

De Melo, Jaime

Research Report

The long road to cooperation and integration across Africa

FERDI Policy Brief, No. B285

Provided in Cooperation with:

Fondation pour les études et recherches sur le développement international (FERDI), Clermont-Ferrand

Suggested Citation: De Melo, Jaime (2025) : The long road to cooperation and integration across Africa, FERDI Policy Brief, No. B285, Fondation pour les études et recherches sur le développement international (FERDI), Clermont-Ferrand

This Version is available at:

<https://hdl.handle.net/10419/333789>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

The Long Road to cooperation and integration across Africa

Jaime de Melo

 JAIME DE MELO, University of Geneva, FERDI and CEPR.
Contact: jaime.demelo@unige.ch

Ever since their independence, African countries have engaged in a series of treaties creating 8 Regional Economic Communities (RECs) that were (and still are) to pilot this integration starting with a Free Trade Area (FTA) followed by a customs union, a common market, and a monetary union following a 'variable geometry', along a 'Minimum Integration Program' at different speeds. This introductory chapter summarizes takeaways from the essays collected in the booklet *Essays on Africa's Integration: Prospects and Challenges for Markets and Regional Public Goods*.



.../... The essays, organized in four parts report on reflections I carried out in "real time" starting around the launch of Vision-2063 "The Africa we want" in 2013 up until the launch of the Africa continental Free Trade Area (AfCFTA). Assessments of steps towards monetary integration are covered in the program Regional Integration, trade and sustainable Competitiveness on FERDI's website.

Part I (*Challenges and Pathways*) examines Africa's continued de-industrialization and the constraints hindering structural transformation: notably, labor costs that are high relative to income levels, and weak non-tradable sectors that prevent the continent from realizing its potential in labor-intensive manufacturing.

Part II (*Architecture Choices*) addresses the design trade-offs facing regional integration—between membership size, depth of integration, and differentiated treatment. In the absence of compensation mechanisms, integration often amplifies disparities between diverse economies. Flexibility becomes essential to accommodate overlapping memberships and varied national interests.

Part III (*Deliverables for the AfCFTA*) focuses on the operational challenges of building regional value chains, including: divergent exception lists, restrictive rules of origin (ROO) favoring protected sectors, and inefficiencies at borders. Implementing the Trade Facilitation Agreement is key to reducing costs and delays.

Part IV (*Nurturing Regional Public Goods (RPGs)*) explores the positive agenda of integration: investing in shared infrastructure, institutions, and services that markets alone cannot provide. Through a bottom-up, adaptive approach, the AfCFTA could foster cooperation in critical areas such as energy, transport, natural resources, and health.

The geography of Africa inherited from the 'scramble of Africa' by the colonial powers in the late 19th Century is the strongest rationale for cooperation and regional integration among the many, largely 'artificial' states. Ever since their independence, African countries have engaged in a

series of treaties creating Regional Organizations (ROs) among which the eight Regional Economic Communities (RECs) that were (and still are) to pilot this integration. Cooperation is also compelling in this landscape of numerous transboundary externalities which have been tackled in the specialized ROs established to supply Regional Public Goods (RPGs) (e.g. electricity, hard infrastructure like the TransAfrican Highway (TAH), management of rivers and lakes, peace and security, health, environment). As shown in figure 1, around 2020, on average, each country belongs to 3 RECs and 4 ROs.

Even though initiatives at integration started earlier, the Abuja Treaty (operational in 1994) is accepted as the start of African-led initiatives at integration. Monetary integration, the last step on the integration ladder had already taken place in CEMAC, SACU, and WAEMU, but since they were not initiated by African countries, they are not covered here.

According to the Abuja script, 8 RECs would set out the path for the creation of the AEC by 2028 along a linear integration path within each REC¹ starting with a Free Trade Area (FTA) followed by a customs union, a common market, and a monetary union following a 'variable geometry', whereby integration would be at different speeds across RECs following a 'Minimum Integration Program' along six stages for the eight RECs and also through the other more specialized ROs.

Political motives, geography, and the uneven distribution of gains trumped the traditional efficiency gains in the discussions and measures taken across Africa's Regional Economic Communities (RECs). An ambitious seven-cluster action plan² for "Boosting Intra-African Trade (BIAT)"

1. The 'linear model' of integration refers to the stepwise integration of goods, labor, and capital markets, as well as eventual monetary and fiscal integration. This is the path followed by integration in Europe. Estimates reported here (see e.g. chapter 10) reveal the shortcomings of the linear model of integration, as behind-the-border measures aiming to reduce trade costs were largely ignored across African RECs until recently. While this is probably due to the difficulty in gaining the confidence necessary to get collective action started, many behind-the-border measures could still have been reduced unilaterally.

2. The seven priority clusters are: trade policy, trade facilitation, productive capacity, trade-related infrastructure, trade fi-

preceded the launch of Vision-2063. By adopting the BIAT plan at the same Summit as the AfCFTA, the leaders had recognized that trade integration alone will not solve Africa’s development challenges. The BIAT Action Plan references and incorporates the Action Plan for Accelerated Industrial Development of Africa (AIDA) and the Programme for Infrastructure Development in Africa (PIDA). Thus, as shown in figure 1, African leaders recognized that market integration needed to go hand in hand with the provision of RPGs.

The essays here report on reflections and accompanying research I carried out in ‘real time’ starting around the launch of Vision-2063 “The Africa we want” around 2013.³ All, except chapter 2, appeared on websites as commentaries or

nance, trade information and factor markets.

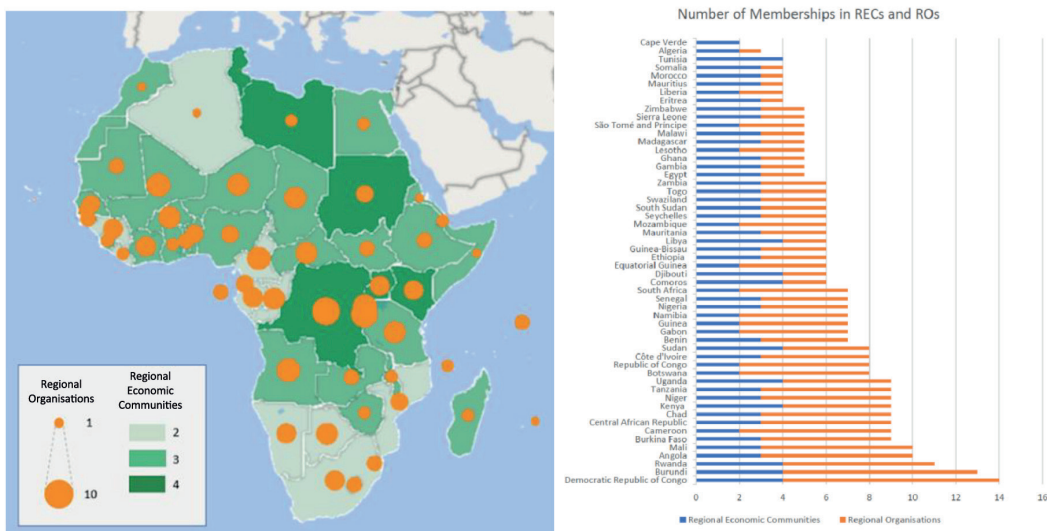
3. I contributed to an earlier debate on regionalism in the early 1990’s when the previous North-North and South-South cooperation gave way to North-South integration under the impulse of NAFTA and the enlargement of the European common market to the South, then to the East (see Melo and Panagariya eds. (1992).

summaries of ongoing research. Essays in Part I cover challenges and pathways at the time of the launch of vision 2063. Part II covers architecture choices: large membership and shallow integration versus small membership and deep integration. Part III deals with several challenges facing realistic implementation of AfCFTA. Part IV covers Regional Public Goods (RPGs), a neglected aspect of regional integration in Africa.

► Part I: Challenges and Pathways

PTAs are good politics, but to survive they must extend beyond unfilled good intentions and have a sufficiently sound economic basis, as noted in chapter 2. The case of reducing the thickness of borders across Africa is compelling. Economies are small, sparsely populated, fragmented, and often isolated economies. This landscape across Africa makes a compelling case for these economies to integrate regionally to reap efficiency gains,

Figure 1. Membership intersections across Regional Organisations (ROs) and Regional Economic Communities (RECs)



Sources: Byers et al. (2021, figure 2)

.../... exploit economies of scale by. But lack of complementarities among partners (countries have similar patterns of comparative advantage, e.g. exports of minerals and agricultural products against imports of intermediate and final goods) and diminishing returns to the exploitation of resources have reduced supply response to regional policies favoring market integration.

Challenges related to heterogeneity

Costs A very uneven distribution of resources, conflicting preferences across countries within RECs has sharpened the trade-off between the benefits of common policies needed to tackle cross-border externalities and their costs in an environment of heterogeneous preferences. Chapter 2 discusses these trade-offs (e.g. large vs. small, landlocked vs. coastal, resource-rich vs. resource-poor), a theme also covered in chapters 6 and 7. Except for the Franc zone, the RECs have not yet completed goods markets integration. Importantly, the lack of adjustment funds to address the uneven distribution of benefits across partners has contributed to the slow progress at market integration.

Pathways

After more than three decades of decline post-independence, most of sub-Saharan Africa has returned to growth since the early 2000s, yet, the continent's de-industrialization in the 1970s and 1980s has failed to reverse itself. Chapter 3 reviews the labor cost 'enigma' (African manpower is expensive relative to comparators at the same level of income) and other contributing factors. The non-tradable sectors are 'weak links' preventing Africa from leveraging its latent comparative advantage in labor-intensive light manufacturing. The Africa Continental Free Trade Area (AfCFTA) signed in 2018, effective in January 2021, is the latest concrete effort in this direction since the adoption of the AU 2063 agenda in 2013 aiming for a continental vision.

► Part -II Architecture choices

Are Regional Integration Arrangements (RIAs) like the Tripartite FTA (TFTA) or the Continental FTA (CFTA) a promising approach to start institutional and political cooperation along inter-governmental lines, where regional institutions pursue the economic interests of domestic constituencies as has largely been the case of the EU? Or, more optimistically, as hoped for by the African Union (formerly the OAU), is this a start along functionalist lines where supranational institutions and agents develop autonomous roles leading to further integration, the bet taken by the European Union with the adoption of the Euro (Spolaore 2016). Chapters in part II discuss aspects of this choice.

Is large membership the way forward?

Regional integration encourages trade-creating exchange that increase the opportunity cost of conflict. Around 2015, the Tripartite FTA (TFTA) and the proposed CFTA were the latest African initiatives towards regional cooperation built around large and diverse jurisdictions.

Following up on chapter 2, chapter 4 documents that these large membership groupings confront a very uneven distribution of resources that have sharpened the trade-off between the benefits of common policies needed to tackle cross-border externalities and their costs which are heightened by the sharp differences in policy preferences across members. This strong heterogeneity of preferences combined with uneven distribution of resources is an implementation challenge in an environment lacking compensation funds negatively affected by the needed common policies.

The trilemma confronting a continental Free Trade Area (CFTA)

The three main objectives of the AfCFTA are: (1) African solidarity (to accommodate all countries); (2) Large markets (no policy-imposed impediments to trade); (3) Deep integration to reap all the benefits of integration. Solidarity requires special and differential treatment (SDT) for least developed countries (LDCs) and financial resourc-

es (which are in short supply) to compensate for integration costs. Solidarity requires trust, which falls as membership size increases. SDT accommodates this diversity but at the cost of market fragmentation. Fully reaping economies of scale requires large membership which precludes the market fragmenting effects of SDT. Deep integration requires trust, always difficult to obtain, but easier to achieve in a small group. These three worthy objectives cannot be achieved together, hence a trilemma.

Chapter 5 also illustrates an implementation conundrum. On the one hand, because of diversities – such as between coastal and landlocked countries – potential gains from closer economic integration are large. On the other hand, realizing these gains requires financial resources necessary to compensate countries with large differences in expected gains from closer integration.

The ‘principle of flexibility’ to accommodate the ‘one-size-fits-all’ constraint

The Tripartite FTA (TFTA) is to get around the overlap in membership across PTAs that has prevented ‘deep integration’ which has also been slowed by large membership. For example, Zambia is both a member of the COMESA Customs Union (CU)—which requires applying Common External Tariff (CET) to non-members—and of the SADC FTA, putting the country in conflict over its trade policy choices. The large membership in the TFTA (and a fortiori for a continental customs union) exacerbates the “one-size-fits-all” constraint imposed by the desire (and necessity) of achieving convergence in policies to achieve ‘deep integration’.

Chapter 6 discusses flexibility: the variable geometry approach, reciprocity, and *acquis* (nothing previously negotiated at the REC level can be reneged). This helped build support in an environment lacking compensation funds—available during the successive enlargements of European integration— but at the cost of delaying the deepening of integration since what was intended to be a ‘single undertaking’ to establish a proper FTA that, in the end, allows the co-existence of different trading arrangements with small integrating

effects. Integration will be pursued at different speeds under ‘variable geometry’.

The plight of small countries

When deciding to move to a Customs Union (CU), ECOWAS members had to adopt a Common External Tariff (CET), a perilous negotiation, especially for the small members with little bargaining power. Chapter 7 documents the plight of the CET for Liberia. This involved: (1) the “exceptions list” of about 300 products—mostly selected by Nigeria—eligible for exemption from the new CET tariffs, and (2) the list of Special Protection Measures (SPMs). One such SPM was the Import Adjustment Tax (IAT), which allowed members to apply an extra tax on imports from non-ECOWAS members beyond the CET’s 0%-35% range. But the IAT could only be used when the tariff was above the CET. So small countries like Liberia or Sierra Leone that had applied tariffs below those in the CET could not use an IAT. In the case of zinc imports in Liberia (an intermediate good not produced in Liberia with a 5% tariff), even if the IAT were allowed, Liberia would have had to move to a tariff within 20 percentage points of the 35% CET on zinc imports (i.e. a tariff of 15%)—into Liberia from non-ECOWAS members.

Chapter 7 shows that the IAT was designed only to protect nascent sectors (infant industries). The evidence in the chapter is a call to ECOWAS members to re-enter negotiations to amend ECOWAS regulations to permit the application of the IAT to MFN duties below the CET. For all RECs with large memberships (e.g. COMESA and ECOWAS), the lesson is that the smaller (typically low-income members with similar production and tariff structures), would benefit from closer cooperation and developing common stance to face the larger members in the REC.

► Part III: Deliverables for the Africa continental Free Trade Area (AfCFTA)

As stated in TRALAC's dedicated webpage

*"The operational phase of the AfCFTA was launched during the 12th Extraordinary Session of the Assembly of the African Union in Niamey, Niger on 7 July 2019. The AfCFTA will be governed by five operational instruments – the Rules of Origin, tariff concessions, online mechanism for monitoring, reporting and elimination of non-tariff barriers, the Pan-African Payments and Settlements System (PAPSS), and the African Trade Observatory. The AfCFTA Secretariat will facilitate the efficient conduct of business of the AfCFTA and is charged with various responsibilities related to the implementation of the AfCFTA, including the annual budget and work programme. The AfCFTA Secretariat was officially handed over in Accra, Ghana on 17 August 2020."*⁴

6

Most discussion on African integration over the last decade has been around the AfCFTA which is still very much in its early stages since some negotiations like agreeing on Rules of Origin or the adoption of a Dispute Settlement mechanism are yet to be completed.

Taking a long-run view, thirty years down the Abuja roadmap, intra-African trade still plays only a minor role and has been unable to gain in importance since 1995. Within-REC exports are low, never above 5% of GDP on average over 2010-22, but it is the absence of direct East-West trade is striking: the EAC does not trade meaningful quantities with ECOWAS or CEMAC and the exports between AMU and SADC are below 0.1% of GDP from both sides. Taking a longer perspective, Krantz and Beltekian (2025) estimate that the ratio of within-REC trade to between-REC grew from 1.2 times in 1960 to 2.75 times in 1990. Since then, trade within RECs has fallen. In 2022, trade within RECs in Africa is only twice trade between RECs.

4. On 7 October 2022, the AfCFTA Secretariat launched the AfCFTA Guided Trade Initiative (GTI) in Accra, marking the commencement of trade under the Agreement for seven (7) participating countries: Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda and Tanzania, representing the five regions of Africa.

Figure 2. Heatmap of REC exports: Intra- and between as percentage of GDP (Average 2010-2022)

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

Notes:

EAC countries export on average 2.3% of GDP to other EAC members and 6.8% to Rest-of-the-world (ROW).

RECs are defined to exclude multiple membership. See the acronyms-abbreviations file for classification of countries in each constructed non-overlapping REC membership.

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

Eliminating tariffs on intra-African is centerpiece of AfCFTA phase I, at least one that is easily monitorable. Thanks to Teti's painstaking work, we now have better estimates of applied tariffs within RECs (2024).⁵ Table 1 contrasts average applied tariffs within RECs with the corresponding average MFN tariffs. For all regions except SACU, MFN tariffs are above 10%, often close to 15%. Except for CU or FTA members where intra-group tariffs are low, for other African countries, tariffs are close to the prevailing MFN tariffs. These more accurate estimates of bilateral tariffs confirm that there is ample room for AfCFTA to reduce/eliminate tariffs on intra-African trade across regions.

5. Teti (2024) reports that applied tariffs are missing for over 50% of observations for LDCs in the WITS data base. And for LDCs, concentrated in Africa, the number of years in which preferential tariffs are reported is less than half of the number of years of the respective preferential scheme is in force.

Table 1. Average bilateral Tariffs (in %) across African regions and individual trading partners (2017)

Export / 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).

Notes:

Blue is reserved for the four customs unions: SACU, EAC, CEMAC, ECOWAS. Dark red cells indicate that an FTA exists between all countries in the respective two regions (e.g. the SADC FTA exists between all SACU and non-SACU countries in the South. Light red cells indicate that an FTA exists between at least one pair of countries in two different regions.

In the East, EAC has an average MFN tariff of 13% and 0% tariff for within member trade, but close to MFN rates for trade with countries in the West other regions

In the West, ECOWAS has an average applied MFN of 12% as well as for trade with countries in other African regions, 4% average applied tariff for trade within members

Source: Böschmeier, et al. table 1

Challenges for the AfCFTA steppingstone

At the time of the first anniversary of the AcFTA launch in March 2019 I posted reactions, some lauding the inclusion of negotiations on Services trade (Services are increasingly complementary and embodied in trade in Goods), others urging the AcFTA to replicate the EAC’s ‘Common market scorecard’. Chapter 8 reports these reactions. I also noted that the biggest challenge would be to participate in supply chains, moving towards downstream activities, trying to replicate ‘factory Asia’.

The long road to supply chain trade in Africa and switching to Regional Value Chains (RVCs)

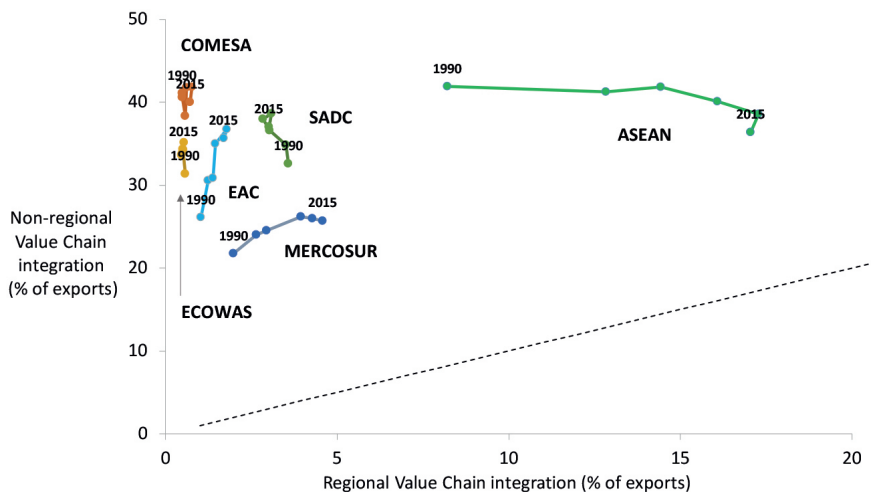
Evidence shows that integration into production networks - Global Value Chains (GVCs) or Regional Value Chains (RVCs) - provides new opportunities for developing countries to participate in global

trade and diversify their export baskets through hyper-specialization in fragmented production processes.

Without an ecosystem of supply chain trade, a country needs to produce a complete product before entering a new line of business. By allowing countries to specialize in a part of a production process, supply chain trade can position a country to move rapidly from labor-intensive to capital-intensive, skill-intensive, and information-intensive activities. The World Bank’s World Development Report of 2020 estimates that a one percent increase in GVC participation boosts per capita income growth by more than one percent, about twice as much as standard trade.

Chapter 9 shows that over the period 1990-2015, the African RECs developed supply chains outside the region (Non-Regional Value Chains or NRVC).

Figure 3. Value chain trade participation trajectories for RECs and selected FTAs by origin



Notes:

The figure breaks down the GVC participation rate into two parts: intermediate trade with FTA partners (RVC trade defined as exports that cross at least two borders in the FTA) and intermediate trade with partners outside the FTA (NRVC). For example, in 1990, ASEAN GVC rate was approximately 50% with 42% outside the FTA (NRVC) and 8% within the FTA (RVC). Trajectories calculated from EORA database. Dashed line is 45 degree line. Measures, computed at five to six year intervals, are weighted by each country's share in the corresponding region total trade. The GVC participation rate expressed as a share of gross exports is the sum of the imported content of gross exports (e.g. share of imported textiles in clothing exports) and the share of gross exports undergoing further processing at destination before reaching final consumers (e.g. ores and minerals).

Source: de Melo and Twum, 2021, figure 7.

As shown in figure 3, their trajectory stood in sharp contrast with Asean's, and to a lesser extent MERCOSUR's where all the growth in value chains was with FTA partners (RVC). For all RECs, the development of production networks was with extra-regional partners. The large increase in NRVC participation for the EAC likely reflects a stronger reduction in trade costs (or a greater response to an equal reduction in trade costs) with partners outside the EAC.

The low participation in production networks is attributed to high tariffs on intermediate inputs, complicated rules of origin and expensive and unreliable digital connectivity. This trend that has continued until 2022 as the share of Africa-wide RVC has remained flat at 5% from 1995 to 2022.⁶

Writing in 2025, this trend is worrisome as 'reshoring' and 'friendshoring' are the words of the day in a world of increasing geopolitical tensions and with trade wars on the immediate horizon.

Rules of Origin (RoO) capture

For the CFTA to become fully operational, the 54 signatory countries must reach agreement on harmonization of RoO – the 'Made in Africa' criteria to ensure that only bona fide African products will benefit from tariff concessions. Harmonization is also necessary to prevent trade deflection, i.e. importation through the low-tariff partner in an FTA. Because of intensive lobbying by firms, especially large ones in protected sectors, negotiations should aim for rules that are business-friendly rather than business-owned.

Negotiations on RoO take place between RECs. Agreement on regime-wide rules has been

6. When the RVC and NRVC indices are computed at the region level for 1995 and 2022, Africa's trend of supply developing networks is more pronounced: Rates in brackets [1995,2022] for Africa are NRVC [36%,40%]; RVC [05%,05%] and for Asia

(excluding China and India) are: NRVC [20%,20%]; RVC [16%,26%]. Melo and Solleder (3025, table 4).

reached, but not on Product-specific Rules of Origin (PSRO). In the absence of completely agreed PSRs, the full ambition of the 'non-sensitive' product list (90%) might not be realised. A temporary (interim) solution could be to rely on Article 5 in Annex 2 of the Agreement laying out the 'wholly obtained' criterion. However, this would be unrealistically stringent for many products on the current outstanding list (see Table 3 in the paper), such as autos and motorcycles.

Chapter 10 shows that transparency and efficiency has not prevailed during the negotiations. Not only have countries agreed to more than 800 Product-Specific Rules of Origin (PSRO), but, as documented in the chapter, negotiations have stumbled in sectors with high preferential margins where REC- level PSRO happened to already be most restrictive. At the time of writing in 2021, negotiations were still ongoing.

The Trade Facilitation Agreement (TFA): a significant complement to the AfCTA.

The TFA, the first and only multilateral agreement since the creation of the WTO is to reduce red tape at the borders. Among others, the TFA includes publication of information, advance rulings, appeal or review of decisions, freedom of transit, transparency and border agency cooperation, and the setting up of formalities that implement least trade-restrictive measures to achieve underlying policy objectives (e.g. 'single-window' systems, a ban on mandatory Pre-shipment Inspection (PSI) for classification/valuation). The key aspect of the TFA is that it is sufficiently specific that progress on implementation can be monitored relatively easily at the country level, making it easier to estimate compliance with the proposed objectives of reducing time at customs.

Chapter 11 gives a range of estimates of reduction time in customs from TFA implementation for 38 AcFTA signatories. A realistic implementation (i.e. reducing time at customs to half the time of the 3 best-performing countries in each country group) could reduce time in customs for imports by 2.7 days and for exports by 1.7 days. These reductions in time translate into an equivalent reduction in tariffs in the range of 3.6% - 7.0%. This is

significant since average applied tariffs for African countries are around 12.4%, an estimate close to the more recent estimates reported in table 1. To these gains should be added the reduced time of 42 hours (1.7 days) in customs for exports, translating into 8.1% increase in exports.

► Part IV: From the negative to the Positive Agenda: Nurturing Regional Public Goods (RPGs)

The AcFTA is about removing trade distortions like those imposed by tariffs and NTBs. This is the negative agenda in the trade policy sphere as it is about releasing resources for better uses. RPGs (e.g. a Dispute Settlement Body) are part of the positive agenda in the trade policy sphere. RPGs are not supplied by the market. Their provision require resources.

The key distinctive feature of RPGs (Barrett (2016) is that, unlike national public goods, no single body with the authority of a state exists to ensure the supply of the goods. Since all Regional Economic Communities have more than two members, some collective action is necessary to provide these regional public goods. From an economic perspective, the application of the principle of subsidiarity applies with efficiency in provision requiring that the scope of the established regional institutions should match the region benefiting from the spillover.

This is not an easy task across Africa's landscape where the benefits of common policies are high because of widespread cross-border physical (i.e., environmental) and policy (air transport, corridors) spillovers. The costs are also high because of policy preference differences across member countries. Common decision making internalizes the spillovers, but it moves the common policy away from its preferred national policy (i.e., a loss of national sovereignty). These characteristics of Africa's landscape explain the plethora of ROs shown in figure 1.

RPGs are grossly underprovided across a continent riddled with transborder externalities, a greater provision of RPGs would be conducive,

.../... even essential to the success of African regional integration. Chapters in part IV document the tensions that detract from applying the principle of subsidiarity which is necessary for regional cooperation.

The AfCFTA as enabler to deepen regional cooperation

Signed in March 2018, the AfCFTA is an opportunity to extend the provision of RPGs beyond hard infrastructure. Chapter 12 discusses several examples covered in the Africa Economic Outlook (AEO) 2019. The Desert to Power Initiative is one such effort. The initiative stretches over the Sahel, aiming to connect 250 million people with green electricity through a combination of public, private, on-grid, and off-grid projects expected to deliver 10 gigawatts of solar energy by 2025 (See AEO, 2019). Another is the TransAfrica Highway (TAH). Other covered projects include Peace and security, mining, river basins and transnational electricity grids. These projects require trust to accept some subsidiarity, key for successful cooperation among many actors, which is why regional integration agreements are increasingly described in terms of “regional cooperation and integration.

A Bottom-up approach to the Provision of RPGs

Chapter 13 revisits African regional integration through the lens of providing RPGs rather than removing distortions to help markets function better. This is a departure from the traditional top-down one used by the 8 African Union (AU)-recognized RECs and the other 25 or so specialized ROs shown in figure 1. These new institutions have sought to introduce new institutional forms and management systems, with external support, but often beyond absorption capacities resulting in regional “implementation gaps.”

The 15 Agenda 2063 flagships are then categorized according to their type of Public Good (e.g. “best shot” or “weakest link”) This more adaptive approach to different circumstances is more “problem driven”. This approach helps evaluate the probability of success since it puts the em-

phasis on how contributions materialize into the public good. For example, when eradicating a disease or when building a regional corridor, success depends on the effort by the country that contributes least, i.e. the “weakest link”.

Rather than starting from a top-down strategy seeking to apply best-practice solutions, the paper recommends starting by addressing the problem through the provision of an RPG, then identifying suitable coalitions, and then implementing with follow-up adaptation and repeated identification of the regional problem and its RPG type. The paper proposes a six-step “find and fit” iterative strategy inspired from Andrews et al. (2017).

COVID-19 to jump-start collective action

The COVID-19 pandemic is a perfect example of a Global Public Good (a bad in fact) that calls for the kind of collective action intended by the AfCFTA. Chapter 14 reviews the different levels of cooperation ranging from the sharing of information, guidance, coordination and collective action that took place for joint procurement in ECOWAS. However, there were also across the horizon in June 2020: 29 African countries reported 43 temporary trade measures on medical-related products of which 22 half were liberalizing (i.e. reduction on barriers to import), the other half restrictive (across-the-board export restrictions/bans). This raises the specter of uncoordinated responses to the current US assault on the World Trading System seeking to engage in bilateral deals.

► Références

- **Africa Economic Outlook** (2019) "Integration for Africa's Economic Prosperity", chp. 3 <https://www.afdb.org/en/documents/document/african-economic-outlook-aeo-2019-107319>
- Andrews M., Pritchett L., Woolcock M. (2017) *Building State Capability: Evidence, Analysis, Action*, Oxford UK: Oxford Academic.
- Barrett S. (2016) "Critical Factors for Providing Transnational Public Goods" in Inge Kaul (ed.) *Global Public Goods*, Cheltenham UK: Edward Elgar
- Böschmeier H, Teti F., Cernicky J., Rieck Moncaya G. (2022) "AcFTA in a Rut-Can the Pan African Agreement Regain Momentum?", *CESifo Forum*, 23(2), 46-56
- Byers B., Cazals A., Medinilla A., de Melo J. (2021) "African Regional Integration: A Problem-driven approach to delivering Regional Public Goods", *FERDI Working Paper*, P290
- Krantz S., Beltekian D. (2025) "Africa's Regional and Global Integration", *SSRN*, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4929189
- de Melo J., Panagariya A, eds. (1992) *New Dimensions in Regional Integration*, Cambridge University Press, 1993, pp. xxvii + 463.
- de Melo J., Solleder J-M. (2025) "How can the Africa Continental Free Trade Area (AfCFTA) help develop regional value chains across Africa? An exploration.", *Review of World Economics*, 160(4), <https://doi.org/10.1007/s10290-024-00574-0>
- Spolaore E. (2015). *The Political Economy of European Integration*, Routledge Handbook of Economic Integration.
- Teti F. (2024) "30 Years of Trade Policy: Evidence from 5.7 billion tariffs", *IFO WP#334*



Created in 2003, the **Fondation pour les études et recherches sur le développement international** aims to promote a fuller understanding of international economic development and the factors that influence it.

 **Contact**

www.ferdi.fr

contact@ferdi.fr

+33 (0)4 43 97 64 60

n° ISSN: 2275-5055

Publication director: Patrick Guillaumont

