~70% TBT/SPS

Applied Tariffs: ASEAN average ~ 4-5%; Africa average ~ 12.4%

Rules of Origin (RoO) : More complicated (and more restrictive) in AFCFTA than in ASEAN

Order of next slides and number in brackets

Challenges: Ethnic & linguistic fragmentation are brakes on market integration [11]

Market integration (1) High trade Costs: Virtuous and vicious cycles [12]

Market integration (2): high applied tariffs on inter-REC trade [13]

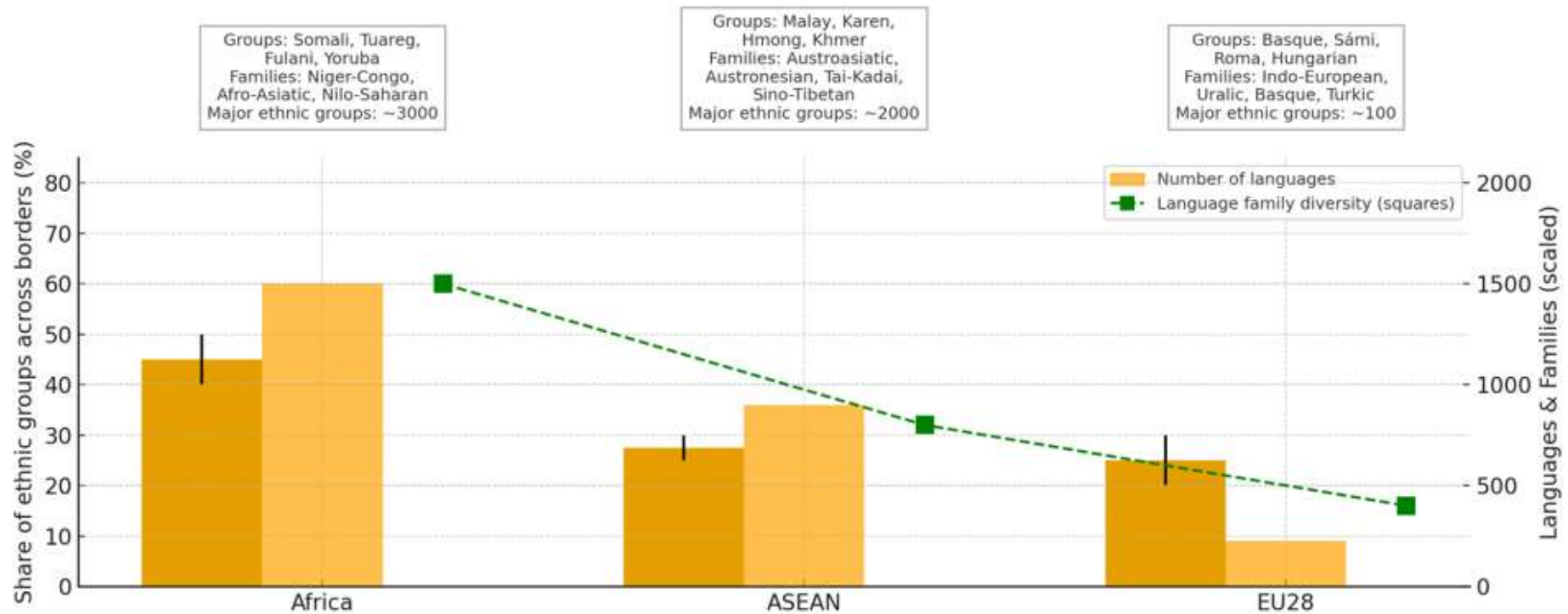
Market integration (3): Restrictive RoO in AFCFTA [14]

Market integration ASEAN (5): Low tariffs, business-friendly ROO

‘Made in Asia’ vs. ‘Made elsewhere’ [16]

# Challenges: Ethnic & linguistic fragmentation are brakes on market integration

ACFTA (54), ASEAN (10), EU (28)



Yellow bars: Number of languages/dialects EU(~300)

Orange bars: Share of cross-border ethnic groups (ranges shown as error bars)

Squares: Number of family diversity

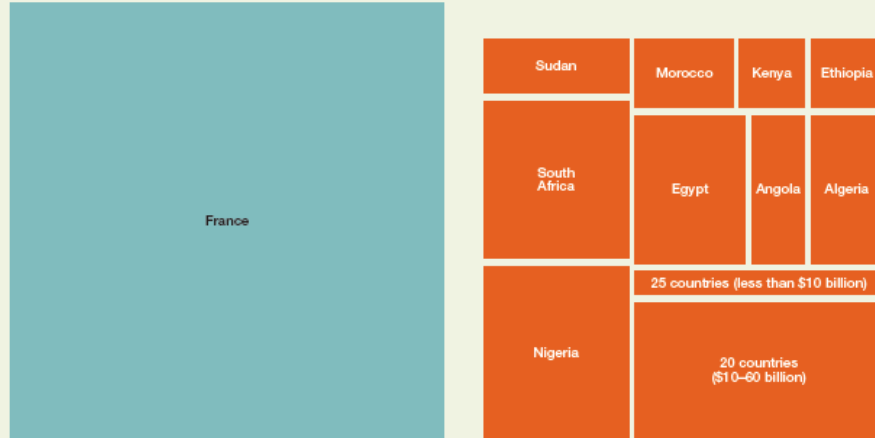
## Cross-country evidence:

- Sharing a common language increases bilateral trade by 30-60% (Melitz & Toubal (2014)).
- Ethnic diversity increases conflict. Over 835 African ethnicities, conflict intensity is 40% higher, the conflict duration 50%-60% higher and the likelihood of conflict 8% higher in homelands of partitioned groups-- i.e. those 28% tribes with at least 10% of their homeland in more than one country-- (Michalopoulos and Papaioannou 2016).

# Market Integration (1) : AFCFTA's markets are segmented

- Very small markets → trade necessary to realize economies of scale
    - Inter-REC trade less than 1% of GDP (except CEMAC and ECOWAS).
- Data is average (2010-2018)

FIGURE 3.10 Africa's economy, with many small markets, is smaller than France's



Source: Data from IMF; IEA analysis.

Note: Size is GDP measured in 2011 purchasing power parity US dollars.

|         |           |       |        |          |          |        |           |
|---------|-----------|-------|--------|----------|----------|--------|-----------|
| 0.883   | 0.046     | 0.067 | 0.232  | 0.135    | 0.077    | 18.897 | AMU+EGY   |
| 0.171   | 2.708     | 0.095 | 1.198  | 0.004    | 1.548    | 34.37  | CEMAC+STP |
| 0.116   | 0.031     | 2.308 | 0.029  | 0.225    | 2.029    | 6.889  | EAC       |
| 0.061   | 0.155     | 0.011 | 1.569  | 0.004    | 1.053    | 14.39  | ECOWAS    |
| 0.37    | 0.001     | 0.034 | 0.02   | 0.525    | 0.018    | 5.66   | IGAD-EAC  |
| 0.095   | 0.05      | 0.716 | 0.313  | 0.034    | 5.809    | 26.163 | SADC-COD  |
| AMU+EGY | CEMAC+STP | EAC   | ECOWAS | IGAD-EAC | SADC-COD | ROW    |           |

Why? High trade costs due to geography and trade stifling policies

Notes: REC (Regional Economic Community). RECs are defined to exclude multiple membership. EAC countries export on average 2.3% of GDP to other EAC members and 6.8% to Rest-of-the-world (ROW) and less than 1% to other RECs !.

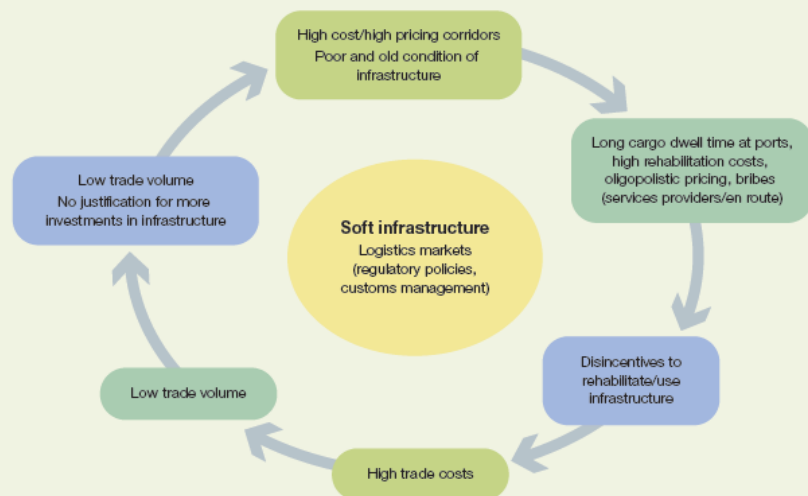
Source: Krantz and D. Beltekian (2025, figure 4)

# Market integration (2) High trade Costs: Virtuous and vicious cycles

The curse of population parsity on road density and of composition of coastal-LL membership

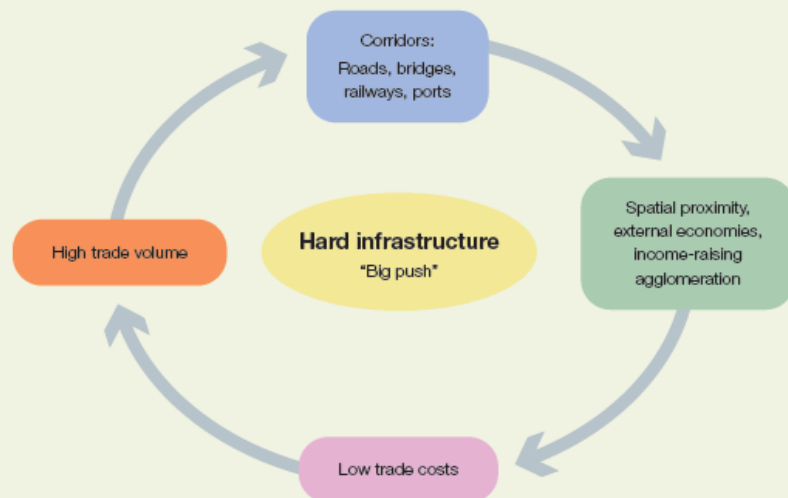
- Africa (pop. Density 55km<sup>2</sup>; Paved road density ~0.7 km/1,000p.
- ASEAN:(pop. Density 156km<sup>2</sup>) paved road density ~4 km/1,000p.

**FIGURE 3.9** Unfriendly soft infrastructure explains why transport costs are so high in Africa



Source: African Economic Outlook team.

**FIGURE 3.8** Investments in hard infrastructure increase trade and make further investment profitable



Source: African Development Bank staff.

Virtuous circle: Investment in new hard infrastructure reduces trade costs, improve connections across cities, accelerates urbanization, and encourages market integration

Vicious circle. Trade costs due to poorly functioning logistics markets are likely a greater barrier to trade than tariffs and NTMs combined.

# Market integration (3): high applied tariffs on inter-REC trade

Table: Average bilateral Tariffs (in %) across African regions and individual trading partners

| Export<br>Import |           | South         |          | East |         | Central                   |           | West   | North | EU                             | USA | China | MFN |
|------------------|-----------|---------------|----------|------|---------|---------------------------|-----------|--------|-------|--------------------------------|-----|-------|-----|
|                  |           | SACU          | Non-SACU | EAC  | Non-EAC | CEMAC                     | Non-CEMAC | ECOWAS |       |                                |     |       |     |
| South            | SACU      | 0             | 1        | 6    | 8       | 8                         | 4         | 8      | 8     | 3                              | 8   | 8     | 8   |
|                  | Non-SACU  | 2             | 2        | 3    | 4       | 10                        | 6         | 10     | 8     | 7                              | 10  | 10    | 10  |
| East             | EAC       | 6             | 1        | 0    | 3       | 13                        | 8         | 13     | 10    | 13                             | 13  | 13    | 13  |
|                  | Non-EAC   | 15            | 8        | 7    | 10      | 16                        | 14        | 16     | 13    | 16                             | 16  | 16    | 16  |
| Central          | CEMAC     | 17            | 17       | 17   | 17      | 1                         | 17        | 17     | 17    | 17                             | 17  | 17    | 17  |
|                  | Non-CEMAC | 10            | 10       | 10   | 10      | 10                        | 10        | 10     | 10    | 10                             | 10  | 10    | 10  |
| West             | ECOWAS    | 12            | 12       | 12   | 12      | 12                        | 12        | 4      | 12    | 11                             | 12  | 12    | 12  |
| North            |           | 13            | 9        | 9    | 6       | 13                        | 13        | 13     | 2     | 8                              | 12  | 13    | 13  |
| EU               |           | 0             | 0        | 0    | 0       | 1                         | 0         | 0      | 1     | 0                              | 5   | 5     | 5   |
| USA              |           | 1             | 1        | 1    | 1       | 1                         | 1         | 1      | 2     | 4                              | –   | 4     | 4   |
| China            |           | 9             | 5        | 4    | 1       | 6                         | 6         | 5      | 9     | 11                             | 11  | –     | 11  |
|                  |           | Customs Union |          |      |         | FTA between all countries |           |        |       | FTA between selected countries |     |       |     |

Note: The figure shows bilateral (unweighted) average tariffs between African regions and with individual selected trading partners. Tariff data describe the year 2017, trade agreements include all those notified to the WTO (as of date: September 9, 2021).

- Intra-regional (REC) tariffs usually low, but tariffs across regions close to MFN so much on the table !
- Intra-North tariff is (2%) but North-West ECOWAS (13%=MFN tariff) & West-North (12%=MFN tariff)
  - Intra-East (0% or 3%) but East to central or West is close to MFN (13% or 16%)

# Market integration (4): AFCFTA RoO are restrictive

After 6 years of negotiations, in March 2025 7% of TLs yet to be agreed (5600 tariff lines)

Among agreed, 17% Wholly Obtained (WO), 3.7% Specific Process (SP). Choice for 37% of TLs



RoO more restrictive in highly protected sectors (correlations for negotiations in 2021).  
See discussion in Gourdon et al. (2021)

# Market integration ASEAN (5): Low tariffs, business-friendly ROO

Average MFN tariffs are close to zero across ASEAN members but high on sectors like food and beverages, textiles and apparel, footwear and vehicles (not shown)

For Indonesia, Philippines, Vietnam, MFN tariffs often in 10%-20% in sensitive sectors. Large within-sector differences in MFN tariffs, necessitate RoO to prevent transshipment w/n FTA from low to high tariff members.

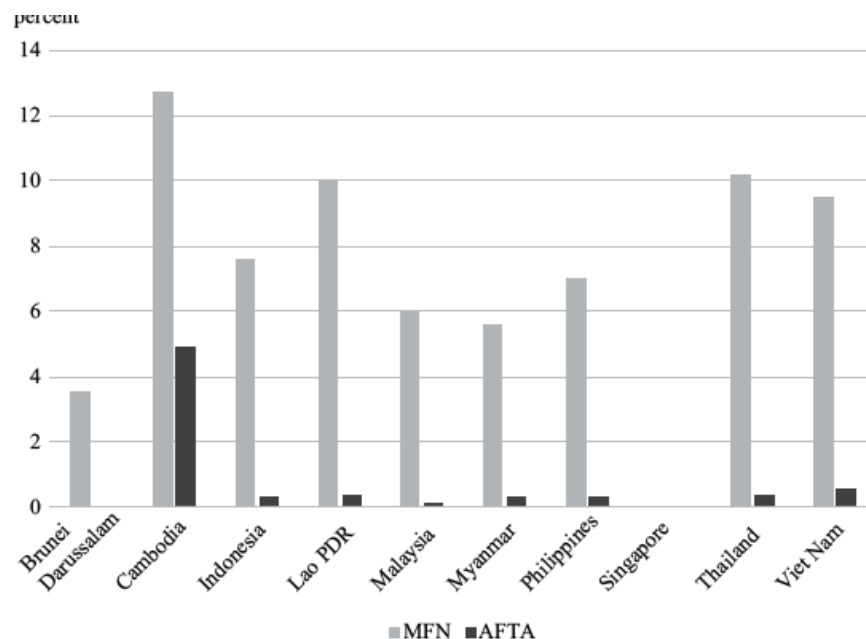


Figure 7.3 ASEAN Member States' MFN and Preferential Average Tariffs.

Note: Brunei Darussalam, Cambodia, Indonesia, Malaysia and the Philippines use 2015 data. The rest use 2017 data.

## Distribution of Product-Specific RO (PSRs) (percentage of HS6 TLs in parentheses)

RVC40 (16.5%);

RVC40 or CC (4.2%)

RVC40 or CTH (37.4%)

RVC40 or CTS (6.%)

RVC35 or CTS (16.8%)

CC (3.2%)

CTH +RQT (2.1%)

WO (3.1%)

OTHER (10.7%)

ASEAN: Choice of ROO on 64% of TLs

AFCFTA. Choice of ROO on 17% of TLs

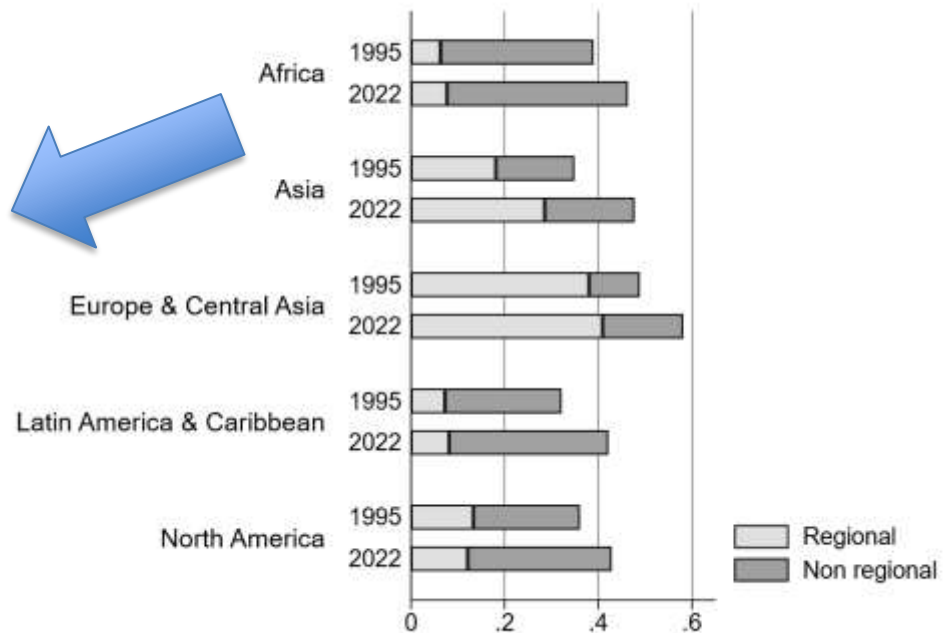
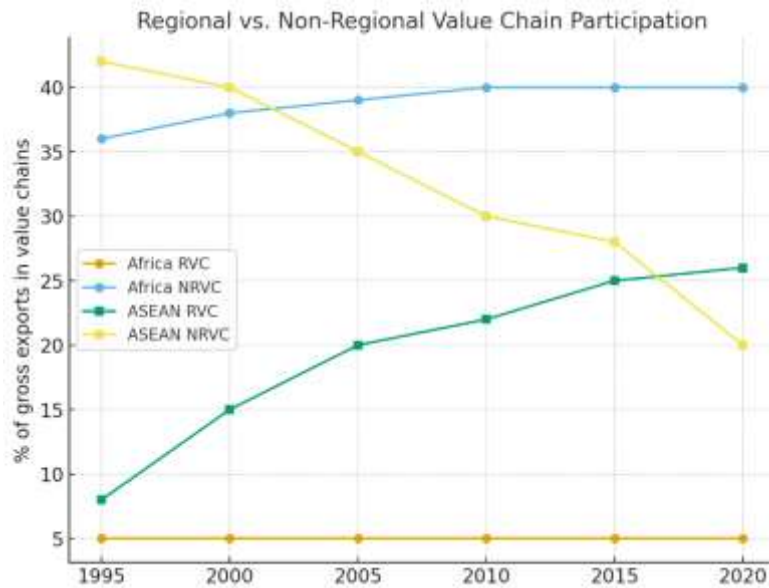
Fewer WO rules in ASEAN (3.1%) than in AFCFTA (17%)

Gourdon et al. (2023) estimate that a radical simplification reform towards flexible PSRs providing alternative choices to prove origin would have increased global trade under 128 PTAs on average by between 2.7 and 4%.

→ ASEAN RoO in ASEAN are 'business friendly'; in AFCFTA RoO are 'business-owned'.

# Regional production networks in ASEAN and AfCFTA

## ‘Made in Asia’ vs. ‘Made elsewhere’



- Over 1995-2022, Asia region (here excluding China and India) turned towards regional supply chains (“made in Asia”) while Africa’s supply chains grew faster with countries outside the region (“made elsewhere”).
- “Made in the world” is coming to an end. Can AfCFTA help move towards a “made in Africa”? For this to happen supply chains will have to develop with partners within the region (i.e. African trade partners). Happened in ASEAN but has not yet started in Africa.
- To reverse trend and move to ‘made in Africa’, reductions in trade barriers to intra-African trade will have to go beyond reducing tariffs to include reduction in NTBs and less restrictive ROO in Africa (comparison with ASEAN in previous slide)

# What are Regional Public Goods (RPGs)?

- **RPG definition:** Goods, services, or policy regimes with cross-border spillovers that are non-rival & non-excludable.
- Challenge: No supranational authority → requires collective action

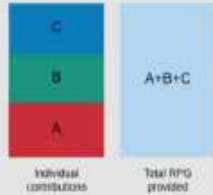
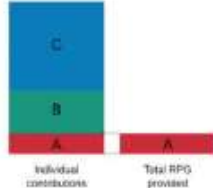
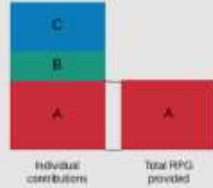
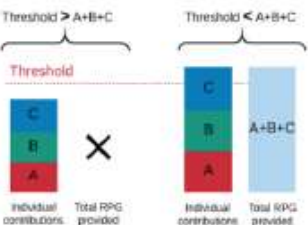
Examples (some illustrated in slides):

- - Cross-border infrastructure (roads, power grids—see above slides on cross-border externalities (river basins, infectious diseases)).
- Difficult to identify the domain of jurisdiction.
- - Peace & security frameworks
- - Regional trade & dispute settlement bodies (very little usage at ASEAN and still under negotiation at AFCFTA)
- Cross-border spillovers are more pervasive in AFCFTA than in ASEAN

Order of next slides and number in brackets

Characteristics of RPGs: implications for the design of appropriate mechanisms [19]  
RPG supply requires aligning funding mechanisms with characteristics & incentives [20]  
African RPGs: Challenges [21] ASEAN RPGs: Some successes [21]  
Takeaways (1) Market integration: Reduce trade costs [22]  
Takeaways (2): For RPGs, escape the capability trap [23]

# Characteristics of RPGs: Implications for designing appropriate supply mechanisms

| Technology                                                                                                                                                                                                                                                          | Examples                                                                                  | Illustration                                                                          | Characteristics and implications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Summation</b><br><br>The total provision of a public good is the sum of individual contributions, regardless of consumption patterns<br><br><i>Weighted sum</i><br>Occurs when efforts of some countries weigh more on the total provision of the public good | reducing greenhouse gas emissions;<br>combating desertification; water quality monitoring |    | <b>Characteristics</b> <ul style="list-style-type: none"> <li>Free-riding is a common problem, as countries can rely on others to provide benefits they can freely derive</li> <li>Prisoners dilemma occurs if incentives to contribute are not equally spread</li> </ul> <b>Implications</b> <ul style="list-style-type: none"> <li>Regional organisations can seek to work where there is substantial traction</li> <li>Subregional groups can drive RPG provision and early investment</li> </ul>                                                                                                                             |
|                                                                                                                                                                                                                                                                     | flood control in shared river basins;<br>construction of shared energy infrastructure     |    | <b>Characteristics</b> <ul style="list-style-type: none"> <li>Some countries actions will weigh more on the provision of the good than those of others. (e.g. upstream countries will have a greater impact on floodign than those of downstream countries)</li> <li>Countries with larger impact may be incentivised to act</li> <li>Minor impact countries may be difficult to incentivise, reducing overall efficiency</li> </ul> <b>Implications</b> <ul style="list-style-type: none"> <li>Monitoring is key to assess countries' weighted contributions</li> <li>Resources can be targeted according to impact.</li> </ul> |
| <b>2. Weakest link</b><br><br>The total provision of an RPG is limited to the smallest contribution made                                                                                                                                                            | Regional transport corridors                                                              |    | <b>Characteristics</b> <ul style="list-style-type: none"> <li>Efficiency of provision depends on all countries contributing commensurate to their endowments</li> <li>Problems arise when one country cannot afford or fails to contribute (e.g. one traffic breakdown will slow down an entire transport corridor.)</li> </ul> <b>Implications</b> <ul style="list-style-type: none"> <li>Efforts can be focused on weakest link(s)</li> <li>Contributors can exert pressure/support weakest link(s) to perform</li> </ul>                                                                                                      |
| <b>3. Best shot</b><br><br>Provision of an RPG equals the most significant contribution made                                                                                                                                                                        | Regional conflict resolution mechanisms; technological advancement                        |   | <b>Characteristics</b> <ul style="list-style-type: none"> <li>The most significant contribution defines the level of provision; others weigh less on the outcome</li> <li>Hegemony often plays a role; coordination can be difficult if there are multiple contenders, or none at all</li> </ul> <b>Implications</b> <ul style="list-style-type: none"> <li>Targeting resources to 'best-shooter' countries can accelerate provision</li> <li>Regional organisations can be used to pool resources, increasing overall efficiency</li> </ul>                                                                                     |
| <b>4. Threshold</b><br><br>A n RPG is only provided when the sum of individual contributions reaches a certain threshold                                                                                                                                            | Regional energy markets                                                                   |  | <b>Characteristics</b> <ul style="list-style-type: none"> <li>Provision depends on reaching a shared threshold of contributions (e.g. a regional energy market can function efficiently if there is a critical mass of infrastructure and power generation capacity across the region)</li> <li>If threshold is far away, countries may not be incentivised to act as early contributors</li> </ul> <b>Implications</b> <ul style="list-style-type: none"> <li>Regional organisations can seek to reduce thresholds</li> <li>Threshold contributors should see an interests in pioneering RPG provision</li> </ul>               |

# Sustainable RPG supply requires aligning funding mechanisms with characteristics and incentives

## How contributions translate into outcomes ('technology' of RPGs)

- 1. Summation – all contributions add up (emissions reduction)
- 2. Weighted Sum – big economies matter more (AfCFTA integration)
- 3. Weakest Link – Contribution of weakest country limits benefit of the whole (corridors, disease control)
- 4. Best Shot – one leader's effort suffices (vaccine R&D)
- 5. Threshold – provision requires critical mass (power pools, AfCFTA ratifications)

## Funding Prospects (Olson's Logic of Collective Action)

- - Large groups face stronger free-rider problems → underfunding risk
- - Smaller groups more likely to coordinate contributions
- - Selective incentives (side payments, aid, reputation gains) can improve funding
- Implications for RPGs:
  - - AfCFTA: Needs external donors or anchor states to bear costs (e.g. Nigeria, South Africa)
  - - ASEAN: Smaller membership & strong middle powers (Singapore, Thailand) ease burden-sharing
  - - Role of MDBs (AfDB, ADB) as 'honest brokers' to pool and disburse resources

## African RPGs: Challenges

- AU vision 2063 with multiple scattered objectives (see list of 13 flagships)
- AFCFTA launched in 2021 with long-list for phases I and II objectives. Characteristics:
- - Threshold RPG: needed 22 ratifications (now 49)
- - Weighted Sum RPG: large markets key (Nigeria, SA, Egypt)
- - Weakest Link RPG: corridors/customs determine effective size
- - Desert to Power solar initiative: weaker link
- - Trans-African Highway connectivity (weaker link)

### Challenges:

- Inhospitable Geography (strong ethnic and linguistic differences), sparse population
- Extensive cross-border externalities (composition of coastal- LL members)
- Often ambitious Top-down 'best-practice' led with many participants in case of AFCFTA
- → Capability trap

## ASEAN RPGs: Some successes

- - Highway Network (Weakest Link)
- - Power Grid (Threshold)
- - Free Trade Area (Weighted Sum)

### Success factors:

- - More hospitable geography-less concentrated cross-border externalities
- -Smaller membership → easier to reach consensus.
- -ASEAN only an FTA; no ambition for deeper integration (e.g.a Common Market)
- - Incremental, flexible 'ASEAN Way', bottom up, rather than top-down

# Takeaways for Market integration: Reduce trade costs

- ❑ Geography and fragmentation among large group is greater challenge for AFCFTA than for ASEAN (see indices)
- ❑ Geography important element of trade costs identified in the TFA
- ❑ Supply chains. AFCFTA participation rates in production networks (i.e. Participation in production networks of intermediates) is close to averages of other regions but participation is at the start of the production chain (exports undergo further processing in importing country)
- ❑ Low content of imports in exports (forgo the benefits of learning from partners)
- ❑ Reduce NTBs, reduce applied tariffs via AFCFTA, avoid restrictive ROO
- ❑ High trade costs in Africa: AFCFTA partners developed supply chains outside Africa (NRVC) while ASEAN developed production networks with Asian partners. See the 'Made in Asia' and 'Made elsewhere' slide.
- ❑ Implement the Trade Facilitation Agreement signed at the WTO (See large estimates of gains from implementation in additional slides).

# Takeaways for RPGs: escape the capability trap

- ❑ **AFCFTA. Escaping the capability trap** Adopt a *Problem-Driven Iterative Adaptation (PDIA)* approach. See Byers et al. (2021)
- ❑ Instead of starting with ideal or 'best-practice' institutional designs, the process should:
  1. Begin with a clearly identified regional problem.
  2. Build small, implementable solutions.
  3. Adapt through repeated cycles of problem-definition, experimentation, and learning.
  4. Over time, this iterative process strengthens real capabilities for cooperation.
- **Implication for RPGs:** Viewing prospects for success at regional integration through the RPG lens (e.g. weakest link, threshold, best shot) helps identify feasible coalitions and targeted capacity-building. Rather than overstretching institutions, this approach aligns incentives with actual problem-solving capabilities, gradually escaping the trap of hollow commitments.
- **ASEAN bottom-up approach to RPGs.** Flexible and incremental closer to PDIA approach

In conclusion: Africa's regional "capability traps" — overstretched institutions with little implementation — can only be overcome through **bottom-up, problem-driven, iterative approaches** that gradually build capacity and legitimacy for providing RPGs.

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Additional slides

# Estimates of gains from TFA implementation

Compliance time in customs and estimated costs incurred at customs closely related to group classifications by geography status: (ranked from lowest to highest) ODC, NL-LDCs; LL LDCs

Plausible/achievable estimates of reduction in times (hours) at customs from WB DB data using OECD Trade Facilitation Indices. For AfCTA, average reduction is 2.7 days for imports and 1.7 days for exports. Reductions in time translate into a tariff ad-valorem equivalent reduction in the range 3.6–7% for imports and an 8.1% extra growth for exports. Details by country group classification in table

| Region/Group                                                                                                             |            |              |            |              |            |            |            |
|--------------------------------------------------------------------------------------------------------------------------|------------|--------------|------------|--------------|------------|------------|------------|
| AfCFTA (38)                                                                                                              |            | LL-LDCs (16) |            | NL-LDCs (19) |            | ODCs (60)  |            |
| Predicted Mean [median] time in customs for imports and exports by scenario (in hours)                                   |            |              |            |              |            |            |            |
| Imports                                                                                                                  | Exports    | Imports      | Exports    | Imports      | Exports    | Imports    | Exports    |
| 120 [117]                                                                                                                | 93 [78]    | 91 [88]      | 60 [55]    | 139 [108]    | 110 [78]   | 79 [63]    | 62 [46]    |
| AFCFTA (38): Imports : Predicted hours (mean and [median]) by scenario <sup>a</sup>                                      |            |              |            |              |            |            |            |
| Scenario 1                                                                                                               | Scenario 2 | Scenario 1   | Scenario 2 | Scenario 1   | Scenario 2 | Scenario 1 | Scenario 2 |
| 90 [86]                                                                                                                  | 66 [65]    | 107[93]      | 65[50]     | 92[90]       | 66[63]     | 43[43]     | 35[35]     |
| Tariff Ad-valorem equivalents (AVEs) in percent <sup>b</sup>                                                             |            |              |            |              |            |            |            |
| 4.9%[11.2%]                                                                                                              | 3.6%[7.0%] | 5.8%[11.7%]  | 3.5%[4.7%] | 5.0%[12.1%]  | 3.6%[6.6%] | 2.3%[7.1%] | 1.9%[5.3%] |
| AFCFTA Exports (38): Predicted reduction in hours and equivalent percentage increase in exports in brackets <sup>c</sup> |            |              |            |              |            |            |            |
| Scenario 1                                                                                                               | Scenario 2 | Scenario 1   | Scenario 2 | Scenario 1   | Scenario 2 | Scenario 1 | Scenario 2 |
| 69 [11.7%]                                                                                                               | 42 [8.1%]  | 79 [12.9%]   | 30 [4.0%]  | 71[11.9%]    | 42 [6.9%]  | 37 [5.8%]  | 28 [4.1%]  |

## Notes:

Number of countries in parentheses. LL= Landlocked; NL= coastal (non-landlocked). Estimates from sample including 54 HICs.

<sup>a/</sup> Scenario1: Convergence to average of top 2 Trade Facilitation indicators (TFIs) in group. Scenario 2: Convergence to average of top 2 in Other developing country (ODC) group.

<sup>b/</sup> Tariff AVE from Hummels and Schaur (2013) and from Carballo et al (2021) in brackets.

<sup>c/</sup> Translation of estimates of reduction in times on export growth Volpe et al. (2015) for all exports by sea for Uruguay.

Source: Melo, Sorgho, Wagner (2024, table 1)

# Examples of RPGs with associated aggregation technologies

## AFCFTA

Table 2 The African Union's Agenda 2063 flagship projects as RPGs

| Agenda 2063 Item                               | Policy area         | Aggregation technology | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------|---------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Integrated High Speed Train Network          | Transport           | Weighted sum           | Benefits depend on number and size of participating countries. Possibility of excluding non-payers increases prognosis of adequate supply. Regulatory harmonization and operation of networks is weaker link.                                                                                                                                                                                                                                                                                                 |
| 2 African Commodity Strategy                   | Industrialization   | Best shot              | Prospects for success are low because of rivalry over distribution of benefits (e.g. how to split gains on cocoa trade policy between Côte d'Ivoire and Ghana)                                                                                                                                                                                                                                                                                                                                                |
| 3 Continental Free Trade Area (AFCFTA)         | Trade               | Weighted sum           | Threshold on participation. Non-participants are excluded. Weighted-sum on overall benefits that depend on the economic size of members. Aspects such as the NTB reporting mechanism have more better shot characteristics. A leader (or a handful of leaders) can set an ambitious agenda to realize greater benefits giving it a better shot flavor. Many benefits are not excludable, contributing to free-riding. Enforcement requires a functioning dispute settlement mechanism, which is weakest link. |
| 4 African passport and free movement of people | Movement of people  | Summation              | Benefits proportional to number and size of participants. Non-participants de facto excluded.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 5 Silencing the guns                           | Peace & security    | Better shot            | The Africa Standing Force (ASF) is organized around regions, following the principle of subsidiarity.                                                                                                                                                                                                                                                                                                                                                                                                         |
| 6 Grand Inga Dam Project                       | Energy              | Best shot              | Supply is best shot, but commercial viability is a threshold good, requiring a sufficient market for the foreseen energy. Subsequent water management etc is weakest link. Dredging and bank management are summation.                                                                                                                                                                                                                                                                                        |
| 7 Single Air-Transport Network                 | Transport           | Weighted sum           | Benefits proportional to number and size of participants. Weaker link constraints in technology and regulatory harmonisation.                                                                                                                                                                                                                                                                                                                                                                                 |
| 8 Annual African Economic Forum                | Dialogue/debate     | Best shot              | Limited actual cooperation required to set this up, though the benefits accrued will depend on attendance.                                                                                                                                                                                                                                                                                                                                                                                                    |
| 9 Continental financial institutions           | Finance             | Better shot/threshold  | Ratification and set up by states make this a threshold RPG. Questions of actual use, funding may be less public than private goods since excludable and rivalrous.                                                                                                                                                                                                                                                                                                                                           |
| 10 Pan-African E-Network                       | ICT/education       | Best shot              | Better shot in terms of technologies and materials for online learning. Could be a public/private partnership (private sector benefitting from human capital).                                                                                                                                                                                                                                                                                                                                                |
| 11 African Outer Space Programme               | Science cooperation | Best shot/club good    | Both the programme to coordinate country efforts and the technology aspects envisaged are best or better shot.                                                                                                                                                                                                                                                                                                                                                                                                |
| 12 Pan-African Virtual University              | ICT/education       | Best shot/club good    | Better shot in terms of technologies and materials for online learning. Non-participants can be excluded                                                                                                                                                                                                                                                                                                                                                                                                      |
| 13 Cyber-Security                              | ICT                 | Best shot/threshold    | Strategy is best shot, but ratification process is a threshold RPG, while its impact is a weighted sum with more digitally                                                                                                                                                                                                                                                                                                                                                                                    |

## ASEAN

| Initiative / Flagship Project                                                    | Domain(s) & Key Objectives                                                                                                                                                    | Aggregation Technology            | Comments on Likelihood of Success                                                                                                                                                           |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. ASEAN Power Grid (APG)                                                        | Energy & regional electricity trade – interconnect power systems to share surplus, enhance reliability, and support a common power market                                     | Summation                         | High: Benefits add as more members connect; strong economic incentives and existing bilateral grid links support progress, though financing and regulatory harmonisation remain challenges. |
| 2. Trans-ASEAN Gas Pipeline (TAGP)                                               | Energy & gas security – build cross-border gas pipeline network for supply stability and cost efficiency                                                                      | Summation                         | Moderate–High: Commercial drivers exist, but rising clean-energy transition pressures and high capital costs may slow full build-out.                                                       |
| 3 Nature Solutions Finance Hub                                                   | Climate & biodiversity finance – mobilise regional green finance, develop nature-positive investment pipelines                                                                | Best-shot                         | Moderate: Success depends on a few large, well-funded projects; if flagship investors deliver, regional benefits can be wide. Risk lies in securing sustained private/green finance flows.  |
| 4. ASEAN Small Grants Programme                                                  | Biodiversity & community conservation – fund local conservation, eco-tourism, and livelihood projects across ASEAN                                                            | Summation                         | High: Incremental gains accumulate across many small projects; proven track record from previous phases.                                                                                    |
| 5. Aus4ASEAN Futures Initiative                                                  | Multi-sector (climate, digital, health, connectivity) – flexible platform for joint flagship projects in green economy, digital transition, health security, circular economy | Summation                         | High: Flexible funding and strong Australia–ASEAN political support make additive benefits realistic.                                                                                       |
| 6.. ADB Clean Energy Program                                                     | Renewable energy & efficiency – accelerate deployment of clean energy and reduce fossil-fuel dependence                                                                       | Summation                         | High: Multiple independent national actions aggregate well; ADB financing and technology support are robust.                                                                                |
| 7.. ADB Climate Change Program                                                   | Climate resilience & mitigation – strengthen adaptation, lower emissions, support regional climate policies                                                                   | Weakest-link                      | Moderate–Low: Regional impact depends on least-prepared members; uneven capacity and political will are major risks despite strong external support.                                        |
| 8...ADB & Human Trafficking in Asia                                              | Governance & anti-trafficking – prevent and respond to trafficking through cross-border cooperation and legal frameworks                                                      | Weakest-link                      | Low–Moderate: Trafficking routes exploit weakest jurisdictions; requires high, sustained enforcement everywhere—historically difficult.                                                     |
| 9. ASEAN Wildlife Enforcement Network (WEN)                                      | Biodiversity & law enforcement – combat illegal wildlife trade and enhance cross-border enforcement                                                                           | Weakest-link                      | Moderate: Good coordination platform, but porous borders and uneven enforcement remain chronic obstacles.                                                                                   |
| 10...PEMSEA (Partnerships in Environmental Management for the Seas of East Asia) | Marine & coastal environment – integrated coastal management and regional pollution control                                                                                   | Hybrid (Weakest-link / Summation) | Moderate–High: Regional gains add up, but hotspots of poor coastal management can erode overall outcomes.                                                                                   |
| 11..ASEAN Safe School Initiative II                                              | Education & disaster risk reduction – improve school safety and resilience to natural hazards                                                                                 | Weakest-link                      | Moderate: Needs every member to meet standards; capacity gaps and funding disparities limit uniform success.                                                                                |
| 12...ADB Cooperation Fund for Fighting HIV/AIDS                                  | Health & epidemic control – strengthen HIV/AIDS prevention and treatment across borders                                                                                       | Weakest-link                      | Moderate–Low: Disease control hinges on weakest health systems; success requires universal coverage and sustained funding, which vary widely across the region.                             |