UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION
Progress by innovation

FairShare

lkdf
Learning and Knowledge Development Facility

ecdpm

SUSTAINABLE DEVELOPMENT GOALS

Policy insights from a UNIDO-ECDPM roundtable

CORRIDOR DEVELOPMENT FOR FAIR VALUE CHAINS IN AFRICA

FairShare Learning Series Issue No. 2

March 2025

ABOUT THIS PAPER

UNIDO's FairShare Learning Series contributes UNIDO's work on sustainable and fair supply chains, under the overall guidance of UNIDO's Directorate of SDG Innovation and Economic Transformation (IET) and its Division for Fair Production, Sustainability and Trade (PST).

The brief draws on a UNIDO-ECDPM roundtable held under Chatham House rules on 9 December 2025. The roundtable brought together over 40 participants from African governments, Regional Economic Communities, development finance institutions, the European Commission, the European External Action Service, the Joint Research Center, EU technical cooperation agencies, the private sector, together with ECDPM, UNIDO and independent experts. The discussions generated a range of policy insights, synthesised in this brief. The paper addresses African policymakers, regional institutions, development finance institutions, and international partners engaged in the design, financing, and implementation of corridor initiatives and encourages them to identify the political economy conditions under which corridor investments are most likely to generate productive capacity, employment, and regional integration.

The main authors of this paper are Bruce Byiers, Poorva Karkare (ECDPM) and Alisa Herrero (UNIDO) with contributions from Victor Baah, Gabriela Cordoba Sandoval, Amelia Espinoza Tiffer, Yala Conceicao Hivernon, Stefan Kratzsch, Brian Portelli, Navjot Kaur, Rona Rizza Aves and Virpi Stucki (UNIDO). They are solely responsible for the content of this publication, including any errors or interpretations.

For additional information please contact:
United Nations Industrial Development Organization
Vienna International Center
Wagramer Str 5 P.O Box 300
unido@unido.org

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Key insights

CORRIDOR DEVELOPMENT IS A POLITICAL ECONOMY PROCESS, NOT A TECHNICAL EXERCISE

Corridor development for fairer value chains is an outcome of actors, incentives and interests, reflecting underlying political economy dynamics rather than technical design alone.

LACK OF A COMMON DEFINITION OF CORRIDORS, COMBINED WITH LIMITED AND UNEVEN DATA COMPLICATES THE DESIGN OF CORRIDOR INTERVENTIONS

Persistent corridor level data gaps across value chains, firms, skills, energy, communities and spatial linkages undermine effective planning, prioritisation, sequencing and evaluation, limiting corridors' ability to support industrial upgrading and local value creation.

CORRIDORS MUST BE DESIGNED AS INTEGRATED INDUSTRIAL AND ECONOMIC ECOSYSTEMS

Inclusive industrial development requires corridors to link infrastructure with productive investment, industrial hubs, energy and skills development systems, quality infrastructure, and enterprise upgrading, particularly for Small and Medium Enterprises (SMEs), rather than functioning primarily as transit or extractive routes.

GEOPOLITICAL 'COOPETITION' UNDERSCORES THE NEED FOR GREATER COORDINATION AND NEUTRAL BROKERAGE

Corridor development generates geopolitical, regional, national and local benefits and trade-offs, which must be carefully assessed to navigate competing priorities and determine viable pathways forward. As corridor development becomes increasingly shaped by external financing and geostrategic interests, there is a need for politically informed coordination and neutral brokerage to align investments with African led industrial priorities, while avoiding fragmentation or financing determining priorities.

STRONG OWNERSHIP DEPENDS ON ANCHORING CORRIDORS IN EXISTING AFRICAN SYSTEMS AND PRIVATE SECTOR INCENTIVES

Corridor initiatives must be anchored in ongoing continental and regional frameworks (including the African Union's Programme for Infrastructure Development in Africa (PIDA), the Programme for Accelerated Industrialization Development for Africa, (PAIDA), the African Continental Free Trade Agreement (AfCFTA) and translated into national policies and private sector incentives, ensuring that regional ambitions are implemented through domestic institutions, productive capacities and private sector engagement.

Policy recommendations

The recommendations in this brief emerge from the ECDPM-UNIDO roundtable discussions, reflecting shared insights and practical lessons from a diverse group of African and European stakeholders involved in corridor development, financing, and implementation.

1 **To move from fragmented corridor initiatives toward sustained development impact, policy action should focus on three strategic shifts:**

1. From infrastructure projects to integrated industrial ecosystems;
2. From political alignment alone to firm-level incentives and capabilities; and
3. From ad hoc financing to sequenced investment pathways anchored in African systems.

The recommendations below reflect these shifts and are intended to support prioritization under conditions of limited fiscal, institutional, and coordination capacity.

2 **Make informed choices in the face of limited resources**

Corridor development requires explicit prioritization and disciplined trade-offs. These choices should be guided by political economy analyses and effective (neutral) coordination platforms that can align interests across public and private actors, national, regional, continental and geopolitical interests.

Such mechanisms are critical to build investor confidence, mobilise finance including domestic resource mobilisation, and ensure coherence across corridor related investments. The private sector, as the primary user of corridors, must be systematically engaged in corridor planning and implementation, while recognising that development outcomes are inherently uneven and that some actors will benefit more than others. These choices should be guided by political economy analysis and data.

3 **Robust corridor level data systems are essential to support informed decision making and effective prioritisation**

This requires integrated, GIS based data covering value chain potential and linkages, community inclusion, feeder road and rail connectivity, urban and spatial planning, climate and environmental risks, energy production, transmission and storage, skills and quality services availability, and household incomes. Strengthening corridor level data ecosystems is therefore a core policy priority to de-risk investment, enhance policy coherence and sequence interventions to maximise development impact.

4

Start with what exists, not what it needs to be replaced by

Corridor development is driven by multiple, contextually specific functions, behaviours, and incentives (e.g., profit, growth, or poverty reduction) as well as high-level politics and historical linkages. External as well as regional partners must focus on understanding and responding to these behaviours, aligning with political and economic incentives without undermining local markets. Failure often results from a lack of understanding of root causes of identified critical constraints, 'white elephants,' and one-size-fits-all solutions.

5

Prioritize and sequence strategically

Corridor interventions should be purpose-driven, starting where the funds are, typically in export-oriented projects or international supply chains, and then adapted to regional supply chains. There is a demand for integrated approaches, coordination and technical leadership, particularly at the interface between EU Global Gateway investments and African industrial priorities. There is also a need to develop a stronger and more balanced architecture for resource mobilization that safeguards national sovereignty and control over critical infrastructure. Over-reliance on PPPs, without adequately addressing the tensions they create, could risk undermining the sovereignty of states, key assets and country systems for skills development.

6

Build trusted national and regional quality systems

In order to achieve policy, technical and standard harmonisation, building trusted cross-border (ideally regional) and quality infrastructure systems is essential. This is best achieved through participatory efforts that include the private sector, building mutual trust (so countries participate and perceive an economic cost for non-compliance), and relying on data-driven decision making, using tools such as the UNIDO Quality Infrastructure for Sustainable Development Index and the Standards Compliance Analytics.

7

Continue dialogue through focused communities of practice

Given the vast scope of corridor development, it would be useful to create smaller communities of practice that focus on specific thematics around corridors such as investment and trade facilitation, human capital, quality infrastructure, greener value chains and so on. Neutral brokerage to align public-private, national-regional-continental-global interests could facilitate coopetition among different players along corridors.

8 Continental anchoring for coherence and impact

Corridors represent a critical implementation space where Africa's infrastructure, industrialization, and trade agendas converge. Anchoring corridor initiatives within the AU-led Programme for Infrastructure Development in Africa (PIDA), the Programme for Accelerated Industrialization Development of Africa (PAIDA), and the African Continental Free Trade Area provides a coherent framework for aligning investments with Africa-led priorities for structural transformation.

Investments in corridor infrastructure need to be matched by investments in industrial ecosystems to ensure that corridors translate into productive capacity, jobs with higher value added, and improved competitiveness.

Ultimately, corridors will deliver fairer value chains, not by infrastructure alone, but by aligning political incentives, private sector needs, and industrial capabilities across national, regional, and continental levels.

Corridor development for fair value chains is an outcome of actors’ incentives and interests

While the concept of development corridors has existed since at least the 1990s, there is a renewed interest in trade and transport corridors as an approach to market and productive integration that brings together infrastructure, industrialization, trade, and investment policy. In Africa, the corridor development approach has evolved through continental and regional frameworks, including PIDA, PAIDA and various Regional Economic Community (REC) approaches, legal instruments and coordination mechanisms, now underpinned by AfCFTA.

Corridors can be framed at multiple levels - from the highest geopolitical level to regional, national and local contexts - raising important questions about how development actors and trade partners can engage in and support corridor development in ways that promote economic transformation and inclusive industrialization.

Corridors are often valued for their potential to pilot reforms, attract investment, concentrate administrative and regulatory resources and support the industrial policy implementation. As with any development intervention, corridor development outcomes hinge on an actors’ behaviour, the alignment of public and private interests, at national, regional, continental and global levels, on the type of corridor, the priorities embedded in its design, the nature of financing mobilized, and the underlying economic and political objectives pursued. Spillovers can be positive or negative, with potential winners and losers emerging from policy choices.

Coordination and governance challenges are amplified in a context where multiple external and domestic actors operate simultaneously across countries, sectors and levels.

Understanding corridors as political economy constructs highlights the need for explicit corridor-level political economy analyses that map actors’ interests, incentives, and distributional effects. This includes for example identifying who captures rents from infrastructure, logistics, and resource extraction; which actors face adjustment costs from deeper regional integration; and where national priorities diverge from regional commitments. Without such diagnostics, corridor initiatives risk reinforcing existing power asymmetries rather than supporting inclusive industrialization.

Why definitions and data matter for corridor development

The definition of a corridor, while often associated with transport connections between two points, is complicated by the array of different policy and reform entry points - these include hard infrastructure (including energy, roads and railways), soft infrastructure (including regulatory frameworks, border procedures, skills, and so on), and the involvement of various organisations. This breadth makes the assessment of corridors' 'implementation' or 'success' difficult in practice. For instance, in the port of Cotonou, serving hinterland countries such as Niger, assistance from development partners was part of a trade (not just 'aid') agenda, which included the strengthening of fiscal capacity, green economy, as well as security, thus bringing in governance aspects into the trade debate. But one could arguably question the progress on other policy areas such as skills or job creation, as it remains more difficult to assess, illustrating how differing corridor objectives complicate the evaluation of outcomes.

Rather than converging on a single definition of corridors, a more pragmatic approach would be to classify corridors according to their primary function and intended development impact. At one end of the spectrum are transit-oriented corridors, primarily designed to reduce transport and logistic costs. Intermediate forms include trade facilitation corridors, which combine infrastructure with regulatory and border forms. At the other end, are industrial and value-chain corridors, explicitly anchored in productive investment, enterprise upgrading and market access. While all corridor types can support trade, only corridors deliberately designed around production systems and firm-level capabilities are likely to deliver fairer value chains and inclusive industrialisation outcomes. Such a pragmatic approach to corridor definition would allow policy makers and partners to align expectations, prioritize interventions, and assess progress based on the specific objectives of each corridor, rather than against an overly broad or idealized benchmark. Beyond these challenges, corridor development is fundamentally constrained by persistent data gaps, underpinned by affordability, accessibility and availability of data, and pointing to a priority intervention area. Comprehensive, corridor level GIS data is essential for informed decision-making.

This includes data on value chain potential and linkages, community inclusion, feeder road and rail connectivity, urban and spatial planning, agro value chain linkages, quality infrastructure systems (standardization, accreditation, metrology, conformity assessment), climate risks, energy production, transmission and storage, skills availability, and household incomes, among other things. Underinvestment in geological surveys limits the identification of mineral deposits, while broader data deficiencies hinder understanding of backward and forward linkages, which are essential for economic transformation. This raises basic but critical questions about "who is investing, who is operating, who is creating jobs, and where is value being added?" Strengthening such data systems is not only a technical necessity but a strategic imperative to empower African countries in forthcoming corridor-related negotiations, enabling them to better align infrastructure investments with national and regional development priorities and maximise local developmental impact.

Can the EU deliver on corridors?

The EU remains the largest cooperation partner supporting corridor development and market integration in Africa. Under its Global Gateway, EU engagement in corridor development extends beyond the traditional focus on supporting the RECs.

The EU's Global Gateway aligns closely with long-standing African ambitions for regional integration and industrialization, but introduces a paradigm shift through its 360-degree approach. This combines efforts to structure EU financing in support of strategic investments in a limited number of corridors.

Global Gateway has applied a methodology similar to its own trans-European transport policy to identify a list of (12) priority corridors around which the EU hopes to attract investment in green transport and trade, clean energy and socio-economic development, while improving the security and resilience of strategic value chains for the EU. This however is a small subset of the 76 corridors identified under the PIDA which do not perfectly overlap with African-defined corridors.

The EU's Global Gateway entails a set of critical coordination challenges: among European partners (including Brussels based institutions, EU Delegations, Member State embassies, technical cooperation agencies such as Enabel, GIZ and AFD, and Development Finance Institutions (DFIs)), between partners and corridor countries, among participating corridor countries, within corridor countries where political priorities and industrial policy objectives may diverge, and across sectors involved in corridor development.

While these coordination challenges are likely to also be present in other partners, the scope of their engagements remains narrower and therefore coordination costs more limited.

EU coordination challenges are further compounded by the central role of financial packaging, blending and derisking which is overseen by yet another set of actors, including DFIs and Export Credit Agencies (ECAs). These institutions have largely operated in parallel, with different mandates and limited cooperation. While ECAs traditionally support European exports and outward investment, DFIs focus on development objectives in partner countries. In contrast, competitors such as China and Japan deploy integrated, state-backed financial models that combine export and development finance.

As other international partners gain prominence in corridor development and expand their footprint in Africa, also driven by concerns around strategic supply chains, security and resilience, the EU needs to strengthen its external financing offer. This requires breaking down institutional silos and ensuring effective coordination between DFIs and ECAs and between EU and its Member States to enable a pragmatic, timely financing of strategic investments.

Geopolitical realities: competition as the way forward?

The current geopolitical landscape is defined by contrasts, such as the EU's 'slow and heavy' approach to supporting corridor investments versus China's 'pragmatic and quick' methods, often through attractive turn-key projects. Moreover, there are now other actors involved in aspects of corridor development such as Turkey (railways and broader corridor development), UAE (especially ports), Saudi Arabia (minerals and trade), and Qatar (aviation and logistics). [i],[ii],[iii],[iv],[v]

This evolving landscape raises important questions about how to balance cooperation and competition among the growing number of international partners engaging on and around development corridors in Africa. The proliferation of actors and entry points in corridor development risks creating a "too many cooks in the kitchen" dynamic.

The growing diversity of external actors engaging in African corridors underscores the importance of coordination mechanisms that are anchored in African priorities. In a context where multiple development actors and trade partners bring distinct comparative advantages, a form of strategic 'coopetition' could emerge as the way forward.

African institutions and multilateral organizations can play a stabilizing role by providing neutral platforms for dialogue, supporting alignment with continental frameworks and helping sequence investments across infrastructure, industrial capabilities and skills. Without such coordination, corridor initiatives risk fragmentation, duplication and misalignment with long-term development objectives.

Regional coherence and national interests: who is asking for corridor development?

Regional commitments to corridor development in Africa long predate the EU's Global Gateway and similar initiatives. However, the current geopolitical context has added renewed urgency to their effective implementation. Achieving coherence across corridor projects is essential to advance a shared regional vision, as harmonised regulations and aligned investments depend on strong regional coordination. Corridors, in this sense, offer a practical means of delivering regional public goods that complement national trade, transport and industrialisation strategies. At the same time, differing national priorities along and around corridors raise fundamental questions about how to sequence and prioritize investments in a way that balances diverse national

[i] Underexplored and Undervalued: Addressing Africa's Mineral Exploration Gap
[ii] Türkiye to connect Africa to global trade corridors through new pacts
[iii] UAE joins US, China, and EU in race for Africa's strategic investments with billions in new funding
[iv] Saudi Arabia has a strategic advantage in sourcing critical minerals from Africa
[v] Qatar Airways Deepens Africa Expansion with New Deals and Airport Investment

national development needs, while maintaining regional coherence. It is broadly recognised that even if regional commitments originate from agreements among Heads of State, in practice it only succeeds where it aligns with national interests, often defined by short-term decision making. Given the centrality of these national interests, the relevant question is how to integrate these in regional integration, rather than treating corridors as inherently 'logical' projects.

Creating national interests in regional corridors requires anchoring them in concrete private sector incentives. Firms engage regionally when corridors reduce costs and constraints around production, compliance, skills, or logistics that they cannot be solved at the national level alone. This points to the importance of designing corridors as industrial ecosystems, combining infrastructure with shared services such as quality infrastructure, skills pipelines, and logistics platforms that enable firms, particularly SMEs, to participate in regional value chains. For this, corridor initiatives must shift towards private sector needs and interests. Enterprises are the ultimate implementers, users and beneficiaries of corridor initiatives, and they will work regionally if this provides solutions for their identified problems.

The value chain approach offers opportunities for complementarities and coordination, particularly focusing on backward linkages. This necessitates asking "who is asking for corridor development?".

The Lobito Corridor and the Abidjan-Lagos Corridor highlight both the opportunities and risks; while there is a political case for the Lobito Corridor at geopolitical, regional and national levels, it is unclear whether and how the private sector is involved in anchoring these regional connections. By contrast, in the Abidjan-Lagos corridor (connecting different port cities) which enjoys much regional support, while the private sector has these regional links, hinterland trade of each port city (Abidjan, Tema, Lome, Cotonou, Lagos) along this corridor is more important than gains from increasing trade between these port cities.

These examples highlight that political commitment alone is insufficient. Regional commitments must be embedded in domestic policy, regulatory and institutional frameworks; without effective translation into national rules, incentives and enforcement mechanisms, corridors risk remaining aspirational. Equally, without clear private-sector anchoring and incentives, corridor initiatives risk falling short of their potential to drive regional integration and fairer value chains.

Funding corridors - who gets to call the shots?

Persistent financing constraints can lead to donor or financier priorities disproportionately shaping outcomes—effectively allowing "the tail to wag the dog". This can cause potential tensions as financiers typically require coherence, compliance, and clear criteria for their funding, while countries want to balance domestic policy priorities, decisions on resource allocation and sovereignty. These issues raise critical questions for industrial policy along corridors: how national industrial strategies, investment promotion frameworks, skills development systems and regulatory regimes can be coherently aligned to crowd in private investment, strengthen domestic productive capacities and ensure that regional connectivity and integration translate into tangible supply-chain and economic upgrading, enterprise development and local value creation.

Corridors as economic arteries for inclusive development

It is widely recognised that for a corridor to deliver measurable, corridor-wide development gains, it must be more than a transit route and function as an economic artery. Achieving this requires the deliberate alignment of infrastructure investments with industrial production systems (including skills) and trade flows. Connectivity and infrastructure alone will not generate inclusive development outcomes.

Despite their potential, many corridors still primarily serve outbound trade, delivering limited local economic benefits. Persistent challenges remain, including fragmented border and corridor services, ageing logistics assets with infrastructure gaps, limited SME linkages and integration of surrounding communities, and obsolete skills development systems, all of which constrain corridors' development impact and potential to generate local value addition.

Addressing these shortcomings requires deliberate efforts to embed corridors within local and regional production ecosystems, including demand-driven skills development to create locally sourced skilled jobs and supply chain upgrading to enable domestic firms to participate meaningfully in corridor-based value chains.

For corridors to function as economic arteries, coherence between infrastructure, industrial production systems and trade flows must be deliberately engineered, balancing interests and incentives for public and private actors. Hard and soft infrastructure alone do not generate employment or value addition; outcomes depend on core investments in industrial capabilities, skills development, quality standards and enterprise upgrading. Corridors that facilitate higher value addition and create opportunities across other productive sectors (beyond specific industries) need national actors to explicitly incorporate local enterprises and communities into value chains operating along corridors.

This includes facilitating the participation of SMEs, through improved access to markets, finance and business development services. While organising and supporting SMEs can be costly and may yield limited short-term returns, such investments are needed to ensure that corridors deliver inclusive growth and local value creation, rather than reinforce enclave development. Where these investments are absent, corridors risk remaining transit routes with limited local spillovers.

Within this context, quality infrastructure, including market surveillance and effective trade facilitation are essential to enable SMEs to access markets, move goods efficiently and comply with technical regulations and standards.

Scalable support strategies should promote regulatory and policy alignment, strengthen quality infrastructure and conformity assessment (testing, certification, inspection) systems, and improve enterprise level compliance capacities and quality culture. When combined with harmonised and mutually recognised quality services along corridors are delivered by skilled professionals these measures can significantly enhance corridor performance. Effective management of sanitary and phytosanitary (SPS) measures and other nontariff barriers (NTBs), which are sometimes misused as protectionist tools, is also critical.

Anticipatory skills planning, linked to corridor development investments, and public-private skills partnerships embedded in national education systems are critical to ensuring that corridor-driven growth translates into jobs with higher value addition, SME participation and market access. Where these core investments are added late or addressed through stand-alone projects, corridors risk reinforcing skills shortages and limiting the potential for local content and local value addition.

Finally, the strategic development of industrial hubs, industrial parks and special economic zones along corridors is critical to anchor production, generate economies of scale and create predictable demand for infrastructure services. These nodes play a pivotal role in shaping private sector incentives and de-risking investment.

However, these considerations also show that while corridor development is intended to focus efforts on a limited number of geographies, borders and productive sectors, delivering development impact is complex: corridors must be approached as integrated industrial or economic ecosystems where infrastructure investments are matched with industrial hubs, energy, skills development and quality infrastructure systems, and enterprise upgrading with enhanced compliance capacity. At the same time, the bankability of corridor-related investment projects needs to be assessed both through a national and regional perspective, where interests not always align.

The critical challenge, therefore, is to ensure that holistic corridor planning remains operational and actionable, avoiding paralysis by complexity, while ensuring that ‘good enough’ interventions are sequenced and scaled in ways that progressively de-risk private investment and maximise public good.

Vienna International Centre
Wagramerstr. 5, P.O. Box 300
A-1400 Vienna, Austria

+43 1 26026-0

unido@unido.org

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION