

REGIONALISM AND G20 SUPPORT FOR NEIGHBORING NON-G20 DEVELOPING COUNTRIES

Bambang Brodjonegoro, *Asian*

Development Bank Institute

Karim El Aynaoui, *Policy Center for the
New South*

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Bambang Brodjonegoro, *Dean and CEO, Asian Development Bank Institute*

Karim El Aynaoui, *Executive President, Policy Center for the New South*

Abstract

The Group of Twenty (G20) accounts for most of the world's output, yet its decisions shape the prospects of 174 United Nations Member States without G20 membership, among them the great majority of least developed countries and small states. Many of these non-G20 economies are close trading neighbors of a large G20 member and depend on that neighbor for export demand, investment, remittances, and development finance. These links are increasingly exposed to fragmentation of the global economy. New trade restrictions nearly tripled between 2019 and 2022, and remained elevated in 2025. Under a two-bloc trade fragmentation scenario, low-income countries could lose more than 4 percent of output over the long run. Such risks compound debt vulnerabilities and food insecurity.

External support is also contracting. Preliminary data show that official development assistance from Development Assistance Committee members and associates fell by 23.1 percent in real terms in 2025, the steepest annual fall on record, returning to its 2015 level. Developing countries also face an annual financing gap for the Sustainable Development Goals of around 4 trillion dollars.

Regionalism offers G20 economies a durable channel to keep supporting their non-G20 neighbors even as multilateral cooperation weakens. Asia illustrates this approach, having built dense regional production networks, a large regional financial safety net, and shared institutions that allow larger economies to anchor smaller ones. In Africa, connector economies can link fragmented markets to wider production networks. Morocco exemplifies this potential through its logistics infrastructure, industrial capabilities, and access to European and United States markets, provided that firms in smaller African economies can participate in the resulting value chains.

The G20 should finance regional public goods through regional platforms and reformed multilateral development banks, and expand the use of low-cost remittance services; design open and inclusive regional trade arrangements that allow smaller neighbors to join regional value chains; and strengthen regional financial safety nets and improve their coordination with the International Monetary Fund (IMF). Each recommendation builds on existing G20 workstreams and on an agenda centered on growth.

The Challenge and Analysis

The Group of Twenty (G20) accounts for most of global output and more than three-quarters of world trade.¹ Of the 193 United Nations Member States, 174 do not hold individual G20 membership, including most least developed countries and small states.² The African Union and European Union provide collective representation for their members, while invited countries may also participate. Nevertheless, many developing countries have limited direct influence over G20 decisions and the national policies of its largest economies. The term “non-G20 developing countries” refers here to those without individual G20 membership. Many are closely tied economically to a nearby G20 member. These regional linkages offer a practical channel for continued support as multilateral cooperation weakens, provided that regional arrangements remain open to outside partners.

These ties operate through export demand, foreign direct investment, remittances, and development finance. Nepal illustrates the remittance channel, with remittance inflows equivalent to 28.2 percent of gross domestic product in fiscal year 2024/25.³ Emerging market and developing economies accounted for about 40 percent of global trade over the past decade. As of 2024, some 60 percent of them sold more to other developing economies than to advanced ones, up from 28 percent in 2000.⁴ When a large neighboring economy contracts or adopts restrictive policies, its smaller economic partners can be exposed through these channels.

New trade restrictions nearly tripled between 2019 and 2022, to almost 3,000 a year. More than 2,500 were introduced in the first ten months of 2025.⁵ Estimates of the cost of trade fragmentation range from 0.2 percent of global output in a limited scenario to close to 7 percent in a severe one.⁶

¹ G20 South Africa, “G20 South Africa,” accessed September 10, 2026, <https://www.g20.org.za/>

² G20 South Africa, “G20 South Africa” <https://www.g20.org.za/>; and United Nations, “Member States,” accessed September 10, 2026 <https://www.un.org/en/about-us/member-states>. The count is 193 UN Member States minus 19 individual G20 member countries; collective EU and AU representation is treated separately.

³ World Bank, *Nepal Development Update, April 2026: Growth Under Pressure* (World Bank, 2026), 23, <https://documents1.worldbank.org/curated/en/099315004072621459/pdf/IDU-5fbb7a2f-51fb-4e48-aadc-2a447660fbee1.pdf>.

⁴ M. Ayhan Kose and Alen Mulabdic, “Global Trade’s Rollercoaster Ride,” *World Bank Blogs*, December 11, 2025, <https://blogs.worldbank.org/en/developmenttalk/global-trade-s-rollercoaster-ride>.

⁵ The Editors, “The High Cost of Global Economic Fragmentation,” *IMF Blog*, August 28, 2023, <https://www.imf.org/en/blogs/articles/2023/08/28/the-high-cost-of-global-economic-fragmentation>; Kose and Mulabdic, “Global Trade’s Rollercoaster Ride.”

⁶ Kristalina Georgieva, “Confronting Fragmentation Where It Matters Most: Trade, Debt, and Climate Action,” *IMF Blog*, January 16, 2023, <https://www.imf.org/en/blogs/articles/2023/01/16/confronting-fragmentation-where-it-matters-most-trade-debt-and-climate-action>; Shekhar Aiyar et al., *Geoeconomic Fragmentation and the Future of Multilateralism*, IMF Staff Discussion Note 2023/001 (International Monetary Fund, 2023), 4, <https://www.imf.org/-/media/files/publications/sdn/2023/english/sdnea2023001.pdf>.

Under a two-bloc trade fragmentation scenario, low-income countries could lose more than 4 percent of output over the long run. These economies depend heavily on imported food, fuel, and other commodities for which alternative suppliers are costly to find.⁷ Commodity market fragmentation poses a particular risk to food security in poorer countries. These risks compound debt vulnerabilities: G20 leaders highlighted in their 2025 declaration high financing costs and refinancing needs that constrain fiscal space in vulnerable low- and middle-income economies.⁸

Official development assistance (ODA) from members and associates of the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) fell by 23.1 percent in real terms in 2025, the largest annual contraction on record and the second consecutive decline. The preliminary total was 174.3 billion dollars at current prices, equivalent to 165.5 billion dollars at constant 2024 prices.⁹ Aid returned to its 2015 level and represented 0.26 percent of donor gross national income, down from 0.34 percent in 2024. The United States accounted for three-quarters of the fall as its aid dropped by 56.9 percent in real terms. The cuts also reached core development programs.¹⁰

Concessional finance is thus contracting while developing countries face an annual financing gap for the Sustainable Development Goals of around 4 trillion dollars.¹¹ Non-G20 developing economies therefore face a simultaneous tightening of market access and external finance.

⁷ Marijn A. Bolhuis et al., “The Costs of Geoeconomic Fragmentation,” *Finance & Development*, June 2023, <https://www.imf.org/en/publications/fandd/issues/2023/06/the-costs-of-geoeconomic-fragmentation-bolhuis-chen-ke-tt>.

⁸ Gita Gopinath, “Geopolitics and Its Impact on Global Trade and the Dollar,” speech, International Monetary Fund, May 7, 2024, <https://www.imf.org/en/news/articles/2024/05/07/sp-geopolitics-impact-global-trade-and-dollar-gita-gopinath>; G20, *G20 South Africa Summit: Leaders’ Declaration* (November 22–23, 2025), para. 14, <https://www.g20.org.za/wp-content/uploads/2025/11/2025-G20-Summit-Declaration.pdf>.

⁹ Organisation for Economic Co-operation and Development, “International Aid Fell Sharply in 2025, Says OECD,” press release, April 9, 2026, <https://www.oecd.org/en/about/news/press-releases/2026/04/international-aid-fell-sharply-in-2025-says-oecd.html>; Organisation for Economic Co-operation and Development, *ODA by Donor 1960–2025*, dataset, updated April 9, 2026, sheet “ODA GE 2018 2025,” row “TOTAL DAC,” <https://webfs.oecd.org/oda/DataCollection/Resources/Long-term-ODA.xlsx>. Figure 1 uses cells Q39 and R39, converted from millions to billions of constant 2024 US dollars; cell I39 gives the 2025 total in current prices.

¹⁰ Organisation for Economic Co-operation and Development, “A Historic Decline in Foreign Aid: Preliminary 2025 ODA Data,” April 9, 2026, <https://www.oecd.org/en/data/insights/data-explainers/2026/04/a-historic-decline-in-foreign-aid-preliminary-2025-oda-data.html>.

¹¹ United Nations, *The Sustainable Development Goals Report 2026* (United Nations, 2026), 2–3, <https://unstats.un.org/sdgs/report/2026/The-Sustainable-Development-Goals-Report-2026.pdf>.

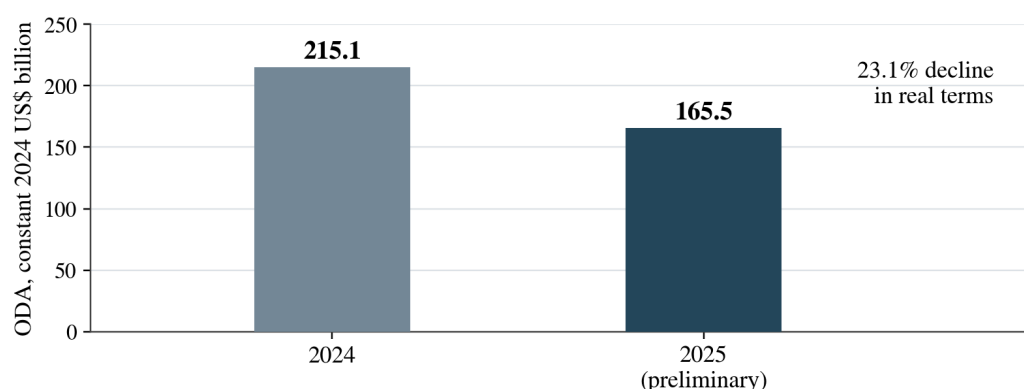


Figure 1. ODA from OECD Development Assistance Committee members and associates, 2024–2025 (grant equivalents, constant 2024 US\$ billion)

Source: OECD, *ODA by Donor 1960–2025*. Note: Values are in constant 2024 US dollars. Data for 2025 are preliminary; final data are due in December 2026.

Asia’s experience shows how regional institutions can support economic integration. The Association of Southeast Asian Nations (ASEAN) was founded in 1967 and agreed to establish the ASEAN Free Trade Area in 1992, with implementation beginning in 1993, gradually extending membership and preferential access to lower-income neighbors.¹² Cross-border production networks have complemented these institutions and deepened the region’s trade and global value-chain links.¹³

The Asian financial crisis of 1997 and 1998 then prompted the region to establish its own financial safety net. The Chiang Mai Initiative of 2000 became the Chiang Mai Initiative Multilateralisation (CMIM) in 2010, and its size doubled to 240 billion dollars in 2014. The ASEAN+3 Macroeconomic Research Office (AMRO) has provided surveillance support since 2011. Under the 2021 amendment, 40 percent of each member’s maximum arrangement amount became available without an IMF program.¹⁴

Intra-Asian merchandise trade accounted for 55.9 percent of the region’s merchandise trade in 2024. The fifteen-economy Regional Comprehensive Economic Partnership (RCEP) began

¹² Association of Southeast Asian Nations, “History,” accessed September 10, 2026, <https://asean.org/the-founding-of-asean/>; Association of Southeast Asian Nations, “AFTA Chronology,” accessed September 10, 2026, <https://asean.org/afta-chronology/>.

¹³ Asian Development Bank, “Trade and Global Value Chains,” in *Asian Economic Integration Report 2026: Leveraging Regional Cooperation and Integration to Navigate Global Uncertainties* (Asian Development Bank, 2026), https://aric.adb.org/pdf/aeir/AEIR2026_2_Trade-and-Global-Value-Chains.pdf.

¹⁴ ASEAN+3 Macroeconomic Research Office, “CMIM,” accessed September 10, 2026, <https://amro-asia.org/about-us/regional-financing-arrangements/>; ASEAN+3 Macroeconomic Research Office, “The Amended Chiang Mai Initiative Multilateralisation (CMIM) Comes into Effect on 31 March 2021,” March 2021, <https://amro-asia.org/the-amended-chiang-mai-initiative-multilateralisation-cmim-comes-into-effect-on-31-march-2021/>.

entering into force in January 2022.¹⁵ Trade remained resilient in 2025 despite higher United States tariffs. For a sample of eleven economies accounting for around 80 percent of Asia and the Pacific's trade, exports to regional partners grew by 12.4 percent, compared with 6.1 percent for exports to the United States.¹⁶ Larger Asian economies have anchored smaller ones through institutions, production networks, and a common safety net.

Africa offers a different pathway to regionalization. Unlike Asia, where integration developed around established production networks, Africa is building a continental economic space from a fragmented productive base constrained by high trade costs, infrastructure gaps, regulatory differences, and limited cross-border financial integration.¹⁷ The main challenge, therefore, is translating continental commitments into productive linkages across countries. Research on South African gateway cities illustrates how commercial and logistical services connect regional economies to wider markets.¹⁸ Morocco could play a similar role in fostering economic linkages across Africa.¹⁹

Morocco's manufacturing and logistics capabilities, together with preferential trade arrangements, provide a basis for attracting investment and linking regional suppliers to wider markets. Evidence from EU imports shows diversification towards partners with trade initiatives, while US imports show sourcing adjustments alongside continuing supply-chain links with China.²⁰ These patterns suggest scope for production linkages between Morocco and other African economies; the scale of benefits to Moroccan and neighboring suppliers will depend on productive capacity, standards, and rules of origin.

¹⁵ Asian Development Bank, "[Trade and Global Value Chains](#)," 31; Australian Government Department of Foreign Affairs and Trade, "Regional Comprehensive Economic Partnership Agreement (RCEP)," accessed September 10, 2026, <https://www.dfat.gov.au/trade/agreements/in-force/rcep>.

¹⁶ Asian Development Bank, *Asian Economic Integration Report 2026: Leveraging Regional Cooperation and Integration to Navigate Global Uncertainties*, highlights (Asian Development Bank, 2026), 2, https://aric.adb.org/pdf/aeir/AEIR2026_highlights.pdf.

¹⁷ World Bank, *The African Continental Free Trade Area: Economic and Distributional Effects* (World Bank, 2020), <https://openknowledge.worldbank.org/entities/publication/1c04980c-dcd8-5bd9-9abc-a028630500db>; Mahmoud Arbouch and Asya Pelkes, *Bridging Gaps, Building Futures: Aligning the EU's Global Gateway and AfCFTA for Africa's Sustainable Integration*, Policy Paper 21/24 (Policy Center for the New South, 2024), <https://www.policycenter.ma/publications/bridging-gaps-building-futures-aligning-eus-global-gateway-and-afcfta-af-ricas>.

¹⁸ Sören Scholvin, "Articulating the Regional Economy: Cape Town, Durban and Johannesburg as Gateways to Africa," *African Geographical Review* 39, no. 2 (2020): 162–74, <https://doi.org/10.1080/19376812.2019.1664915>.

¹⁹ Abdelaaziz Ait Ali et al., *Morocco as a Connector State: A Winning Strategy in a Fragmented World*, Policy Paper 17/26 (Policy Center for the New South, July 2026), https://www.policycenter.ma/sites/default/files/2026-07/PP_17-26_coecrit%20VE.pdf.

²⁰ Román Arjona et al., "Supply Chain Tectonics: Empirics on How the EU Is Plotting Its Path through Global Trade Fragmentation," *The World Economy* 49, no. 7 (2026): 1355–73, <https://doi.org/10.1111/twec.70089>; Caroline Freund et al., "Is US Trade Policy Reshaping Global Supply Chains?" *Journal of International Economics* 152 (2024): 104011, <https://doi.org/10.1016/j.jinteco.2024.104011>.

The EU–Morocco Green Partnership, the Pact for the Mediterranean, and the US–Morocco Free Trade Agreement provide institutional channels for cooperation.²¹ The Atlantic Initiative could extend economic linkages towards landlocked Sahelian economies, subject to effective infrastructure, transit arrangements, security, and coordination with Mauritania.²² Preferential access through Morocco remains subject to each agreement’s rules of origin; it does not automatically extend to suppliers in neighboring economies.

Extending this role across Africa requires trade rules, finance, and infrastructure to operate together. The African Continental Free Trade Area (AfCFTA) can facilitate regional sourcing, the Pan-African Payment and Settlement System (PAPSS) can ease cross-border payments, and the Programme for Infrastructure Development in Africa (PIDA) can support the infrastructure needed to connect regional suppliers to wider markets.²³ Targeted guarantees, supplier finance, and technical assistance can help firms meet the scale, technological, and certification requirements of lead firms. The regional relevance of the Moroccan model therefore depends on its capacity to generate durable production linkages across African economies.

Preferential regional arrangements can, however, disadvantage non-members. Members of the World Trade Organization (WTO) have therefore declared that regional agreements must remain complementary to the multilateral system rather than a substitute for it.²⁴ Whether a regional arrangement benefits or disadvantages non-members depends on its design, which G20 members are well placed to influence. The most useful G20 contribution is agreement on common norms for engaging neighboring economies, so that regionalism raises welfare outside the region as well as within it. The three recommendations that follow propose such norms, covering regional public goods, open trade regionalism, and financial safety nets coordinated with the IMF.

²¹ European Commission, *Memorandum of Understanding on a Green Partnership between the European Union and the Kingdom of Morocco*, annex to C(2022) 7308 final (October 17, 2022), https://enlargement.ec.europa.eu/system/files/2022-11/C_2022_7308_F1_ANNEX_EN_V3_P1_2128231.PDF; European Commission and High Representative of the Union for Foreign Affairs and Security Policy, *The Pact for the Mediterranean: One Sea, One Pact, One Future*, Joint Communication JOIN(2025) 26 final (October 16, 2025), <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52025JC0026>; Office of the United States Trade Representative, “Morocco Free Trade Agreement,” accessed September 10, 2026, <https://ustr.gov/trade-agreements/free-trade-agreements/morocco-fta>.

²² Fadoua Ammari and Rida Lyammouri, *The Atlantic Initiative and Morocco–Mauritania Relations: Strategic Opportunities and Shared Challenges*, Research Paper 09/25 (Policy Center for the New South, August 2025), https://www.policycenter.ma/sites/default/files/2025-09/RP_09-25%20%28Rida%20Lyammouri%20%26%20Fadoua%20Ammari%29%20EN.pdf; Rida Lyammouri and Amine Ghoulidi, *Morocco’s Atlantic Initiative: A Catalyst for Sahel-Saharan Integration*, Policy Brief 68/24 (Policy Center for the New South, 2024), <https://www.policycenter.ma/publications/moroccos-atlantic-initiative-catalyst-sahel-saharan-integration>.

²³ Pan-African Payment and Settlement System, “How It Works,” accessed September 10, 2026, <https://papss.com/how-it-works/>; Programme for Infrastructure Development in Africa, “Welcome to PIDA,” accessed September 10, 2026, <https://www.au-pida.org/>.

²⁴ World Trade Organization, “Scope of RTAs,” accessed September 10, 2026, https://www.wto.org/english/tratop_e/region_e/scope_rta_e.htm.

Recommendations and Next Steps

G20 members can adopt these recommendations collectively and implement them individually or with regional partners. Each builds on established G20 initiatives and institutions that support growth. Table 1 identifies the relevant workstreams.

Table 1. Mapping the recommendations to existing G20 workstreams

Recommendation	Existing G20 anchor	Proposed next step
Finance regional public goods through regional platforms and reformed multilateral development banks	MDB capital adequacy review and the 2023 and 2024 G20 roadmaps; G20 Finance Track; G20 cross-border payments roadmap and national remittance plans	Support a defined share of additional MDB lending capacity for regional public goods, subject to governing-body approval, with a joint project pipeline. Set corridor-specific targets and track the share of remittance transactions costing 3 percent or less.
Design open and inclusive regional trade arrangements that let smaller neighbors join regional value chains and benefit from connector economies	Trade and Investment Working Group, the WTO Transparency Mechanism for regional agreements, and the Aid for Trade initiative	Endorse principles on accession, cumulative rules of origin, transparency, and aid for trade. Support neighboring suppliers through finance and standards assistance, with factual monitoring based on WTO notifications and agreed institutional mandates.
Strengthen regional financial safety nets and improve their coordination with the IMF	G20 Finance Track, including established work on international financial architecture, and IMF dialogue with regional financing arrangements	Conduct joint test runs and coordinate precautionary assessments, data exchange, and financing procedures. Assess access options for neighboring non-members while preserving each institution's approval authority.

Source: Authors' compilation.

First, the G20 should finance regional public goods through regional platforms and reform multilateral development banks (MDBs). Transport corridors, power grids, cross-border payment systems, and disease surveillance generate cross-border spillover benefits, but national investment decisions and country-based lending windows may not fully account for benefits accruing to neighboring economies.

Cross-border digital infrastructure and common interoperability standards also generate regional public benefits. Global exports of digitally delivered services were estimated at 5.27 trillion US dollars in 2025, up from 4.80 trillion dollars in 2024.²⁵ Greater broadband adoption can also support growth: a 10 percent increase could raise GDP by up to 2 percent in low- and middle-income economies.²⁶

A study of 58 economies over 2014–2018 found that a 10 percentage point increase in digital connectivity, measured by active mobile broadband subscriptions per capita, was associated with approximately 2 percent lower trade costs in goods and services.²⁷ Regional investment in broadband infrastructure, interoperable digital and payment systems, and digital skills could therefore reduce transaction costs, strengthen small and medium-sized enterprise participation, and deepen regional production networks.

Lower remittance costs would provide a direct benefit to households in neighboring economies. Sending 200 US dollars cost a global average of 6.36 percent in the third quarter of 2025, still more than twice the G20-endorsed 2030 target of no more than 3 percent, with no corridor above 5 percent.²⁸

Alongside investment in payment infrastructure, G20 members should agree corridor-specific targets to increase the share of remittance transactions using regulated services with a total cost of 3 percent or less, including fees and foreign-exchange margins. Sending and receiving authorities should establish baselines and publish annual progress through existing national remittance plans and the G20 cross-border payments agenda. Competition, transparent price comparisons, proportionate customer identification requirements, and access to interoperable payment systems would help households use lower-cost services. Monitoring should cover actual usage and recipient access, including cash-out costs, so that lower posted prices translate into savings.

Following the independent review of MDB capital adequacy frameworks in 2022, the G20 adopted a roadmap in 2023 to expand lending capacity while preserving financial soundness and

²⁵ World Trade Organization, *Digitally Delivered Services Trade Dataset*, updated July 2026, accessed September 10, 2026, https://www.wto.org/english/res_e/statistics_e/gstdh_digital_services_e.htm. WTO estimates for 2024 and 2025 are rounded to trillions of current US dollars.

²⁶ World Bank, “Bridging the Digital Divide: Digital Infrastructure Driving Jobs and Economic Growth,” May 15, 2026, <https://www.worldbank.org/en/results/2026/05/15/bridging-digital-divide-infrastructure-jobs-growth>.

²⁷ Chiara Bellucci et al., *Better Together: How Digital Connectivity and Regulation Reduce Trade Costs*, WTO Staff Working Paper ERSD-2023-07 (World Trade Organization, 2023), https://www.wto.org/english/res_e/reser_e/ersd202307_e.htm.

²⁸ World Bank, *Remittance Prices Worldwide*, issue 54 (September 2025), 6–7, https://remittanceprices.worldbank.org/sites/default/files/2026-04/RPW_main_report_and_annex_Q325.pdf; Financial Stability Board, “G20 Targets for Enhancing Cross-border Payments,” accessed September 10, 2026, <https://www.fsb.org/work-of-the-fsb/financial-innovation-and-structural-change/cross-border-payments/g20-targets-for-enhancing-cross-border-payments-2/>. Corridor-specific usage targets are the authors’ proposal.

high credit ratings.²⁹ A further roadmap for better, bigger, and more effective MDBs was developed under this agenda in 2024. G20 leaders welcomed the first implementation progress report in 2025 and called for continued capital adequacy reforms. These reforms create potential lending capacity; actual financing depends on project approvals and disbursements.³⁰

A dedicated allocation for regional public goods would help translate the additional lending headroom into cross-border projects. Even as bilateral aid fell sharply in 2025, donor core contributions to the World Bank and to the regional development banks rose, a pattern that suggests donor governments retain confidence in the multilateral channel.³¹

As MDB shareholders, G20 members should seek approval from the banks' governing bodies to allocate a defined share of additional lending capacity to regional public goods. Joint co-financing platforms among the World Bank, the Asian Development Bank, the African Development Bank, the Islamic Development Bank, and their peers should prioritize projects that connect non-G20 neighbors to nearby G20 markets. G20 finance ministers should invite the heads of these banks to prepare a joint regional public goods pipeline, with indicative financing responsibilities and implementation milestones, for consideration at the 2026 summit and subsequent follow-up. Project selection should reflect joint priorities agreed with participating non-G20 countries and remain subject to MDB mandates, debt sustainability, and governing-body approval.

Second, the G20 should promote open and inclusive regional trade arrangements. Regional trade agreements are an important instrument of trade policy, and their design influences whether smaller neighbors can join regional value chains.³² Three design features can support that outcome. Accession clauses should offer terms that reflect neighboring economies' adjustment capacity, including realistic transition periods. Rules of origin should be simple and allow cumulation of originating inputs across the bloc, as provided by RCEP Article 3.4, to encourage supply chains to spread across members, including its least developed economies.³³ Market opening should then be paired with aid for trade so that firms in adjacent non-members can meet standards and reach ports.

²⁹ G20, *G20 Roadmap for the Implementation of the Recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks* (2023), https://cdn.github.org/umbraco/media/5355/g20_roadmap_for_mdbcaf.pdf.

³⁰ G20, *G20 Roadmap for the Implementation of the Recommendations*; G20, *G20 Roadmap towards Better, Bigger and More Effective MDBs* (2024), https://coebank.org/documents/1724/G20_Roadmap_towards_better_bigger_and_more_effective_MDBs_T69DXmX.pdf; G20, *G20 South Africa Summit*, para. 54.

³¹ OECD, "A Historic Decline in Foreign Aid."

³² World Trade Organization, "Regional Trade Agreements Gateway," accessed September 10, 2026, https://www.wto.org/english/tratop_e/region_e/region_e.htm.

³³ Regional Comprehensive Economic Partnership, "Chapter 3: Rules of Origin," in *Regional Comprehensive Economic Partnership Agreement* (November 15, 2020), art. 3.4, <https://www.dfat.gov.au/sites/default/files/rcep-chapter-3.pdf>.

Modeling of AfCFTA's potential gains illustrates the importance of trade facilitation. Under a full-implementation scenario developed in 2020, real income in 2035 was projected to be 7 percent (450 billion dollars in 2014 prices and market exchange rates) above the baseline without the agreement, with 30 million fewer people in extreme poverty. Most of the modeled income gain came from trade facilitation rather than tariff cuts. These projections depend on the study's assumptions and full implementation of the agreement.³⁴ Customs, logistics, and regulatory reforms can reduce trade costs and improve competitiveness.³⁵

Where connector economies serve as industrial and logistics hubs, governments should pair trade agreements with supplier development, trade finance, standards assistance, and access to procurement opportunities for firms in neighboring economies. These measures can help investment generate production linkages across countries and build local productive capacity.

G20 trade ministers should adopt a statement of open regionalism norms covering accession, cumulation, transparency through the WTO mechanism for regional agreements, and aid for trade directed at neighboring non-members. They should invite the WTO Secretariat to support factual monitoring through existing notifications, subject to WTO members' agreement and available resources.

Third, the G20 should strengthen regional financial safety nets and improve their coordination with the IMF. Financial shocks are transmitted through the same regional trade and financial linkages, and a currency crisis in one economy can reverse years of integration among its neighbors. Regional financing arrangements exist for this purpose, yet their coverage is uneven, and their coordination with the IMF has limited experience in live crises. The CMIM, a 240 billion dollar swap arrangement, had not been activated by mid-2023, underscoring the need to make regional facilities easier to use. Operational test runs are useful, but they cannot fully demonstrate how the arrangement would perform in a live crisis.³⁶

ASEAN+3 finance ministers and central bank governors approved an amended CMIM agreement introducing a Rapid Financing Facility in 2025. A paid-in capital structure is another option for strengthening the regional safety net.³⁷ The G20 can support cooperation across these arrangements through its members' roles in the IMF and regional institutions, while involving regional arrangements whose leading shareholders are not individual G20 members.

³⁴ World Bank, "Trade Pact Could Boost Africa's Income by \$450 Billion, Study Finds," press release, July 27, 2020, <https://www.worldbank.org/en/news/press-release/2020/07/27/african-continental-free-trade-area>; World Bank, *The African Continental Free Trade Area*. The figures describe the 2020 study's scenario for 2035 relative to a baseline without AfCFTA; they are not observed outcomes.

³⁵ Kose and Mulabdic, "Global Trade's Rollercoaster Ride."

³⁶ Benjamin Hoffner, "Association of Southeast Asian Nations + 3: The Chiang Mai Initiative Multilateralization," *Journal of Financial Crises* 5, no. 1 (2023): 131–57, <https://elischolar.library.yale.edu/journal-of-financial-crises/vol5/iss1/4/>. The non-activation finding is limited to mid-2023.

³⁷ AMRO, "CMIM"; Asian Development Bank, *Asian Economic Integration Report 2026. Highlights*.

Through the G20 Finance Track, members should agree on a standing program of joint test runs between the IMF and the regional arrangements, building on existing exercises and the G20's support for IMF collaboration with regional financing arrangements. They should also coordinate eligibility assessments for precautionary facilities to reduce duplication, while preserving each institution's mandate and approval authority, and examine options that would extend swap access or associate arrangements to neighboring non-members through their regional anchors, subject to risk assessments and the approval of the relevant governing bodies.³⁸

These efforts should include shared data templates with harmonized definitions and timely exchange protocols with appropriate confidentiality safeguards, predefined rules for joint financing, clearer divisions of responsibility between the IMF and regional arrangements, and regular crisis simulations to test coordination and response capacity. These measures would help global and regional financial safety nets work together and make crisis support more predictable.

Crisis prevention supports growth by protecting the trade, investment, and remittance flows on which non-G20 neighbors depend. Better coordination can limit duplication and reduce the costs of crisis response, although wider coverage and more usable financing facilities may require additional resources.

The three recommendations build on existing institutions and G20 commitments, combining changes in policy and coordination with targeted financing for developing countries without individual G20 membership. Measures that strengthen neighboring economies also expand the markets and supply chains on which G20 members' own growth depends, which gives a growth-centered presidency a direct interest in adopting them. Agreement on these norms would give G20 members a practical basis for sustained cooperation with neighboring developing economies.

³⁸ AMRO, [“CMIM”](#); G20, [G20 South Africa Summit](#), para. 56.

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