FfD4 cannot be business as usual

From Marrakech to Seville: key takeaways and recommendations on financing Africa

MO IBRAHIM FOUNDATION

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Seville cannot be business as usual: it is an opportunity that must be taken

Ahead of the 4th International Conference on Financing for Development (FfD4) (Seville, 30 June-3 July 2025), the Mo Ibrahim Foundation outlines four main recommendations and related action points to ensure that FfD4 advances the reforms needed for Africa to become a critical player in the new global economy, not just an aid beneficiary. These recommendations are grounded in the Foundation's latest *2025 Facts & Figures* report and the outcomes and takeaways of the 2025 Ibrahim Governance Weekend (IGW) (Marrakech, 1-3 June 2025), which brought together African and Africa-focussed leaders from governments, business, civil society and international institutions to reframe the continent's engagement with a shifting global order.

FfD4 is taking place amid a global crisis of multilateralism which challenges the original founding principles of international financial cooperation: stable, wealthy Western nations should support fragile and less wealthy countries in the Global South. Seville therefore has the opportunity become a crucial milestone in the long-awaited reform of the multilateral financial system.

The abrupt drop of Official Development Assistance (ODA) to Africa is just the acceleration of a decade-long withdrawal: Between 2013 and 2023, Africa's share of global ODA shrank by 11 percentage points. Meanwhile, public budgets in many donor countries are facing constraints due to internal pressures, aging populations and increased military spending. Worldwide military expenditure has soared, increasing by nearly 40% between 2014 and 2024. The 9.4% record surge between 2023-2024 is the steepest year-on-year rise since the end of the Cold War. These highlight a key structural shift in priorities.

The message coming out of the 2025 IGW was unequivocal: business as usual is no longer an option. Africa will not be at the FfD4 to ask for increased pledges – mainly not implemented – but to call for better processes and mechanisms allowing Africa to become a key stakeholder in a deeply shifted global order. Increased ownership in decision making entails increased accountability for the implementation of decisions taken.

In this brief, for each main recommendation we highlight the key takeaways from Marrakech and outline the corresponding action points for Seville.

Four main recommendations for FfD4

1. **Align with Africa's priorities and commitments:** Placing African priorities, as set out in Agenda 2063 and elsewhere, at the heart of international cooperation with the continent.
2. **Maximise Africa's domestic financial resources:** Strengthening African countries' capacities to retain and better mobilise their own domestic financial resources.
3. **Adequately monetise Africa's natural assets:** Monetising Africa's natural assets beyond raw commodities exports to ensure value addition locally and increased revenues.
4. **Attract investment in Africa:** Aligning with the high returns on investment on the continent, creating an enabling environment that attracts additional private capital, including African.

> This is not just about development – it's about a profound question of what development is. Development is about growth. It is about jobs, opportunities and business.
>
> *H.E. David Lammy, Secretary of State for Foreign, Commonwealth and Development Affairs, UK*

> Africa doesn't need more handouts – we need fair rules. We have the resources, the talent and the ambition. What we're asking for is a system that stops penalising us for who we are and starts partnering with us for what we can become.
>
> *Mo Ibrahim, Founder and Chair, Mo Ibrahim Foundation*

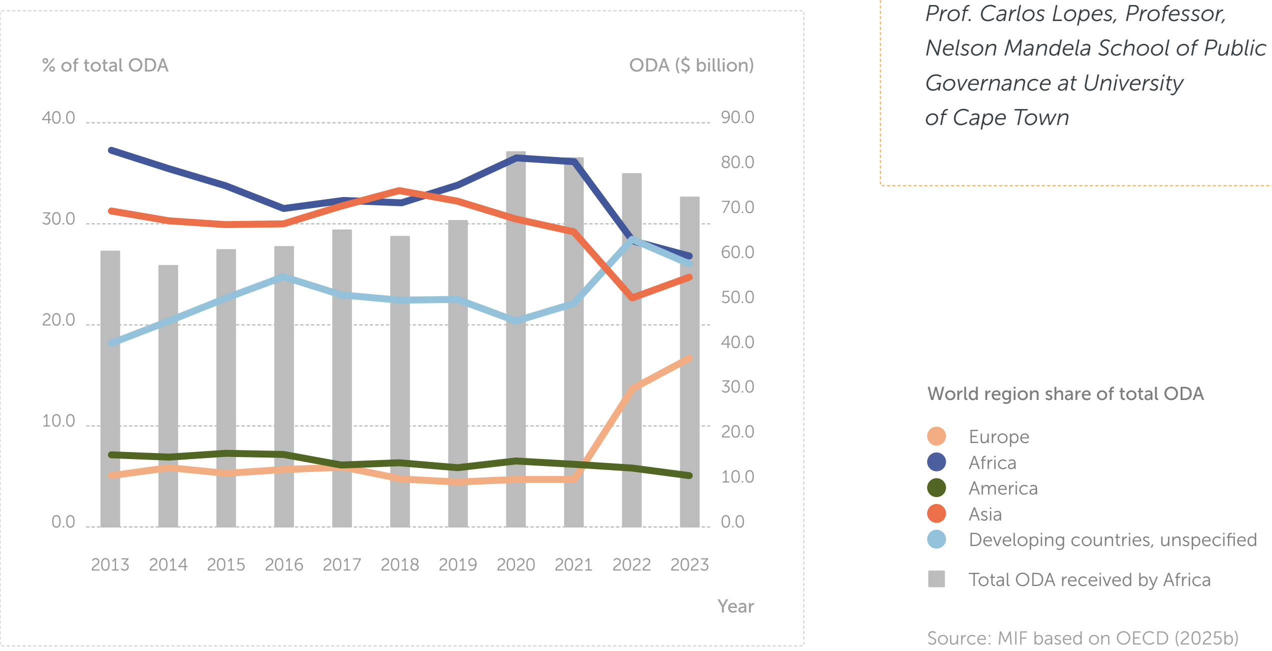
1. Align with Africa's priorities and commitments

Key takeaways from Marrakech:

Official Development Assistance (ODA) is over: Africa's share of total ODA from traditional donors is declining sharply, having dropped 11 percentage points over the past ten years. The current multilateral system and lending architecture, including surcharges, conditionalities and Special Drawing Rights (SDR) allocation, does not meet Africa's long-term, concessional finance needs.

> The financial part of aid is touching the end, no doubt. But what about the aid mentality? Why are the institutions we have created to deliver development in a certain way, not changing?
>
> *Prof. Carlos Lopes, Professor, Nelson Mandela School of Public Governance at University of Cape Town*

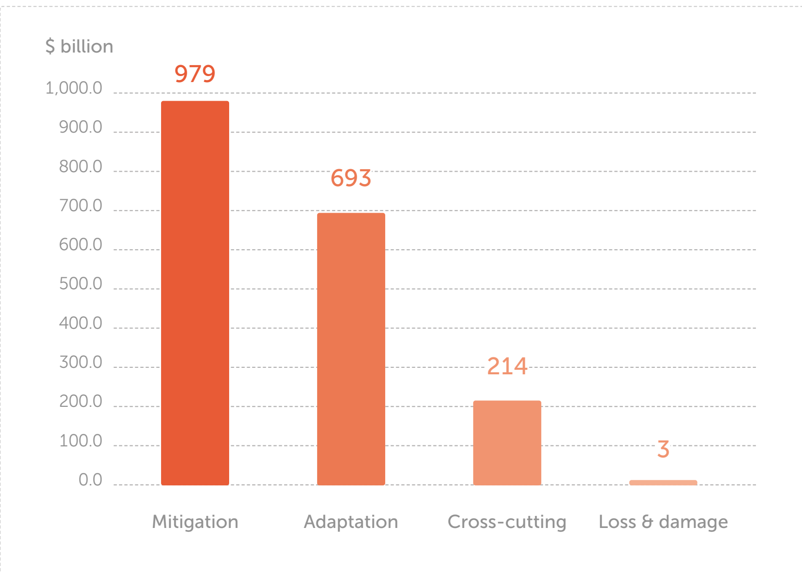
World regions: share of total ODA & total ODA received by Africa (2013-2023)



Source: MIF based on OECD (2025b)

Given Africa's demographics, the continent's development and climate bills can only rise: Africa's population will more than double by 2100, requiring 20 million jobs per year. Concerning Africa, only 6% of SDGs are currently on track to be reached, less than five years before the deadline. Agenda 2063's next Ten-Year Implementation Plan (2024-2033) alone will require $330 billion annually. Africa's climate finance needs reported in Nationally Determined Contributions (NDCs) amount to $1.6-$1.9 trillion, with just over half of these costed.

Africa: costed needs by type as reported in NDC submissions (2024)*



* Highest extrapolated estimate; NDCs are usually reported with a timeframe of 5-10 years.

Source: MIF based on UNFCCC Standing Committee on Finance (2024)

As defined by Africa, and in order to allow all African countries to reach middle-income status, the priorities are: Accelerating continental integration, intra-continental infrastructure, providing access to energy for all and creating decent jobs for the growing youth population.

When it comes to climate policies for Africa, adaptation is far more important than mitigation: Africa is host to 12 of the 20 most climate-vulnerable countries worldwide, and the majority of uncosted needs reported in the continent's NDCs relate to adaptation, leading to a severe underestimation of the cost. Africa receives less than 3% of climate finance for developing countries, with only 36% earmarked for adaptation.

The African Union (AU) has declared that financing for its Agenda 2063 – *The Africa We Want* – should rely primarily on domestic resources: The AU aims to mobilise 75-90% of its needed funds domestically through better fiscal policies, institutional savings (sovereign wealth funds (SWFs), pension funds and capital market development), curbing illicit financial flows (IFFs) and inefficiencies in governance, and maximising natural resource revenues – mineral, agricultural, maritime and tourism.

> We need cheap, concessional money but not overpriced and expensive recipes. So, if we have our internal resources, with maturity and responsibility, let us use them for the right purpose.
>
> *H.E. Nadia Fettah Alaoui, Minister of Finance and Economy, Kingdom of Morocco*

Action points for Seville:

- **Ensure the multilateral financial system aligns with Africa's priorities.**
- **Embrace the post-ODA era:** Rather than additional pledges, focus on capacity building, the exchange of expertise and information, updating processes and developing more efficient mechanisms.
- **Reboot the processes:** Debt treatment, e.g. suspending debt payments for all countries applying to the G20 Common Framework, and SDR allocation mechanisms, e.g. facilitating on-lending.
- **Speed up the governance reform of the Bretton Woods institutions** to increase African representation, e.g. by introducing a population coefficient into the calculation of IMF quotas, in order to ensure shared ownership of decision-making and thus shared accountability.
- **Increase access to concessional and grant-based climate finance**, especially for adaptation, resilience and just energy transitions.
- **Recognise the power of and invest in data:** Sound data, e.g. on taxes, SWF and pension fund assets, mining contracts and climate adaptation needs, can inform better cooperation and policy-making. Support national statistics offices (NSOs) and technical agencies in data collection and analysis.

> With the Fourth Financing for Development Conference (FfD4) in Seville, Spain, approaching, Africa has a once-in-a-generation opportunity to rewrite the rules of global finance, so they serve as a bridge to Africa's sustainable development.
>
> *Claver Gatete, Executive Secretary, UN Economic Commission for Africa*

> We need to take the opportunity of resetting institutions of the global world order to find a better space. The challenge for us is not 'who' or 'with whom', it is to find a better space as a solution for the world. I believe the best positioning we should have now is counting on ourselves and being part of the solution of the reset. It is to offer what we have in order to grow [...]. Whoever is keen to support us on this journey is welcome.
>
> *H.E. Ryad Mezzour, Minister of Trade and Industry, Kingdom of Morocco*

2. Maximise Africa's domestic financial resources

Key takeaways from Marrakech:

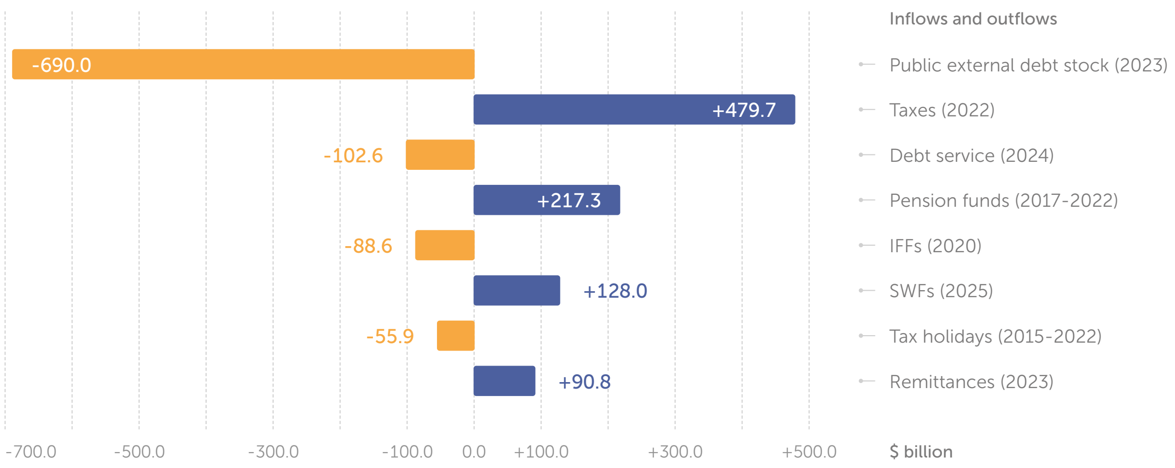
Africa's domestic financial resource mobilisation is undermined by:

Debt: Africa's external public debt nearly doubled from $349.4 billion in 2014 to $690 billion in 2023, equivalent to almost ¼ of the continent's GDP, by far the highest ratio at global level (in Asia, the higher total stock represents only 4.3% of its GDP). Africa's debt service is now consuming almost 14% of government spending on average – twice the allocation for health. For some countries external public debt represents more than 50% of their GDP.

Illicit financial flows: The continent loses approximately $90 billion annually to IFFs, surpassing the $74 billion received in ODA in 2023. Assessing IFFs and capital flight requires collaboration between origin and destination countries, mostly found in the West.

> The priority of Africa on tax should be fighting informality and leapfrogging tax administration... this is possible in the digitalised economy.
>
> *Pascal Saint-Amans, former Director of OECD Centre for Tax Policy and Administration*

Africa: financial loss & revenue (latest available year)



Source: MIF based on Global SWF (2025), GTED (2024), OECD (2025a) and (2025f), ONE (2024), UNCTAD (2020) and World Bank (2025a) and (2025c)

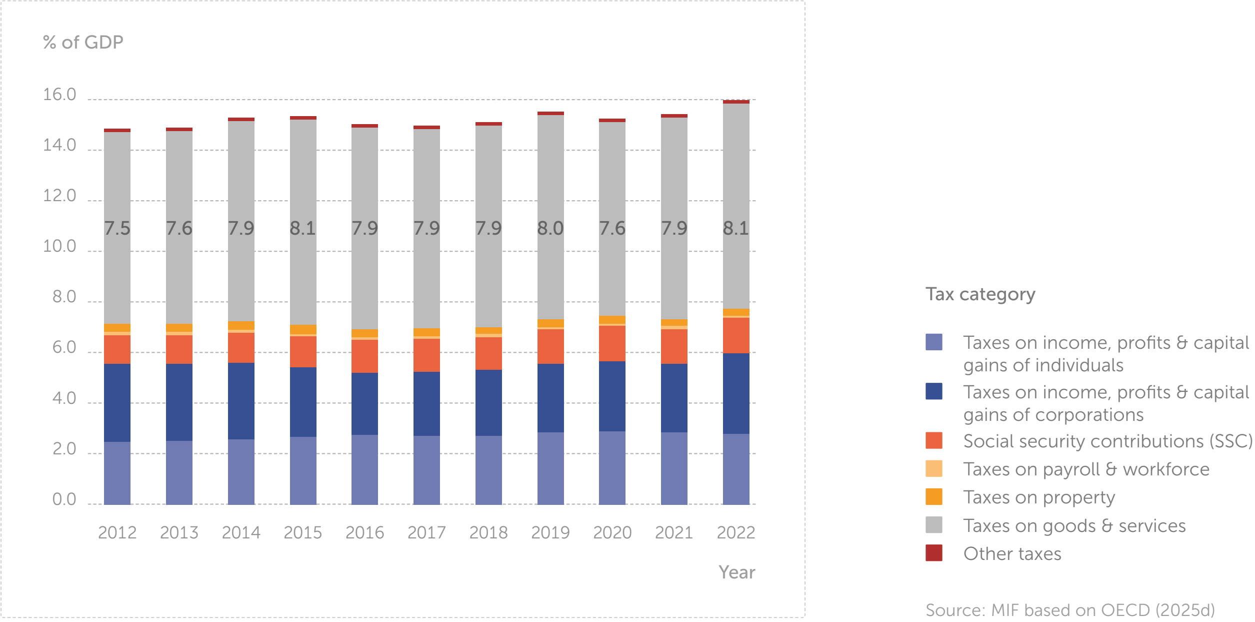
Africa could better leverage significant potential domestic financial resources:

Domestic taxes: With a tax-to-GDP ratio of 16%, Africa has the lowest tax-to-GDP ratio of all world regions. Only 14 African countries meet the 15% threshold deemed necessary for sustainable development. Wealth taxes are virtually non-existent and corporate tax exemptions result in an estimated $55 billion in foregone revenue annually. Half of Africa's citizens, especially the youth, would prefer to pay higher taxes in exchange for more government services.

African sovereign wealth funds and pension funds: African sovereign wealth and pension funds have a combined capital of approximately $350 billion, significantly lower than other world regions (around $130 billion in 2023 for SWFs; almost $220 billion for pension funds). The latter represents the continent's largest source of investible capital.

Remittances: Reaching an annual average of over $90 billion, African remittances represent more than 10% of GDP in several countries. However, the average cost to send remittances to Africa is 7.4%, significantly higher than the SDG goal of 3% or less. The use of diaspora bonds also remains limited.

Africa: tax composition as a share of GDP (2012-2022)



Source: MIF based on OECD (2025d)

Action points for Seville:

- **On IFFs: Increase international cooperation and technical assistance, including backing an UN-led global tax convention** to curb IFFs, reduce profit shifting and enforce fair global tax rules.
- **On domestic taxes: Provide expertise and capacities to support African tax reforms,** including raising tax-to-GDP ratios, specifically income taxes and social security contributions, making formality a more attractive and viable option for the majority of the workforce, harnessing digital tools to ease the process of tax collection and creating payrolls for the informal sector, removing harmful tax exemptions, especially for Multinational Enterprises (MNEs), and exploring progressive taxation, e.g. wealth taxes.
- **On debt: Create a global sovereign debt resolution framework** that is multilateral, binding, and inclusive of all creditors – with automatic debt suspension during negotiations.
- **On pension funds and SWFs: Provide expertise and capacities to strengthen local financial institutions** to retain capital on the continent. Mandate that a percentage of corporate revenue, especially of large mining companies and MNEs, is channelled into SWFs and reinvested locally.
- **On remittances: Reduce the cost of sending remittances to Africa** to below 3%, in line with SDG targets, and strengthen expertise to better mobilise diaspora financial resources for local development.

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Taxation, domestic resource mobilisation is always going to be important, and we do need to get to at least 25% and today we are somewhere in the order of 15% which is quite low compared to everybody else and compared to the needs of the continent.

Dr Vera Songwe, Founder & Chair of Liquidity and Sustainability Facility, MIF Council member

3. Adequately monetise Africa's natural assets

Key takeaways from Marrakech:

Africa owns large reserves of critical minerals which are key for the global green economy: The continent holds between 5% and 78% of global critical mineral reserves: 78% of palladium (South Africa), 68% of phosphate (Morocco), 55% of cobalt (DR Congo) and 45% of chromium (Zimbabwe).

However, exports remain largely unprocessed, limiting value addition: Raw commodities dominate the global exports portfolio of many African countries, making them dependent and vulnerable to global shocks and fluctuating commodity prices. Exporting semi-processed or processed materials generates much higher profits. For example, a raw ton of bauxite is worth $65 but $2,335 when processed into aluminium (2023 prices).

> If you 're in Zambia as an Australian company in the mining sector you get a 100% tax holiday, but because Australia is signed up to the minimum corporate tax, they tax 15% on the profits made in Zambia, even though those should have gone to the Zambian treasury.
>
> *Masood Ahmed, President Emeritus of Center for Global Development, MIF Council member*

Selected African countries: selected mineral reserves (2023)

>5% of world reserves

- Bauxite
- Chromium
- Cobalt
- Graphite
- Diamond (industrial)
- Phosphate rock
- Platinum-Group Metals (Palladium content)

Source: MIF based on USGS (2023)

Africa owns significant renewable energy sources: The continent accounts for 60% of global solar power potential, as well as possessing a huge geothermal potential (especially in the Rift Valley), and wind power capacity which remain largely untapped (less than 0.01% harnessed).

Africa has major carbon-sinking capacities and biodiversity capital: Home to one sixth of the world's remaining forests, Africa's ecosystems offer significant carbon sequestration capabilities. The continent's forests absorb 600 million tonnes of CO_2 annually, more than any other world region.

Africa's agricultural potential and blue assets: These remain largely untapped, with 65% of the world's uncultivated arable land, while 98% of its coastline remaining underutilised for fisheries.

> Why does Africa still feel frontier rather than a core market? What do we need to see at policy level to commit to major scale up and disrupt the market?
>
> *Ho Sung Song, President & CEO, Kia Corporation*

African regions: biodiversity value and carbon sequestration (2022)

Western Africa

Carbon sequestration (forests, marine and coastal areas): $2,800/km²/year

Mangrove coastal protection: $4,500/km²/year

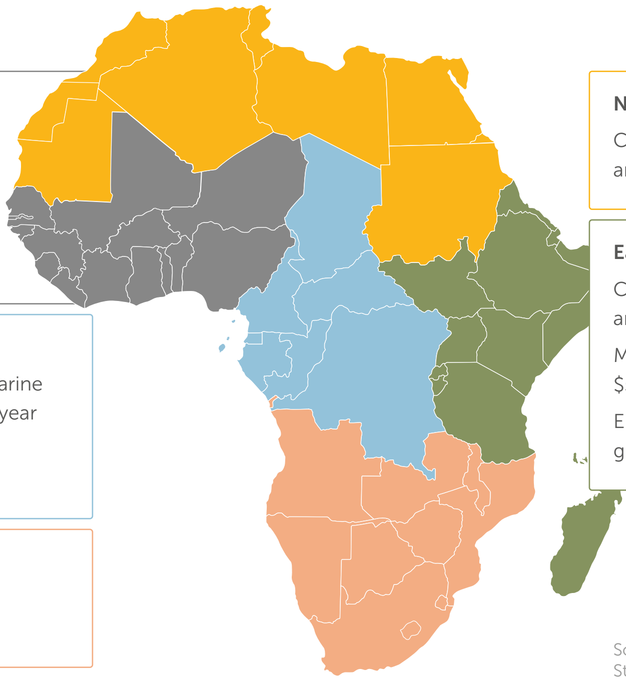
Central Africa

Carbon sequestration (forests, marine and coastal areas): $14,000/km²/year

Mangrove coastal protection: $3,500/km²/year

Southern Africa

Recreation value (savanas and grasslands): $11,000/km²/year



Northern Africa

Carbon sequestration (forests, marine and coastal areas): $300/km²/year

Eastern Africa and adjacent islands

Carbon sequestration (forests, marine and coastal areas): $14,200/km²/year

Mangrove coastal protection: $5,000/km²/year

Erosion protection (savannas and grasslands): $11,000/km²/year

Source: MIF based on Africa Center for Strategic Studies (2022)

Action points for Seville:

- **Back the continent's transition from extraction to value addition** by updating Africa's position in global value chains and re-examining the role of international partners by strengthening legislation on raw commodity exports.
- **Promote natural resource governance** to improve domestic revenue mobilisation and increase investment attractiveness. For instance, openness around extractive contracts.
- **Support the adequate monetisation of Africa's natural assets** through climate finance tools such as voluntary carbon markets and biodiversity credits.
- **Support the acceleration of continental integration (e.g. the AfCFTA)** to upscale the market, boost intra-continental trade and tackle some of the persistent challenges in vital supply and transformation chains (cooling infrastructure, access to electricity, waste management).

> "
>
> For us to leapfrog, we have an advantage of being a latecomer to development. We do not need to do development the same way China, Indonesia or Malaysia have done it. We can actually build on all the technological advances that have happened to accelerate that development. There are many ways we can think of doing it better, cheaper and charting our unique way.
>
> *Hanan Morsy, Deputy Executive Secretary and Chief Economist, UN Economic Commission for Africa*

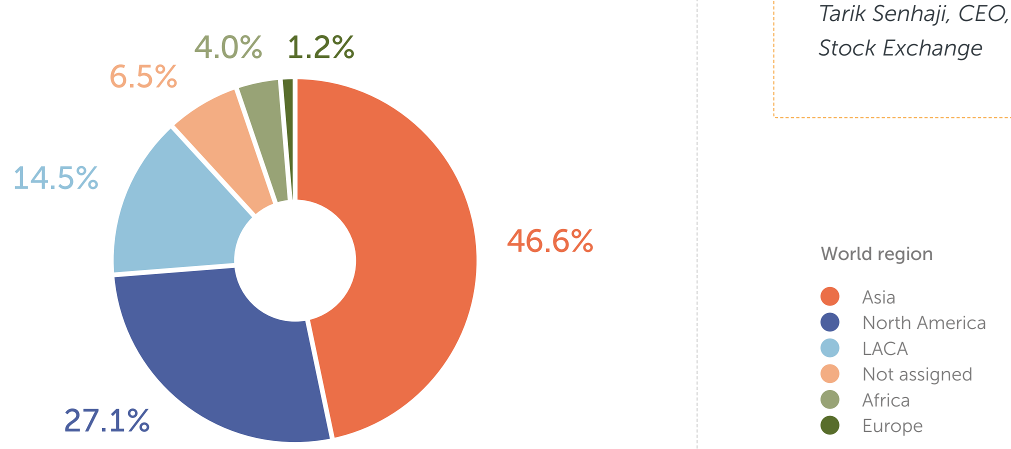
4. Attract investment in Africa

Key takeaways from Marrakech:

The investment paradox: Between 2006 and 2011, foreign direct investment (FDI) returns in Africa averaged 11.4%, far above the global average of 7.1%, due to rapid economic growth, a burgeoning consumer class projected to reach 250 million by 2030, and an expanding private sector led by young entrepreneurs.

> Capital markets should be the foundation of our development finance. Africa should be writing its own cheques and for that we have to have sovereign capital markets.
>
> *Tarik Senhaji, CEO, Casablanca Stock Exchange*

World regions: share of FDI inflows (2023)

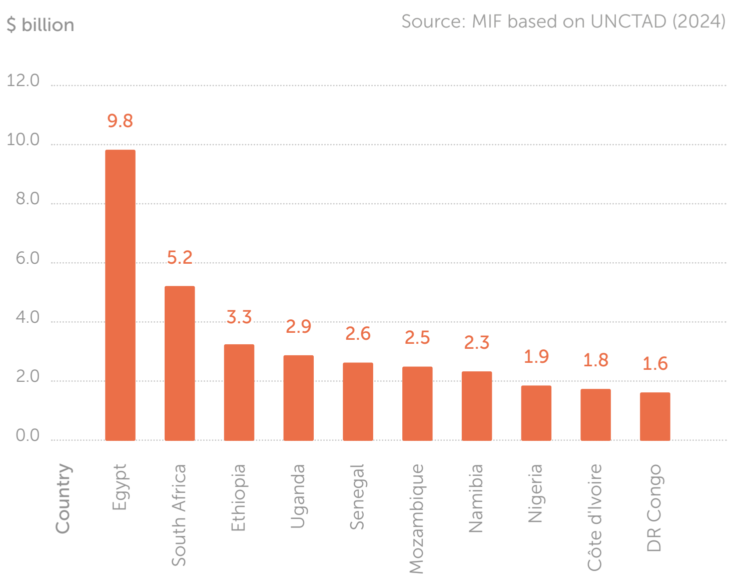


Source: MIF based on UNCTAD (2023)

Still limited intra-African investment: Intra-African FDI constitutes only 14% of total investment, highlighting the untapped potential of African FDI.

Investment barriers: Challenges include the absence of sovereign credit ratings for 16 countries – with only Mauritius and Botswana rated as investment-grade, multiplicity and volatility of currencies, high transaction costs, underdeveloped stock exchanges, regulatory hurdles, low project bankability and under-developed capital markets.

Selected African countries: top 10 recipients of FDI inflows (2023)



> It is about creating structures and designing instruments that will be attractive to large scale investors. We have to focus a lot more on mobilising domestic institutional investors in Africa. You cannot go to the global market and not have African investors with you, it doesn't make sense. To change perceptions, Africa needs to invest in Africa.
>
> *Alain Ebobissé, CEO, Africa 50*

Africa's ownership: Most of these challenges need to be addressed by African governments themselves, specifically when it comes to strengthening governance and speeding up continental integration.

> We need to really refine our planning processes and strategies, not only to address the deficiencies of yesterday, the current problems, but also to anticipate future shocks and plan for them.
>
> *Nardos Bekele-Thomas, CEO, African Union Development Agency-NEPAD*

Action points for Seville:

- **Reframe negative international perceptions of Africa's investment potential**, emphasising high returns, economic growth, and expanding markets.
- **Support a stronger credit environment** working on sovereign credit ratings through data sharing and stronger governance, regulatory frameworks, stability and convertibility of currencies and the development of local capital markets.
- **Increase blended finance, de-risking tools, and project bankability** to crowd-in private capital and to increase investment opportunities. Introduce the originate-to-distribute financial model within African development finance institutions (DFIs).
- **Accelerate regional integration (e.g. the AfCFTA)** to enhance intra-African investment, leverage the potential of a unified continental market and create a more attractive and scalable investment landscape.

> The decline of aid should not be seen as some sort of cliff-edge moment for Africa. It was never going to be enough to finance Africa's development — and our huge continent's place in the new global economy should never be determined by the generosity of international partners. But without peace, security, justice, and governance, we cannot move forward. Now it is for us to take responsibility and put in place the fundamentals we need.
>
> *Mo Ibrahim, Founder and Chair, Mo Ibrahim Foundation*

> We have to intentionally demonstrate that we are a viable investment proposition. We have to move from talking about the potential to the actual opportunity and we have to demonstrate the returns that have been achieved.
>
> *Samaila Zubairu, President and CEO, Africa Finance Corporation*

> The data we have from the IFC investments in Africa show that over a 10 year period, that the return on investment in Africa is six times the S&P 500. But this is not being amplified on the global stage. We need to amplify this 100x to counter the narrative the Africa is risky and that Africa is not a black hole.
>
> *Ndidi Okonkwo Nwuneli, CEO, ONE Campaign*

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