Financing The Africa We Want

Mo Ibrahim Foundation

FORUM REPORT, JULY 2025

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Introduction

The 2025 Forum Report, *Financing the Africa We Want,* brings together the data, analysis and trends initially published in the Foundation's *2025 Facts & Figures* with key outcomes of the three days of discussions held during the Ibrahim Governance Weekend (IGW) from 1–3 June 2025 in Marrakech, Morocco.

After an opening foreword by Mo Ibrahim, the four main thematic chapters – setting the scene for the post-aid era, maximising domestic financial resources, and monetising Africa's natural assets, and attracting investment – provide key facts and figures now enriched with insights, contributions from IGW participants, and direct quotes.

The report closes with a synthesis of the main conclusions of the 2025 IGW, highlighting a strong consensus on Africa's path forward and outlining five key recommendations to achieve financial autonomy and sustainable development.

Anchored in the context of declining external aid and an inequitable global financial system, the report calls for a fundamental shift: Africa must own and define its financial agenda, grounded in governance, accountability, and regional integration.

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Foreword by Dr Mo Ibrahim

Founder and Chair of the Mo Ibrahim Foundation (MIF)

Financing *The Africa We Want*: ownership, autonomy, accountability

This 2025 Ibrahim Governance Weekend (1-3 June 2025, Marrakech, Morocco) took place at a critical time. There is no escaping the deeply shifting global landscape and mounting challenges to be addressed. With only five years to go before the UN SDGs deadline, Africa is very much off-track, with only 6% of SDGs implemented on average. However, when the SDGs were defined, not the COVID-19 pandemic, nor generalised climate-led disasters, a war in Ukraine, or the escalating Israel-Palestine conflict were on the map or on the agenda.

Priorities have shifted, and 2025 is only the final nail in the coffin for the aid agenda. Over the past decade, development budgets have been squeezed by a combination of rising isolationism, international conflict and a weakened global economy. Most historical donors have now cut development budgets to the bone. Additionally, the ongoing reform of the multilateral system founded and funded by developed countries 80 years ago to "help" developing countries struggling with poverty and conflict has not lived up to expectations, with financial pledges being less and less implemented and delivering little impact, further fuelling distrust.

Foreign aid has been important for African countries and the most recent cuts will have substantial effects on key sectors such as health or civil society support. But the end of traditional aid is neither unexpected, nor the end of the world for our continent. Foreign aid provision to the continent had already represented only a small percentage of African countries' income – less than 10% on average. For 42 of them out of 54, the latest USAID cuts amount to less than 1% of their gross national income.

So, let us not waste time mourning the end of aid and hoping that international generosity might one day return. Let us rather see this current acceleration of history as a useful wake-up call and build solutions from within. It is high time for us to take full ownership of our own development agenda, not just claim it: setting up its specific priorities, ensuring a more autonomous financing and committing to accountability when it comes to implementation.

Set out by the African Union over a decade ago, Agenda 2063 – *The Africa We Want* – is not a 50-year vision of a continent dependent on aid, but one of a global powerhouse charting its own path. The responsibility for delivering this vision belongs to us, not to any partner. The good news is we have the resources to make this a reality. The frank debates that took place over three days in Marrakech highlighted this, but also the need for a shift of paradigm, if we want to make this potential a reality.

First, domestic financial resources can be better leveraged. Drying up illicit financial flows that continue to drain out of the continent more than ODA received, managing an external debt which now represents the unacceptable level of a quarter of the continent's GDP, strengthening domestic tax systems, redirecting African sovereign and pension funds toward local and regional investments and making better use of remittances.

Second, domestic natural resources must be efficiently monetised, in order to benefit and prioritise our continent's people. Africa's natural wealth is well documented; the continent is home to 30% of the world's mineral reserves and owns between 5-75% of the global reserves of the minerals critical to building a green global economy. But to benefit from this potential we need to move up the value chain and beyond the extractive model. This starts by prioritising governance, with better and more transparent contracts and licensing agreements ensuring that Africa's wealth of natural resources translate into wealth for its citizens, rather than driving up the profits of foreign companies. The same applies to our renewable energy resources, which should be prioritised to put an end to a situation where half the population of the continent still has no access to energy.

Third, we need to increase our continent's attractivity for private capital. Private capital, local and international, is a key engine for development. It has not always been forthcoming for various reasons, including high interest rates stemming from risk — real or perceived. We cannot just blame the rating agencies. Here again we need real improvement in our own governance: rule of law, stability and transparency are key to attracting investment. But we cannot make a plea to international investors while we channel our own capital elsewhere. African investors must also invest more in our own continent. The fact that only 14% of FDI in Africa comes from African investors is not acceptable.

So 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. This is the opportunity to rethink how we finance development on our own continent.

Shift from focusing on additional financial pledges – less and less implemented, to updating the processes: debt treatment, SDR allocation, risk assessment and coverage. From our partners, this means sharing soft power, rather than just dwindling financial handouts: expertise, technical knowledge information – only those will help to leverage our domestic resources.

But first and foremost, and this is our sole responsibility, focus on governance, rule of law, security, without which none of this will be possible. Because ownership comes with responsibility and accountability.

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Chapter 03.
Attracting investment in Africa

The 2025 IGW consensus: Africa's ownership, responsibility and accountability are paramount

Introduction:

Setting the scene

Africa faces a changing global financial landscape with shrinking external aid and rising climate and development financing needs, as well as its own ambitious domestic resource mobilisation targets related to financing Agenda 2063.

- **Official Development Assistance (ODA) is over:** ODA from traditional donors is declining sharply, with Africa's share dropping 11 percentage points over 10 years. The current multilateral system does not meet Africa's long-term finance needs.
- **Climate finance ignores Africa's real needs:** Africa's climate finance needs are $1.6-$1.9 trillion, but only half are costed. Africa gets less than 3% of climate finance for developing countries, with only 36% earmarked for adaptation, Africa's priority.
- **Development and climate bills will rise:** Africa's population will more than double by 2100, requiring 20 million jobs per year. Only 6% of SDGs are on track. Agenda 2063's current decennial plan needs $330 billion more annually.
- **Agenda 2063: 'The Africa We Want':** The AU aims to mobilise 75-90% of funds domestically through better fiscal policies, institutional savings, curbing illicit flows and maximising natural resource revenues.

2025: A massive ODA reduction from historical donor countries

On the day of his second inauguration, 20 January 2025, US President Donald Trump froze US aid for 90 days, pending a government review.[1] Documents shared with Congress on 27 March 2025 reveal that the US government is planning to cut all aid by at least 38%, as reported by the Center for Global Development (CGD).[2] In 2023, the US contributed 20.7% of total aid to Africa.[3]

Major European donor countries are also reducing aid to developing countries, partly due to increases in military spending.[4]

In Germany, Africa's second largest bilateral donor after the US, budget reductions for Official Development Assistance (ODA) between 2023 and 2025 amount to €3 billion ($3.1 billion), or 10.5%.[5]

France's 2025 budget includes a €1.2 billion ($1.4 billion) cut to development aid, bringing it to 18.6% less than in 2024.[6]

The UK has also reduced development aid by about 6.5%, from £15.3 billion in 2023 to £14.3 billion in 2025.[7]

France is leading the 2025 aid budget cuts among European donors at -18.6%

Global military expenditure went up by 37% from 2015-2024, led by an increase in Europe's spending (+83%)

African countries: USAID cuts (as of 27 March 2025)*

Country	Cut as % GNI	Cut as % country programme	Absolute cut ($ million)
Liberia	2.59	98	103
Somalia	1.03	22	113
Malawi	0.94	64	116
Mozambique	0.90	47	172
Mali	0.76	66	149
Rwanda	0.74	65	102
Lesotho	0.65	57	17
Uganda	0.64	66	307
Burundi	0.63	82	17
Eswatini	0.61	100	25
DR Congo	0.60	34	387
Zambia	0.48	59	126
CAR	0.45	12	12
Senegal	0.43	100	129
Madagascar	0.40	54	62
Djibouti	0.36	99	14
Niger	0.36	34	59
Tanzania	0.28	38	216
Comoros	0.27	100	4
Ethiopia	0.24	30	387
Namibia	0.24	85	28
Zimbabwe	0.24	35	83
Burkina Faso	0.23	18	44
Kenya	0.21	46	225
Ghana	0.14	79	104
Benin	0.12	58	23
Guinea	0.12	100	25
Cameroon	0.11	59	52
Tunisia	0.11	100	51
Chad	0.08	8	11
South Africa	0.07	89	261
Sudan	0.07	8	74
Gambia	0.06	100	1
Libya	0.06	84	26
Nigeria	0.05	23	178
Sierra Leone	0.05	100	3
Egypt	0.04	84	170
Botswana	0.03	68	7
Côte d'Ivoire	0.03	67	23
Mauritania	0.03	100	3
Congo Republic	0.02	41	3
Morocco	0.02	100	32
Angola	0.00	44	3
South Sudan	0.00	8	54

USAID cuts: less than 1% of GNI loss for 42 African countries

While USAID and other ODA cuts do not drastically impact African countries' gross national incomes (GNI), certain sectors face more dire consequences than others. Health is particularly affected, specifically funding for maternal and child health, family planning and reproductive health, and malaria, tuberculosis, influenza and pandemic prevention and treatment coverage.[8]

* Based on USAID financial obligations for 2024-2025; data not available for Algeria, Cabo Verde, Equatorial Guinea, Eritrea, Gabon, Guinea-Bissau, Mauritius, São Tomé and Príncipe, Seychelles and Togo.

Source: MIF based on CGD (2025)

Accelerating a trend of diminishing commitment

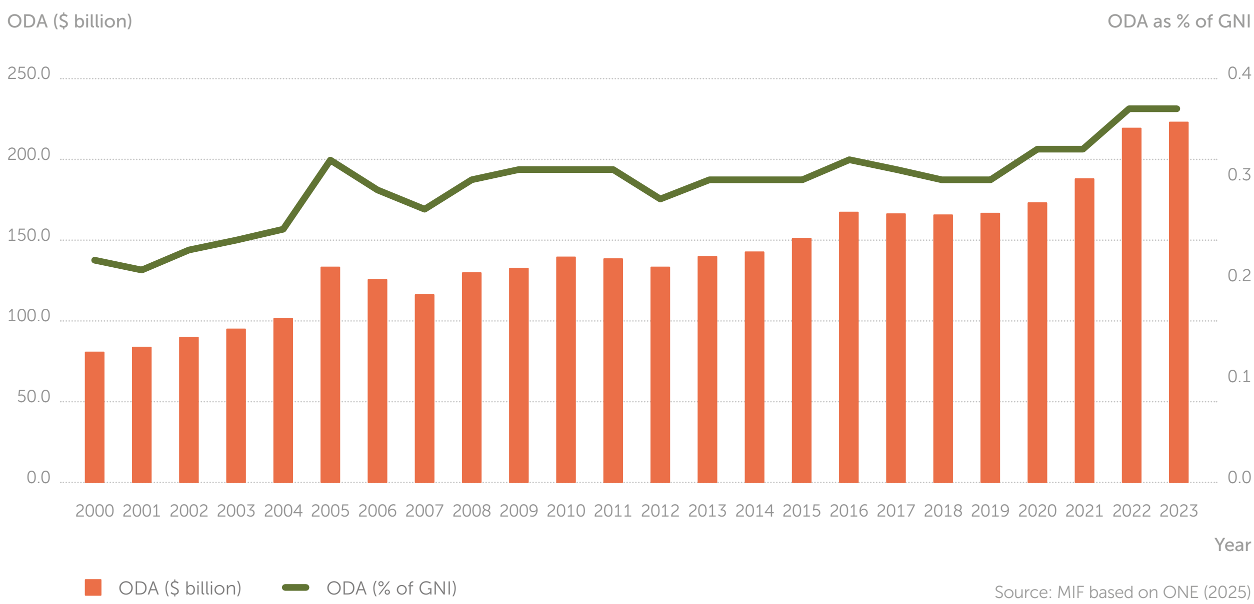
Since its adoption in 1970 by the UN, donor countries have only been able to reach half of the set target of giving 0.7% of GNI in aid. In 2023, the average across Development Assistance Committee (DAC) countries was 0.37%.

Only five countries have achieved the 0.7% ODA/GNI target: Denmark, Germany, Luxembourg, Norway and Sweden.[9]

Between 2020 and 2023, due to the Russia-Ukraine conflict, Europe was the only world region to benefit from a substantial ODA increase. Total ODA to Europe more than quadrupled and its share of global ODA went from 4.6% to 16.6% at the expense of other regions.[10]

In 2023, only five DAC countries achieved the 0.7% ODA/GNI target

DAC countries: ODA and ODA as a share of GNI (2000-2023)



Source: MIF based on ONE (2025)

Africa's share of global ODA: a loss of 11 percentage points over 10 years

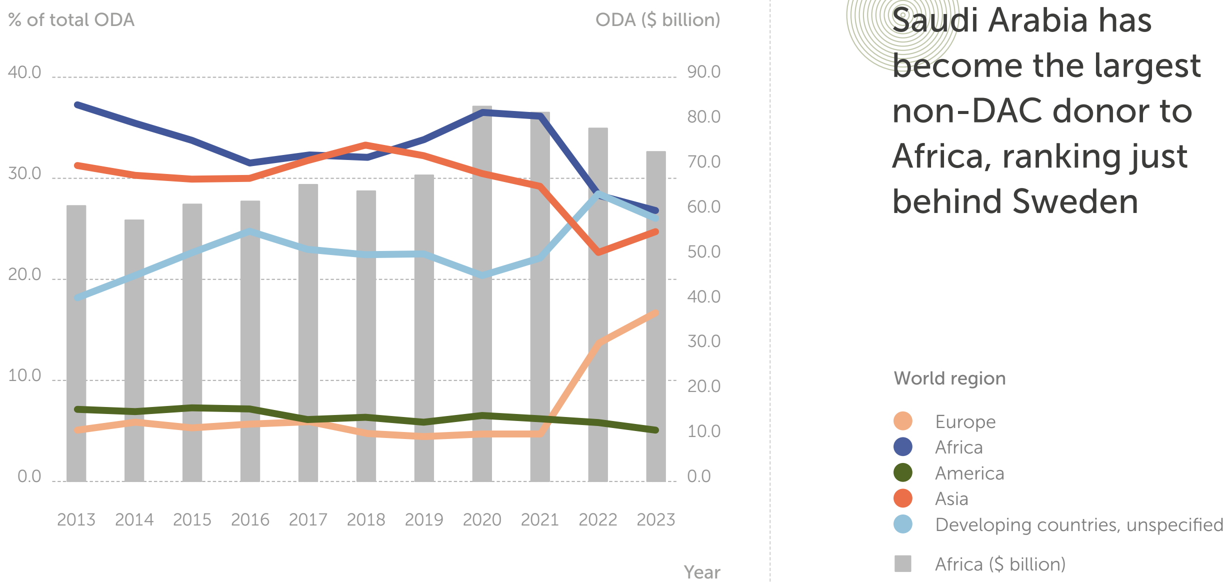
Despite remaining the biggest recipient by total amount ($73.6 billion in 2023), Africa's share of ODA has dropped 11 percentage points from 37.6% in 2013 to 26.7% in 2023.[11]

Of the top ten donors to the region in 2023, six were multilaterals (World Bank, European Union (EU), Global Fund, United Nations (UN), International Monetary Fund (IMF) and African Development Bank (AfDB)) and four were DAC countries (USA, Germany, France and Japan).

Saudi Arabia is the largest non-DAC donor to the continent, ranking eighth at country level.[12]

While still the biggest recipient, Africa's share of global ODA has dropped from 37.6% in 2013 to 26.7% in 2023

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



Source: MIF based on OECD (2025b)

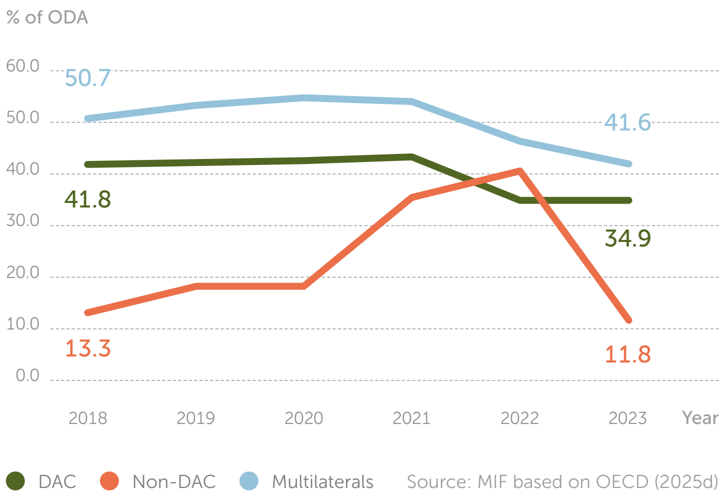
Saudi Arabia has become the largest non-DAC donor to Africa, ranking just behind Sweden

Non-DAC ODA to Africa: slowly ramping up support?

While their total aid contributions to Africa remain small in comparison, non-DAC donors have been ramping up support since 2018. Non-DAC ODA to Africa rose substantially from $2.9 billion in 2018 to $6.7 billion in 2022, only to drop to $1.7 billion in 2023. The continent's share of non-DAC ODA consistently grew between 2018 and 2022, before the 2023 drop.[60]

In 2023, Saudi Arabia and the UAE made up 87% of non-DAC aid to Africa. The drop between 2022 and 2023 is mainly due to a decrease in ODA from Saudi Arabia from $5.6 billion to $1.1 billion.[61] Preliminary ODA figures for 2024 show that, similar to traditional DAC donors, global aid from non-DAC donors fell from $11.1 billion in 2023 to $10.6 billion in 2024.[62]

Africa: share of ODA disbursed by donor type (2018-2023)



Source: MIF based on OECD (2025d)

The current multilateral financial system does not meet Africa's need for long-term, concessional finance

IMF voting rights and SDR allocation: Africa consistently loses out

IMF voting rights, special drawing rights (SDR) allocation, high debt servicing costs as well as surcharges and loan conditionalities greatly limit Africa's ability to access crucial long-term, concessional finance for development.

In 2024, 20 of the 38 African low-income countries were in debt distress or at risk thereof,[13] partly because of the way IMF lending and the international financial architecture works.

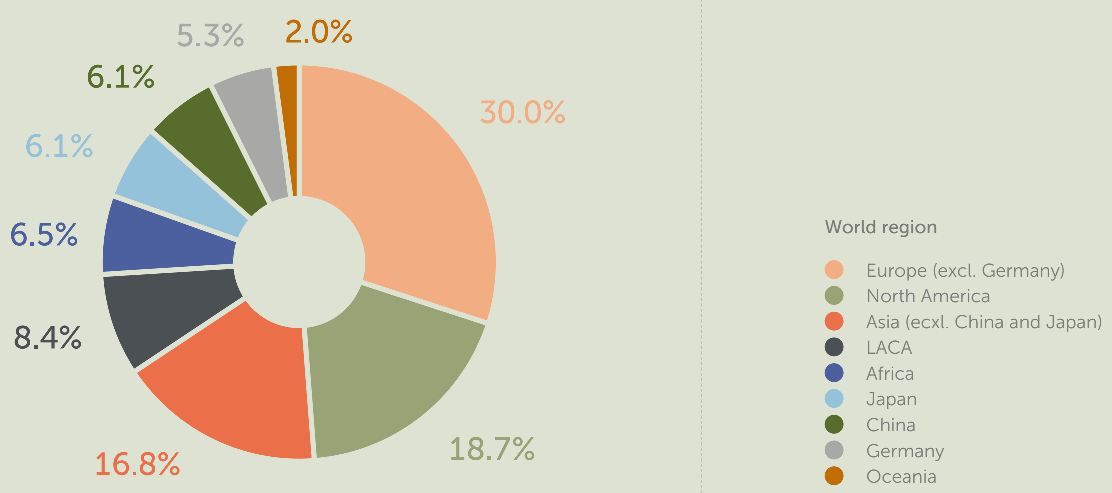
IMF quotas reflect countries' relative positions in the global economy and are determined according to gross domestic product (GDP), Openness, Variability and Reserves, with GDP being the most significant factor (50%).

These quotas determine each country's financial contribution to and voting power in the IMF, and also the amount of loans they can access and their share of SDR allocation,[14] thus maintaining the wealth imbalance.

Europe alone holds more than one third of voting rights, followed by North America with 18.7% and Asia (excl. China and Japan) with 16.8%. Africa, despite comprising about 19% of the world's population, only accounts for 6.5% of IMF voting rights – marginally more than China, Japan and Germany, respectively.[15]

With GDP accounting for 50% of quotas, the IMF system maintains a wealth imbalance

World regions & selected countries: share of IMF votes (2025)



Source: MIF based on IMF (2025a)

SDR system limits: the Covid-19 impact mitigation example

Of the $650 billion additional SDR allocation decided in 2021 to mitigate the impact of COVID-19, high-income countries received almost 70% of the total.[16] Africa, with a population exceeding 1.5 billion, received fewer SDRs than Germany, a country with a population of only 84 million.

Progress has only been achieved for about 50% of MDB reform agenda items

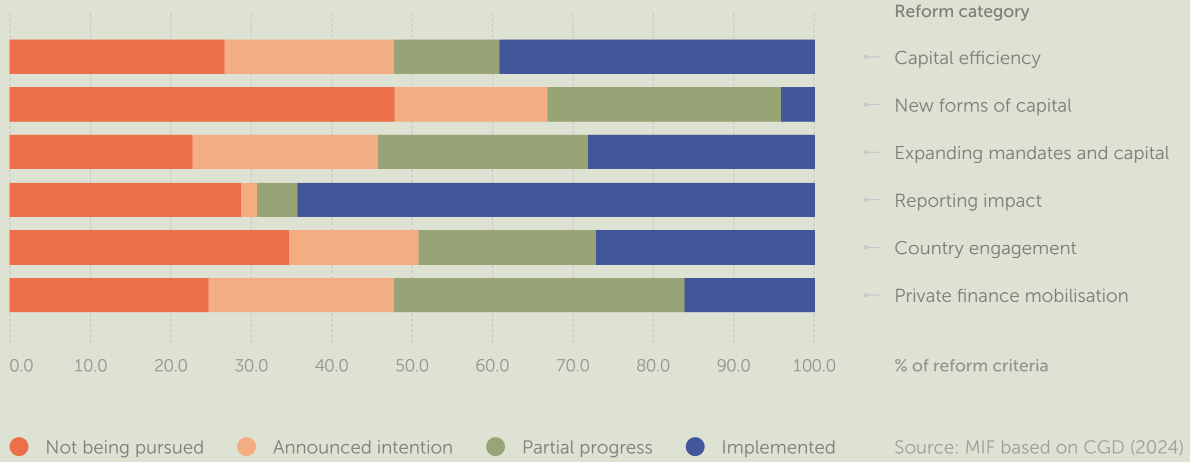
Over the last three years, many multilateral development banks (MDBs) have started reform processes, including capital efficiency and new forms of capital, expanding mandates, reporting, country engagement and mobilising private finance.

As reported by the CGD, across types of reforms, full implementation ranges from 5% to 64%. On average, progress (either partially or fully implemented) has only been achieved for about 50% of MDB reform agenda items.

While the AfDB and World Bank Group record over two thirds of reforms (69%) as in progress or implemented, at EIB Global, the development arm of the European Investment Bank, two thirds (67%) of reforms are not currently being pursued.[17]

Full or partial MDB reform agenda implementation ranges from 69% at AfDB and World Bank Group to only 15% at EIB Global

Selected MDBs: progress across reform categories (2024)*



Source: MIF based on CGD (2024)

* MDBs assessed include AfDB, ADB, AIIB, EBRD, EIB Global, IDBG and WBG.

Reforming the global debt architecture

Under the leadership of the UN Economic Commission for Africa (UNECA), African Ministers of Finance, Planning and Economic Development have long called for a reform of the global debt architecture. Ongoing consultations of the High-Level Working Group on the Global Financial Architecture have been published in a report outlining priorities for IMF reform. These include:

- Less discretionary and more rule-based IMF policy making.
- Long-term lending horizons.
- Greater representation of lower- and middle-income countries.
- SDR re-channelling.
- Maximising catalytic, blended finance models.

Proposals also include the reform of the G20 Common Framework for Debt Treatment to:

- Expand creditor committees for better coordination.
- Immediately suspend debt service for all countries applying to the framework.
- Widen eligibility criteria to include middle-income countries.[18]

Africa resolves to reform G20 Common Framework through Lomé Declaration

On 15 May 2025, at the first ever African Union Conference on Debt in Lomé, Togo, African leaders adopted the Lomé Declaration on Debt, calling for urgent reform of the G20 Common Framework for debt restructuring, which they argue is too slow, creditor-driven, and outdated. The declaration proposes a more inclusive, transparent, and equitable system, including a standardised methodology to improve the comparability of treatment as well as calling for a legally binding global debt resolution mechanism at the UN level.[63]

CLIMATE FINANCE FOR AFRICA IGNORES THE REAL NEEDS

Africa's climate finance needs amount to \$1.6-\$1.9 trillion, with just over half costed

African countries reported a total of 2,981 needs in the 2024 submissions of Nationally Determined Contributions (NDCs) to the UN Framework Convention on Climate Change (UNFCCC). These total costed and uncosted needs are split almost equally between adaptation and mitigation.

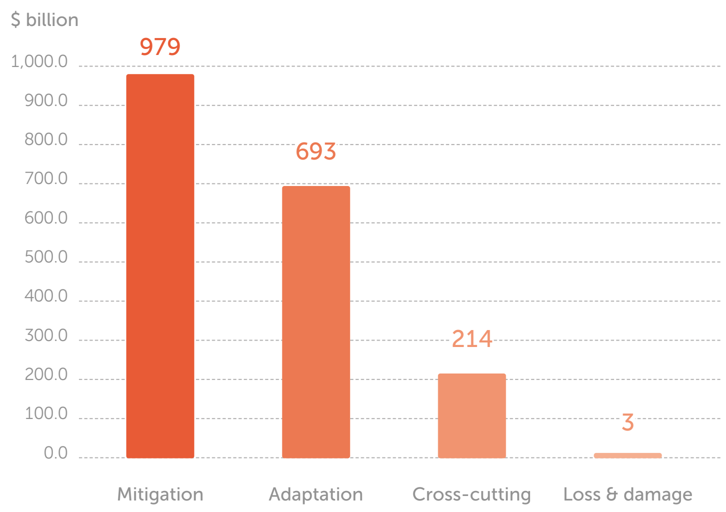
Only 57% of Africa's NDCs have been costed, amounting to \$1.6-\$1.9 trillion, usually estimated with a time frame of five to ten years.

Costed needs are up to 2.3 times higher for mitigation (\$970-\$979 billion) than for adaptation (\$430-\$693 billion), followed by cross-cutting measures (\$214 billion) and loss and damage (\$3 billion).[19]

These figures are likely underestimated as many of the uncosted needs relate to adaptation,[20] and because damages from climate change can occur faster and stronger than estimated at the time of NDC submissions.[21]

\$1.6-\$1.9 trillion are needed to achieve Africa's NDCs, with just over half of needs 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)

Many uncosted needs relate to adaptation, leading to the underestimation of climate finance needs in Africa

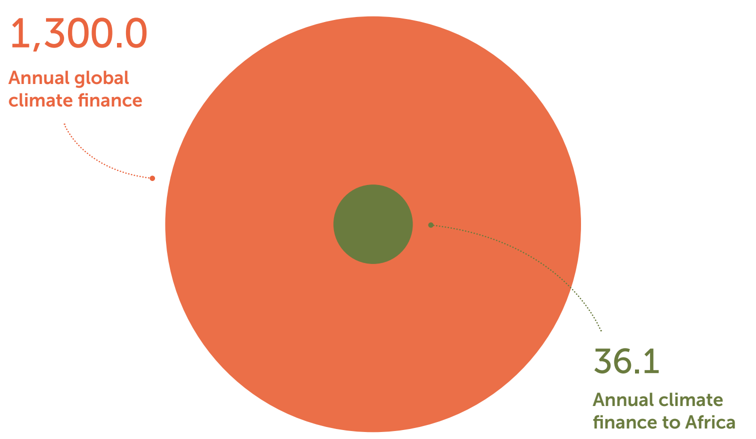
Africa receives less than 3% of total climate finance flows to developing countries, with only 36% earmarked for adaptation

As reported by the Climate Policy Initiative (CPI), worldwide climate finance commitments by public, private, international and domestic providers reported an annual average of \$1.3 trillion in 2021/22, a near twofold increase from the \$653 billion average in 2019/2020.

Of these global \$1.3 trillion in commitments, only \$63 billion were earmarked for adaptation (5%), a slight decrease in share compared to 2019/20 (7%).

Africa only received \$36.1 billion (2.8%) in 2021/22, of which 36% or \$13 billion were earmarked for adaptation.[22]

Africa & world: share of climate finance ($ billion) (2021/2022)



Source: MIF based on CPI & GCA (2024)

Africa only received 2.8% of total global climate finance in 2021/2022, with just 36% earmarked for adaptation

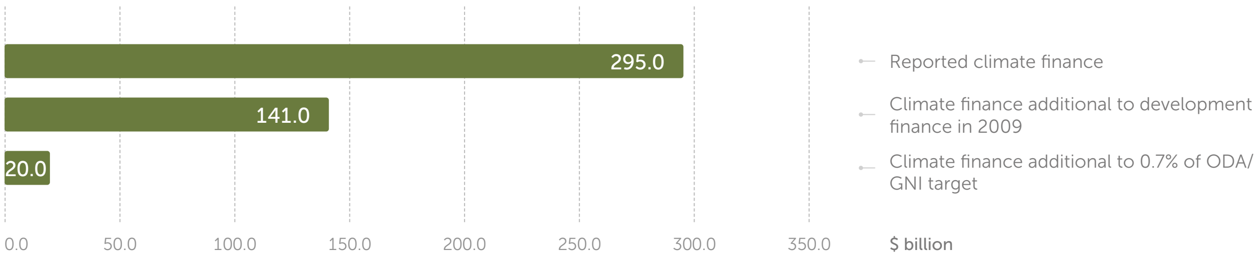
Is climate finance crowding out development finance for Africa?

In 2015, the UN General Assembly agreed that climate finance should be 'new and additional'. However, from 2009 to 2018, only $43.6 billion of the $78.9 billion reported public climate finance was additional, meaning that almost 45% came at the expense of other development finance, according to the CGD.[23]

Similarly, CARE reports that only 7% of climate finance provided between 2011 and 2020 was found to be 'new and additional' to high-income countries' existing ODA commitments.[24]

According to CARE, only 7% of climate finance from high-income countries between 2011 and 2020 was truly 'new and additional'

UNFCCC Annex II countries: additionality of climate finance flows (2011-2020)



Source: MIF based on CARE Denmark & CARE Climate Justice Center (2023)

AFRICA'S DEVELOPMENT AND CLIMATE BILLS CAN ONLY RISE

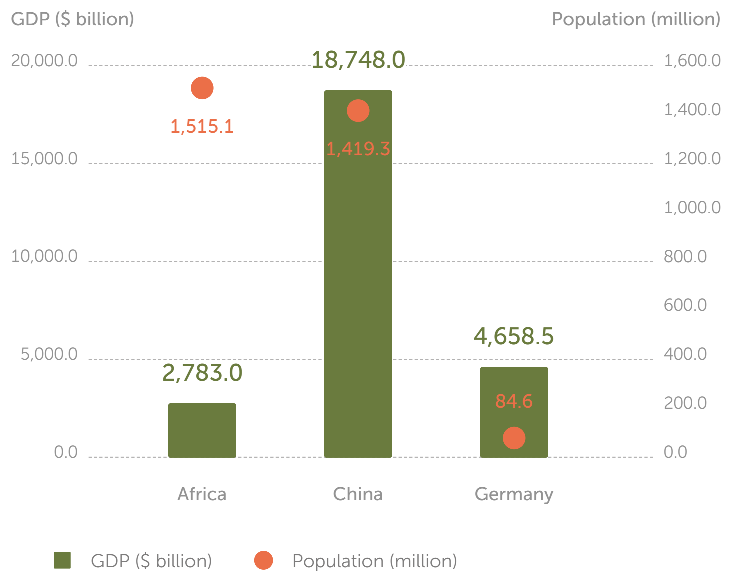
While higher than the global average, economic growth in Africa continues to run behind demographic growth

With annual changes between 3.9% and 4.5%, projected real GDP growth in Africa will outpace all other world regions over the next five years, including Asia and Pacific. In 2025, 13 of the 20 fastest growing economies in the world are located in Africa, led by Libya (17.3%), Senegal (8.4%), Guinea and Rwanda (7.1% each).[25]

Already the second most populous region in the world at around 1.5 billion people (18.8%), Africa is the only region that will significantly grow between 2025 and 2100, to an estimated 3.8 billion or 37.5% of the world's population.[26]

For comparison, for a small population of 84.6 million people, Germany boasted a 2024 GDP of $4.7 trillion in 2024, and China, a country similar in population size to Africa, recorded a GDP of $18.7 trillion.[27]

Africa & selected countries: GDP and population (2024)



Source: MIF based on IMF (2024b) and UNDESA (2024a)

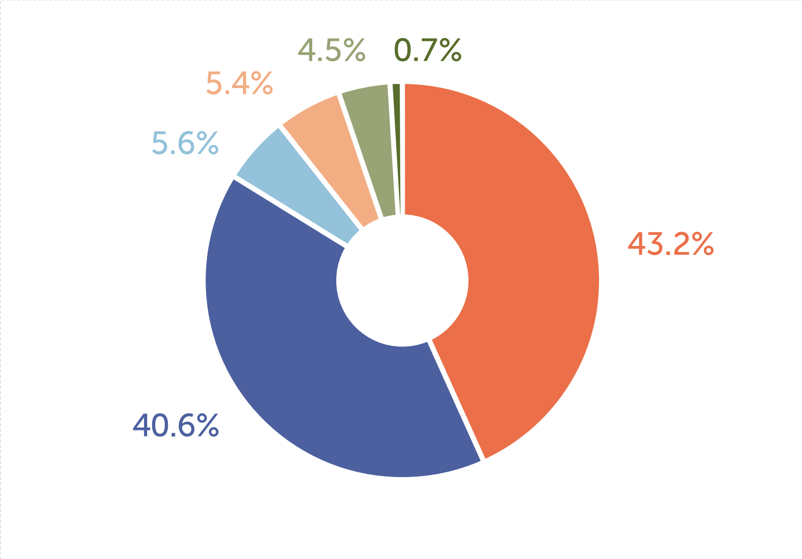
Africa's growing working age population will require 20 million additional jobs every year

By 2100, it is expected that Africa's share of global youth will double to more than one billion people or 44.1%.[28]

Currently, almost 900 million people in Africa are of working age (15-64 years), making up just over a quarter (16.6%) of the world's working age population. By 2100, this is projected to grow to 2.4 billion people or 40.6% of the world's total working age population.[29]

To keep up with the demands of a growing youth and working age population, the continent as a whole will have to generate around 20 million jobs annually between now and 2100.[30]

World regions: share of global working age population (2100)



Source: MIF based on UNDESA (2024c)

Africa's working age population will grow to 40.6% of the world's total by 2100, requiring an additional 20 million jobs annually

Africa's development agendas are largely off track

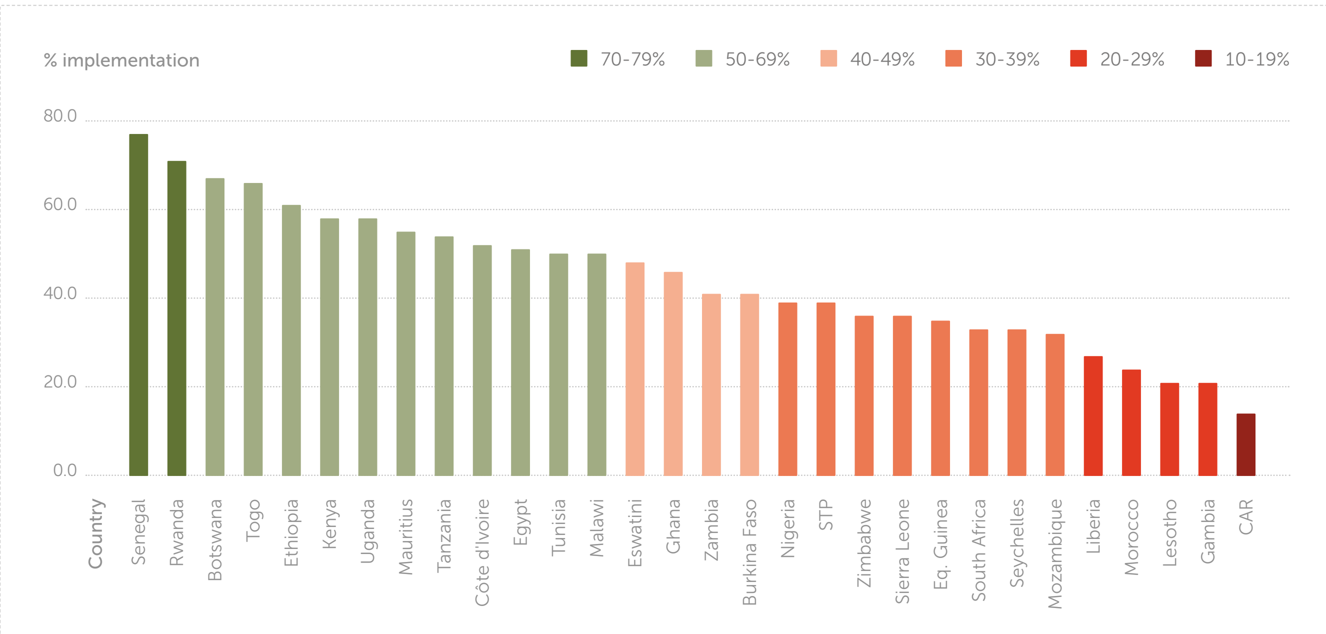
In 2024, only 6% of the Sustainable Development Goals (SDGs) were on track to be met by 2030 in Africa.[31]

At the end of the African Union's (AU) Agenda 2063 First Ten-Year Implementation Plan (FTYIP), covering 2014-2023, targets defined for 2023 stood at only 50% achievement.

At country level, only 13 countries (of the 30 with data available) have been able to implement 50% or more of their targets, led by Senegal and Rwanda. Five countries had an implementation rate of 30% or less.[32]

Only 6% of SDGs are on track to be met in Africa by 2030

African countries: Agenda 2063 implementation progress (2023)*



* Data only available for 30 African countries.

Source: MIF based on AUDA-NEPAD (2024a)

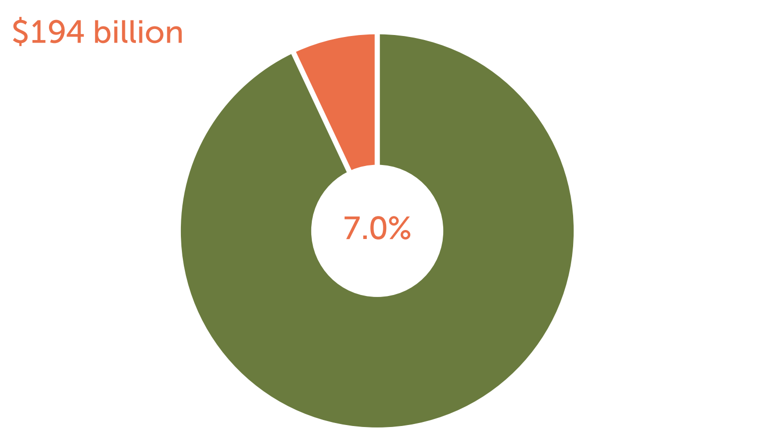
Trillions are needed to close the financing gaps for Africa's development

As per the AU & Organization for Economic Co-operation and Development (OECD), Africa's annual SDG financing gap sits at $194 billion until 2030, equivalent to 7% of Africa's 2024 GDP.[33]

Launched at the AU Summit in February 2024, the Second Ten-Year Implementation Plan (STYIP) is built around seven 'moonshot' targets. To achieve these, Africa will need to mobilise an additional $330 billion on annual average until 2033.[34]

The AfDB estimates that annual GDP growth of 7%-10% is needed in African countries to achieve the Agenda 2063 goals.[35]

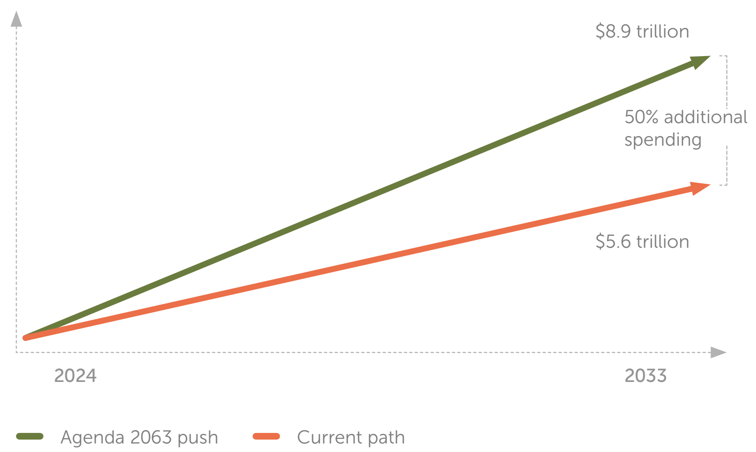
Africa: annual SDG financing gap as share of GDP (2024)



Source: MIF based on AU & OECD (2023) and IMF (2024b)

The annual SDG financing gap for Africa is estimated at $194 billion

Africa: cost estimates for the Agenda 2063 STYIP (2024-2033)



Source: MIF based on AU (2024)

To achieve the STYIP's 'moonshot' targets, Africa will need to mobilise an additional $330 billion per year

The AU's Agenda 2063: "The Africa We Want"… and intend to finance

Agenda 2063 has defined flagship projects and continental frameworks covering programmes and initiatives identified as key to accelerating Africa's economic growth and development.[36] The Agenda is split into five ten-year implementation plans.

The primary objective of the STYIP is for all AU member states to achieve middle-income status by 2033 through increased industrialisation, value addition and infrastructure development, all dependent on sustainable investment.[37]

> Launched in early 2024, the STYIP focusses on accelerating economic development

Agenda 2063 selected flagship projects

Flagship project & aim	Latest stage	Potential benefits
African Continental Free Trade Area (AfCFTA) A people-centred developmental free trade area to boost intra-African trade, establish value chains and transform Africa into a global powerhouse.	All AU member states except Eritrea have signed the AfCFTA agreement as of January 2025, with ratification pending in six of them.	• An additional $450 million to Africa's GDP by 2035. • Could potentially lift 30 million people in Africa out of poverty.[38]
African Commodity Strategy Transforming Africa from a raw materials supplier to a continent that actively uses its own resources.	As of December 2024, the African Commodity Strategy has been adopted across Africa.[39]	• Add value and extract higher rents from their commodities. • Promote vertical and horizontal diversification anchored in value addition.[40]
Continental financial institutions Socio-economic development by establishing the African Monetary Fund (AMF), the African Investment Bank (AIB) and the African Central Bank (ACB) to mobilise resources and manage the financial sector.	AMF: timeline was until 2023; as of 2017, nine member states have signed the protocol but not ratified it, with 15 needed to enter into force.[41] AIB: timeline is until 2025; as of 2017, 22 members have signed and 5 ratified the protocol, with 15 needed to enter into force. ACB: timeframe for establishment is 2028-2034 and preparations for the ACB will be made through the AMF.	• Coordinate the monetary policies of member states and promote cooperation between their monetary authorities. • Mobilise resources from capital markets inside and outside Africa to finance investment projects. • Serve as a pool for central bank reserves and member states' national currencies. • Create and manage a future continental common currency.[42]
Single Africa Air Transport Market (SAATM) To create a single unified air transport market in Africa to act as an impetus to the continent's economic integration.	As of 2024, 37 countries, accounting for over 80% of Africa's aviation market, have signed up to the SAATM.[43] Of these, ten countries are ready to implement it fully.[44]	• Connect Africa, promote its social, economic and political integration and boost intra-Africa trade and tourism.
Continental high-speed train network Connect African capitals, economic and other industrial hubs as well as major tourism locations with appropriate high-speed rail technology.[45]	Thirteen regional railway link pilot programmes across different countries have been identified and will be subject to feasibility assessments as soon as possible.	• Interconnection of major commercial and economic hubs to boost economic growth and intra-African free trade. • Connect the 16 landlocked countries in Africa to major seaports and neighbouring countries.[46]
Free movement of all persons and African passport Transforming Africa's laws to allow free movement of people, capital, goods and services.	As of 2024, 32 countries have signed the protocol, and four have ratified it, falling short of the 15 countries needed.[47]	• Boost intra-Africa trade, commerce and tourism. • Facilitate labour mobility, intra-Africa knowledge and skills transfer. • Increase intra-African investments. • Promote pan-African identity. • Foster a comprehensive and shared approach to border management.[48]
Africa Single Energy Market (AfSEM) Establish a comprehensive marketplace to facilitate easier electricity trade between countries.	Adopted as a flagship project in 2024, AfSEM is set to be fully operational by 2040.[49]	• Facilitate the integration of energy markets and sources, including renewables, covering over 30 million km^2. • Lower the cost of electricity production and consumption through enhanced efficiency. • Boost the pace and reliability of electricity access.[50]

Agenda 2063 selected continental frameworks

Framework	Latest stage	Benefits
Programme for Infrastructure Development in Africa (PIDA)	Currently in its second phase, PIDA-PAP 2 (2021-2030) will consist of 69 infrastructure projects across 54 countries in transport, energy, information and communication technology and water, with an estimated total investment value of $161 billion.	PIDA PAP I (2012-2020) consisted of 409 projects which: • Created over 150,000 jobs. • Constructed 16,066 km of new highways across Africa. • Built 4,077 km of new railway lines to connect major economic centres. • Installed 3,506 km of power transmission lines. • Connected 17 countries by high-speed fibre-optic communication cables.[51]
Comprehensive African Agricultural Development Programme (CAADP)	In January 2025, 54 AU member states adopted the Kampala CAADP Declaration, a ten-year strategy and action plan.	The CAAP Declaration (2026-2035) aims to: • Increase agrifood output by 45%. • Reduce post-harvest loss by 50%. • Triple intra-African trade in agrifood products. • Raise the share of locally processed food to 35% of agrifood GDP.[52]
Boosting Intra-African Trade (BIAT)	In June 2024, UNECA successfully hosted two expert group meetings to assess the implementation of the BIAT framework since 2012.	BIAT had a positive impact on intra-African trade flows which grew by 13% between 2012-2022.[53]
Accelerated Industrial Development for Africa (AIDA)	In 2023, a guide for country impact assessments of AIDA was launched by AUDA-NEPAD to help countries bolster readiness and advocate policy reforms.[54]	An industrial policy focussed on maximising the use of local productive capacities and inputs, adding value to and local processing of the abundant natural resources of the country.[55]
Africa Mining Vision (AMV)	Since its adoption in 2009, the third African Forum on Mining evaluating progress of the AMV took place in March 2025, launching the African Green Minerals Strategy.[56]	Promote local beneficiation and value addition of minerals.

The only way out: domestic resource mobilisation

Agenda 2063 stipulates that 75%-90% of its financing should come from domestic resource mobilisation (DRM), namely:

1. Enhanced fiscal resource mobilisation.
2. Maximisation of natural resource rents – agriculture, maritime and tourism.
3. Leveraging African institutional savings – pension funds, central bank foreign exchange reserves, sovereign wealth funds and capital market development.
4. Enhanced retail saving mobilisation through financial inclusion, namely:
    - The curbing of illicit financial flows (IFFs).
    - The reduction of inefficiency in governance and corruption-based financial leakages and wastages.

The remaining 10%-25% of financing needed to achieve Agenda 2063 will be raised through external financing mechanisms (EFMs), including:

1. Foreign direct investment (FDI).
2. Official Development Assistance (ODA).
3. Financial cooperation from emerging development partners such as BRICS countries, Arab and Gulf partners.
4. Public-private partnerships (PPPs) and other forms of investment partnerships.
5. Leveraging of diaspora remittances and savings.
6. Improved access to international financial markets.[57]

> Africa, we really need to change our mindset. Access to aid, we can begin to think of it as a thing of the past. We have to focus on two things: attracting investment and mobilising our own domestic resources.
>
> *Dr Ngozi Okonjo-Iweala, Director-General, WTO (Channels TV interview, February 2025)[58]*

> You cannot just depend on the benevolence of others. Benevolence is not a strategy. Investment is a strategy.
>
> *Dr Akinwumi Adesina, President, AfDB (BBC interview, April 2025)[59]*

The end of aid is an opportunity for sustainable self-reliance

Dr Tedros Adhanom Ghebreyesus, Director-General, World Health Organization

The theme of the recent Mo Ibrahim Foundation Governance Weekend – *Financing The Africa We Want* – is very significant to me. In fact, *The Africa We Want* was the catch-cry of Agenda 2063, the 50-year development blueprint for Africa, which I had the honour to shape as Chair of the 50th anniversary of the African Union Executive Council, with the then chair of the African Union Commission, Dr Nkosazana Dlamini Zuma.

However, the most recent report on the implementation of Agenda 2063 shows that despite some progress, our continent is off track on many indicators. In the past five years, we have suffered two major setbacks: First, the COVID-19 pandemic; and second, the sudden and steep cuts to aid that are causing severe disruptions to health services on which millions of people rely. As the report prepared for the conference showed, billions of dollars in aid disappeared virtually overnight.

The impact is severe. Lifesaving medicines are sitting in warehouses, people are missing out on treatments, clinics have closed, health workers have lost their jobs, and health information systems and supply chains are breaking down.

Although this is an acute crisis now, it is a crisis long in the making. Many health systems around the world, and especially here in Africa, have long suffered from chronic underinvestment. As a result, out-of-pocket spending is the main source of health financing in 27 African countries. In ten nations, more than half of all health spending comes from out-of-pocket payments. At the same time, debt servicing costs in many countries restrict their ability to invest in health. In fact, many countries spend more on debt interest payments than on education and health combined.

These conditions have contributed to heavy aid dependency in many countries. Much aid does not flow through treasuries, but through parallel systems set up by donors. This makes forward planning and budgeting impossible. This deep reliance has created a deep vulnerability that has now been exposed.

But although many countries are facing serious challenges, many African leaders have told me that they also see this current crisis as an opportunity to leave behind the era of aid dependency and transition towards sustainable self-reliance. WHO is supporting countries to make that transition, by identifying ways to improve efficiency and generate new revenue for health. For example, through pooled procurement, by introducing or increasing taxes on tobacco and alcohol, public health insurance, and by using health technology assessment to ensure they get the biggest health benefit for the money.

But the transition to self-reliance is about more than health. It's about creating a level playing field so Africa can compete fairly with the rest of the world. There are technical solutions that we need to put in place, including collective bargaining, strengthening the continental free trade area and increasing intra-Africa trade, improved tax collection, and investments in job creation and manufacturing.

We also need to fight corruption and illicit trade, which costs this continent more than we receive from official development assistance and direct foreign investment. If you stop illicit financing, then that would be enough for both investment and development.

But primarily, we need a change of mindset. We cannot look to others to solve our problems for us. As Africans, the responsibility lies with us to make the transition to a self-reliant future. The mindset of aid dependency has to stop.

First, now is the time for leadership from governments, to shake off the yoke of aid dependency and chart the path to self-reliance by mobilising domestic resources to support primary healthcare as the foundation of universal health coverage. Second, we need leadership from lenders, in the form of concessional lending, at fair terms. And third, we need leadership from generous donors, not to pay salaries and operating costs for health programmes, but to build capacity so we can run them ourselves. Self-reliance means national systems, national budgets and national priorities, in alignment with the Lusaka Agenda and the principles of "one plan, one budget, one report".

WHO stands ready to support all countries, and to work with all partners to turn this crisis into an opportunity. The choices we make now will shape the future of global health financing. We must get it right. Because ultimately, health is not a cost to be contained. It is an investment to be nurtured – an investment in people, stability and economic growth, so that we can, together, build a healthier, safer, and fairer Africa for all.

> "
>
> The financial part of aid is touching the end, no doubt. But what about the aid mentality? Which is about 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*

Driving change together: The EU's partnership with Africa towards sustainable prosperity

Jozef Síkela, Commissioner for International Partnerships, European Commission

In 2025, the EU-AU Partnership reaches a significant milestone, celebrating 25 years since its inception at the Cairo Summit in 2000. In this pivotal year, the successful 3rd EU-AU Ministerial Meeting in Brussels on 21 May paved the way for the upcoming 7th AU-EU Summit in Africa by the end of 2025. As we commemorate this anniversary, our partnership remains more committed than ever to fostering growth that is inclusive, sustainable and resilient. Africa, with its vibrant youth population and abundant natural resources crucial for the green and digital transitions, presents a unique opportunity for transformative collaboration. The EU is dedicated to continuing to partner with Africa to foster strategic investments and innovative financial solutions to harness this potential and achieve substantial economic and social progress across both continents.

Central to these efforts is the Global Gateway Africa–Europe Investment Package. This ambitious initiative facilitates impactful development in alignment with the African Union’s Agenda 2063. It focuses on 11 key policy areas: sustainable energy, environment, biodiversity, water and oceans; agri-food systems; climate adaptation and disaster risk reduction; the digital transformation; transport; private sector development and economic integration; sustainable finance; science, technology and innovation; health systems; education and skills development. By pooling resources and expertise, the EU in its Team Europe format with its member states and the European private sector, aims to create an interconnected landscape of growth and shared prosperity in partnership with African partners and responding to their priorities.

The EU is Africa's foremost trade partner, with 2024 trade flows reaching €355 billion and the EU accounting for about one third of Africa's total trade. Reinforcing the EU’s position as Africa's leading investment partner, the EU's stock of foreign direct investment (FDI) in Africa stood at €239 billion in 2023. However, Africa still only attracts about 3% of global FDI and the EU is determined to do more, and better. To that end, the EU has developed innovative financing mechanisms to narrow the investment gap and de-risk investment mobilisation in Africa, such as the European Fund for Sustainable Development Plus (EFSD+). In addition, jointly creating an enabling investment and business environment across Africa and reducing overrated risk perceptions are essential, and there again we are working together to make it happen. For example, the EU co-finances the Africa Virtual Investment Platform jointly created by the OECD and the AU, which aims in particular at providing comprehensive and reliable investment-related data to facilitate investment in Africa. The EU-Africa Business Forum regional platform, an €15 million five-year programme started in 2024, also provides tangible opportunities for structured engagement between the private sectors on both continents.

To turn Africa’s aspirations into realities, further determining action is required: African countries need to be able to access concessional finance on fair terms and need to leverage their own fiscal resources.

With illicit financial flows (IFF) draining approximately $89 billion from Africa annually, nearly matching the combined annual inflows from ODA and FDI, combatting IFF is another joint priority. Through the Team Europe Initiative launched in 2024, the EU has mobilised €450 million distributed among more than 70 programmes to tackle issues in a holistic manner ranging from money laundering, countering terrorism financing, tax- and trade-based IFFs, to anti-corruption. Once again, this is done in full partnership with African partners at all levels.

In addition, ensuring efficient public finance management and increasing domestic resource mobilisation is pivotal, as this important report also emphasises. This is something the EU is also actively delivering on with the 'Collect More, Spend Better' agenda to help African states optimise both revenue and spending.

The international financial system needs to be better geared to channel resources towards sustainable development. The EU is actively engaged in the international financial architecture reform, notably in the context of the G20, and in ensuring delivery towards emerging markets and developing economies' needs. Now is the time to jointly put a strong focus on the implementation of the G20 Roadmap for better, bigger and more effective multilateral development banks and optimise the use of concessional finance, work better as a system and engage more systematically with private sector. To enhance African countries' access to concessional finance, 16 EU Member States have so far together pledged around $37 billion of voluntary channelling Special Drawing Rights to the IMF's Resilience and Sustainability Trust and the Poverty Reduction and Growth Trust (PRGT), and 17 EU Member States have also provided grants to the IMF's PRGT subsidy account, for a total amount of close to €600 million. The EU complemented these efforts by granting €100 million to the subsidy account of the PRGT in 2022.

The EU also stands as a dedicated advocate for strengthening Africa's representation and integration within the international financial architecture. This includes supporting increased representation at the IMF Executive Board and enhancing cooperation among multilateral and public development banks for better integration of African-led financial institutions.

Africa is a continent of imminent promise, but one that navigates the challenges of limited fiscal space, high debt levels, and the necessity for sustainable development funding. The EU recognises these challenges and is making considerable strides towards addressing them together with our African partners. By investing in Africa, we are investing in a shared future built on cooperation, mutual benefit, and sustainable growth.

Chapter 01.

Maximising domestic financial resources

Africa's domestic financial resources are significantly undermined by debt servicing and illicit financial flows, while the continent's potential gains from taxes, sovereign wealth funds, pension funds and remittances are substantial and largely untapped.

- **Debt and illicit financial flows (IFFs):** Africa's external public debt nearly doubled from $349.4 billion in 2014 to $690 billion in 2023, amounting to 24% of the continent's GDP. Debt service consumes almost 14% of government spending – twice the allocation for health. Additionally, the continent loses approximately $90 billion annually to IFFs, surpassing the $74 billion received in ODA in 2023.
- **Taxation potential:** With a tax-to-GDP ratio of 16%, Africa lags behind other regions. Only 14 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.
- **Untapped financial assets:** African sovereign wealth funds and pension funds hold significant potential, with assets estimated at $130 billion and $220 billion, respectively. Remittances contribute over $90 billion annually, representing more than 10% of GDP in several countries. However, high transfer costs and the underutilisation of these funds limit their impact.

Africa's domestic financial resources: gains almost cancelled by losses

Around $920 billion in through taxes, SWFs, pension funds and remittances; almost $940 out through debt and IFFs

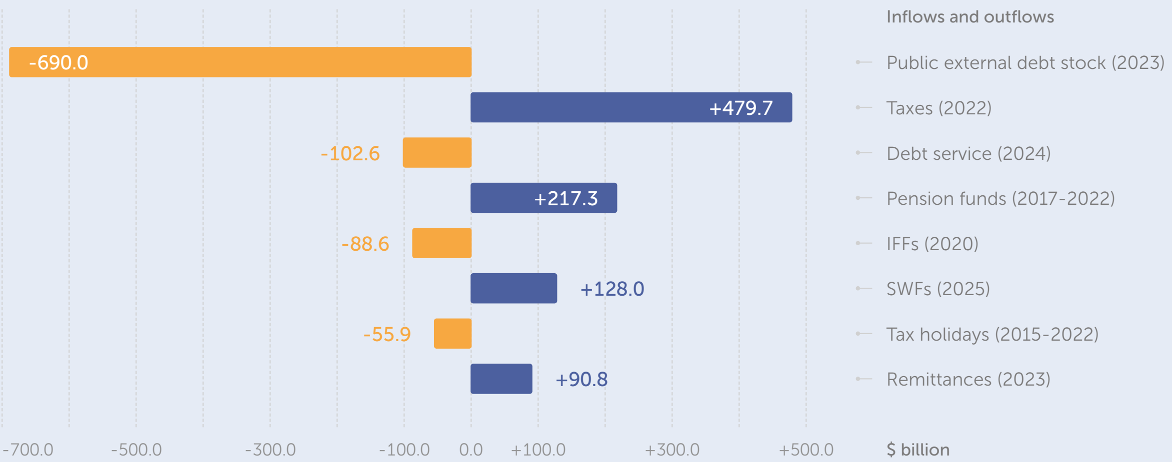
With a 16% tax-to-GDP ratio, African governments generated around $480 billion in tax revenue in 2022 (latest year available).

African pension funds and sovereign wealth funds (SWFs) are conservatively valued at around $220 billion and $130 billion, respectively, while remittances generate an additional $90 billion in inflows annually.

However, debt and illicit financial flows (IFFs) are drying up Africa's domestic resources. With the continent's external public debt stock making up almost a quarter of its GDP ($690 billion), debt service (principal payments plus interest) is costing countries billions and diverting funds away from key development priorities like health, education and adaptation to climate change.

Additionally, IFFs and tax holidays are costing Africa almost $90 billion and around $55 billion a year, respectively.

Africa: financial loss & revenue (latest available year)



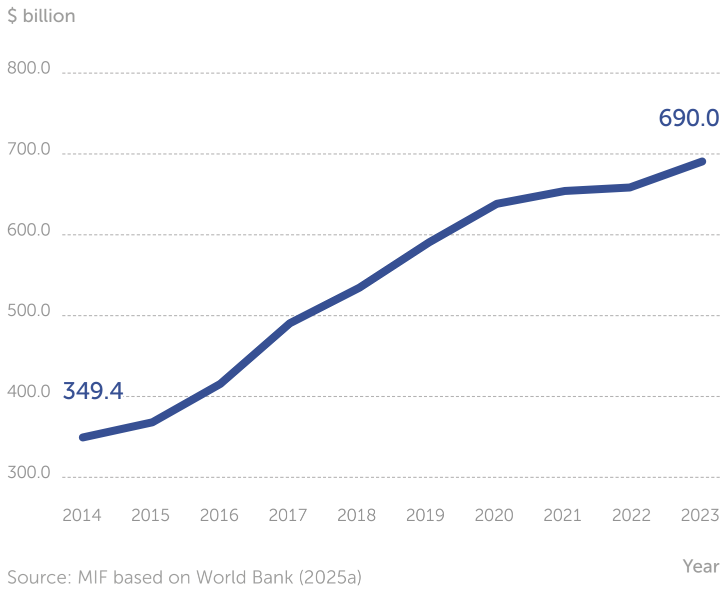
Source: MIF based on Global SWF (2025), GTED (2024), OECD (2025a) and (2025f), ONE (2024), UNCTAD (2020) and World Bank (2025a) and (2025c)

> To address the financing gap, [...] domestic resource mobilisation is crucial. By improving tax administration, combatting illicit financial flows and fostering a culture of tax compliance, we can significantly increase our revenues.
>
> *H.E. John Dramani Mahama, President of Ghana (AU Commission, February 2025)[1]*

Africa's external public debt has almost doubled in the last ten years

In the ten-year period between 2014 and 2023, Africa's external public debt stock almost doubled from $349.4 billion to $690 billion.[2]

Africa: total external public debt stock (2014-2023)



Source: MIF based on World Bank (2025a)

In 2023, Africa's total external public debt stock reached $690 billion, equivalent to almost ¼ of its GDP, the highest ratio in the world

Though not the most indebted region at global level, Africa's debt-to-GDP ratio is the highest in the world

Africa is not the most indebted continent – its total external public debt is less than half that of Asia's – but its total external public debt stock as a share of GDP is the highest of any other world region at 24%.[3]

Debt is not necessarily an issue: most world regions require liquidity in the form of debt to achieve economic development goals, as evident in Asia.

However, when debt makes up almost a quarter of GDP, as in Africa, it diverts key funds away from public needs, especially in a time of exogenous crises.

Selected world regions: total external public debt stock, GDP & debt as a share of GDP (2023)

Region	External public debt stock ($ billion)	GDP ($ billion)	Debt as % of GDP
Africa	690.0	2878.9	24.0
LACA	942.7	6682.3	14.1
Asia and Pacific	1654.8	38364.3	4.3

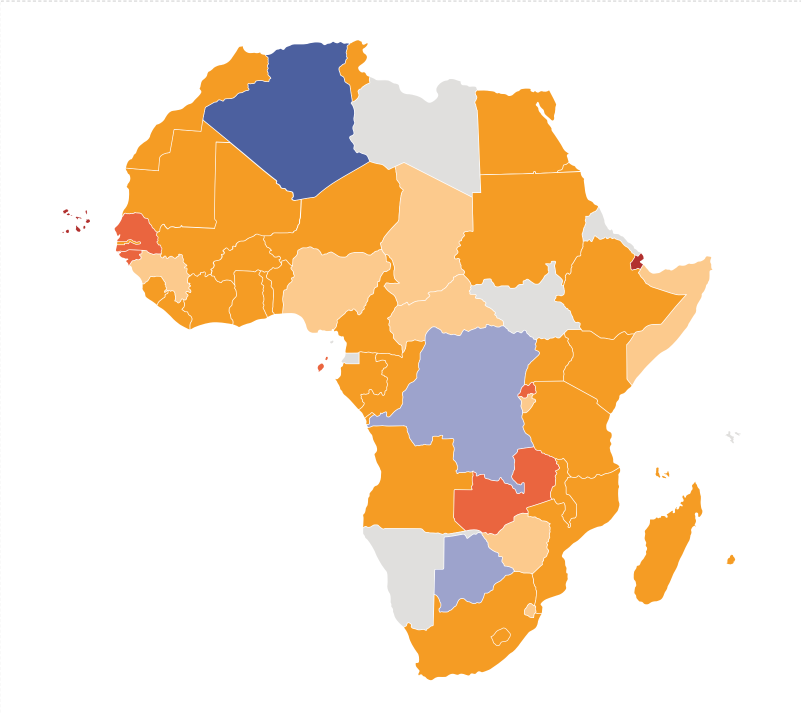
Source: MIF based on IMF (2024a) and World Bank (2025a)

While Asia's external public debt stock is the highest at global level, it represents only 4.3% of its GDP, compared to 24% for Africa

For seven African countries, external public debt represents more than 50% of their GDP

External public debt as a share of GDP varies greatly across countries. For seven it is higher than 50%: Cabo Verde (74.7%), Djibouti (70.7%), Zambia (56.3%), Senegal (54.6%), São Tome and Príncipe (54.2%), Rwanda (51.3%) and Guinea-Bissau (50.8%).[4]

African countries: total external public debt as a share of GDP (2023)



Cabo Verde and Djibouti have the highest debt-to-GDP ratios at 74.7% and 70.7%, respectively

% of GDP

- Over 70%
- Over 50%
- 20-50%
- Over 10%
- Over 5%
- Less than 1%
- No data

Source: MIF based on IMF (2024a) and World Bank (2025a)

At average continental level, debt service makes up almost 14% of government spending, twice Africa's health expenditure

Debt service (principal and interest payments) has risen to a total of $102.6 billion in 2024, or 13.6% of government expenditure. That is almost twice what the continent spent on health (7.3% in 2021, latest year available) and almost as much as education expenditure (14.7% in 2023, latest year available).[5]

In the ten African countries with the highest absolute debt servicing cost in 2023, debt service makes up between 7.9% and 23.5% of their stock.

Three countries pay beyond $10 billion a year to service their debt: Egypt ($15.2 billion), Angola ($10.6 billion) and South Africa ($10.1 billion). These are also the countries with the highest absolute debt stock across Africa.[6]

Twelve countries have a debt service-to-debt stock ratio of above 10%, led by Mauritius (36.1%), Angola (23.5%), Chad (16.6) and Gabon (15.9).[7]

Debt service at continental level reaches 13.6% of government spending, almost twice Africa's health expenditure

Top 10 countries: total external public debt service (2023)

	External public debt service ($ billion)	External public debt stock ($ billion)	Debt service as % of debt stock
Egypt	15.2	117.4	12.9
Angola	10.6	45.2	23.5
South Africa	10.1	89.5	11.2
Nigeria	3.6	44.1	8.1
Morocco	3.5	45.1	7.9
Kenya	3.4	35.9	9.5
Tunisia	3.3	22.7	14.5
Côte d'Ivoire	2.8	29.2	9.5
Tanzania	1.9	22.6	8.3
Cameroon	1.4	12.0	11.8

Source: MIF based on World Bank (2025a) and (2025b)

Egypt, Angola and South Africa pay over $10 billion a year to service their debt

Capital flight: Africa loses around $90 billion a year, more than ODA received

The 2015 Report by the High-Level Panel on IFFs from Africa, chaired by former South African President Thabo Mbeki, was the first of its kind to assess the cost of IFFs leaving the continent, estimated then at around $50 billion a year at the time.[8]

The Mbeki Report warned at the time that these figures were likely underestimations. Further research and action into the nature and flow of IFFs, estimated figures are now much higher than the original $50 billion.

As of 2020, UNCTAD estimates that African countries lose $88.6 billion a year to capital flight.[9]

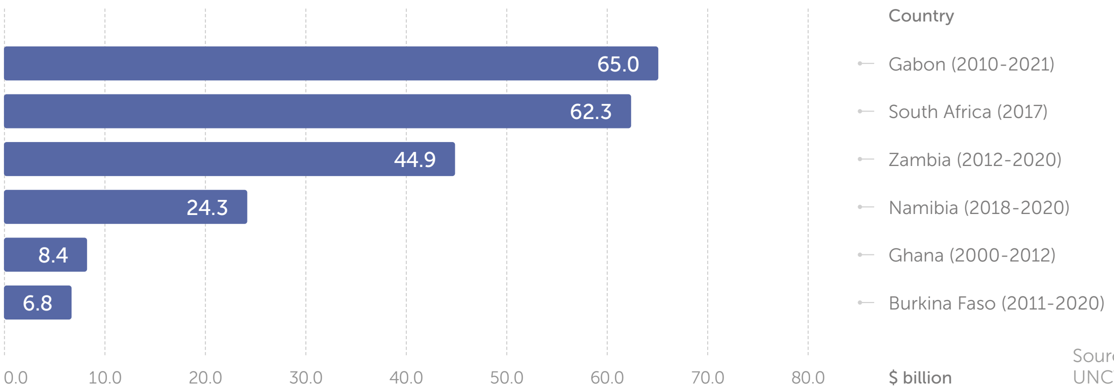
Around $40 billion is estimated to be linked to extractive commodities alone, dominated by trade misinvoicing in gold exports (77%).[10]

A few African countries (Burkina Faso, Gabon, Ghana, Namibia, South Africa and Zambia) have recently made remarkable strides in monitoring inward and outward IFFs specifically from commercial and tax activities. South Africa alone reported cumulative in- and outward IFFs of $62.3 billion in 2017, and Gabon $65 billion between 2010-2021, monitored by UNCTAD & UNODC.[11]

Africa loses around $90 billion a year to capital flight, almost half of which is linked to extractive commodities, mostly gold

Despite monitoring challenges, six African countries have made remarkable progress tracing IFFs from commercial and tax activities

Selected African countries: inward and outward tax & commercial IFFs (2000-2021)



Source: MIF based on UNCTAD & UNODC (2023)

Assessing IFFs and capital flight requires collaboration between origin and destination countries

Despite methodological challenges due to their inherent clandestine and illegal nature, recent years have seen increased efforts in defining, tracing and assessing IFFs from and to Africa. Different types include 1) IFFs from illegal commercial and tax practices as well as tax avoidance, 2) IFFs from illegal markets, 3) IFFs from corruption and embezzlement, and 4) IFFs from exploitative activity, crime and terrorism.[12]

The terms IFF and capital flight are at times used interchangeably, yet they differ in concept and scope. While IFFs describe a wide array of criminal activity, capital flight has a narrower definition and mainly focusses on commercial IFFs and trade misinvoicing, measured through balance-of-payments (BoP) analysis.[13]

Capital flight can also be used to describe legal ways of channelling capital abroad,[14] albeit most statistical estimates via BoP are only concerned with illegal capital flight. Many international institutions now prefer the term IFFs over capital flight because it emphasises their 'two-way-street' nature instead of solely focussing on the push factors that cause capital to 'flee' a country.[15]

The African Tax Administration Forum (ATAF)

Since 2009, ATAF has supported 20 technical assistance initiatives, including revisions to 28 transfer pricing laws. ATAF has trained over 500 auditors and implemented automatic exchange of information systems, resulting in $340 million in additional tax collections and $1.2 billion in newly assessed taxes. More than 17,700 African policymakers and tax officials have been trained in auditing, compliance risk management, revenue forecasting and fraud detection. To promote knowledge-sharing and research, ATAF launched the African Tax Research Network in 2015, engaging researchers to develop local solutions to tax challenges. Its African Tax Outlook publication covers 37 countries, offering vital data and analysis on tax systems.[121]

Enhancing asset recovery outcomes in Sub-Saharan Africa

Iker Lekuona, Director, International Centre for Asset Recovery at the Basel Institute on Governance

Effective anti-money laundering (AML) and asset recovery systems are key to curbing IFFs. By removing the financial gain, they act as the ultimate deterrent. The very act of removing illicit proceeds prevents other would-be perpetrators from abusing public funds; recovered assets also contribute to mobilising resources for development. Despite the positive advances over the last two decades, the scale of recovered assets in Sub-Saharan Africa remains low. The Basel Institute on Governance is a hands-on centre of competence dedicated to promoting good governance and countering corruption. Through its International Centre for Asset Recovery (ICAR), it provides technical assistance to jurisdictions in Sub-Saharan Africa to strengthen asset recovery outcomes.

According to the Basel AML Index, an independent ranking and risk assessment tool for money laundering and related financial crime risks, the overall money laundering risk score for the region is 6.28, which is higher than the global average of 5.30.[1] However, compared to 2023, the region has shown slight improvements, with the risk score decreasing from 6.54 to 6.28. The biggest challenge relates to the effectiveness of the AML measures. The average level of effectiveness in the region is only 5%, compared to the global average of 28%.

Weak effectiveness is particularly acute regarding the investigation and prosecution of money laundering offenses (rated by the Financial Action Task Force (FATF) at 5% with a global average of 19%) and the confiscation of proceeds of crime (rated by FATF at 7% with a global average of 27%). The region also underperforms regarding the usage of financial intelligence and international cooperation. ICAR partners with government institutions in Sub-Saharan Africa – typically financial intelligence units, investigative agencies (anti-corruption commissions or the police), prosecution authorities and the judiciary – to address these effectiveness gaps through the following interventions:

- **Case advice and mentoring**, often through embedded specialists working with investigators and prosecutors to conduct financial investigations and develop legal strategies in the context of high-profile, complex asset recovery cases. Crucially, ICAR's assistance is also focused on facilitating international cooperation – freezing, confiscating and ultimately repatriating assets – from financial centres in Asia, North America and Europe.
- **Training and education** through customised and interactive training programmes, plus e-learning courses focused on skills development.
- **Legal, policy and institutional strengthening** advice focused on fixing gaps and weaknesses in a partner countries' legal and institutional setup for AML and asset recovery.
- **Analytical and policy advisory support** to strengthen AML systems.

[1] Produced by the Basel Institute on Governance since 2012, it provides a holistic picture of money laundering risks around the world. The risk scores are based on data from 17 publicly accessible sources such as the Financial Action Task Force, Transparency International and the Global Initiative against Transnational Organized Crime.

> A large part of the people working-age population is working outside the formal sector: they are not getting payroll and, therefore, the tax structure does not really capture them [...]. We have to not just look at the sources of financing, but at the way in which our systems are designed to reflect the realities of the economies that we are working with. Because in these economies, the tax system design that came from countries where most people worked in the formal sector does not really deliver the outcomes. All you do is tax those few people more and more.
>
> *Masood Ahmed, President Emeritus, Center for Global Development, MIF Council member*

> Today, you have two kinds of international organisations, the Global Forum and the Inclusive Framework on BEPS. They have more than 150 countries each and their goal was to stop the leakage on personal income tax when the rich hide their money in a bank secrecy country. This was a given 20 years ago, everybody was hiding their money in low-tax countries with bank secrecy. This is over. And what is striking is that despite an Africa initiative from finance ministers to say 'we should mobilise that information, we can ask for information from Switzerland, from the Caymans, from Luxembourg and other countries with bank secrecy', even though they can, they do not really do it and that should happen. I think there is money there, more than 150 billion Euros have been recovered from offshore bank accounts, so there is room here to do more, in particular to take advantage of automatic exchange of information. [...] Shifting profit to tax havens is still possible, and that is why the third stage was to put in place a global minimum tax of 15% effective. Some may say well in African countries corporate income tax is in the 30s, so 15% is very low. But actually, on foreign income or when you provide tax incentives it is zero, so you will agree 15% effective is much better than zero.
>
> *Pascal Saint-Amans, Co-Chair, Africa-Europe Foundation Working Group on Illicit Financial Flows*

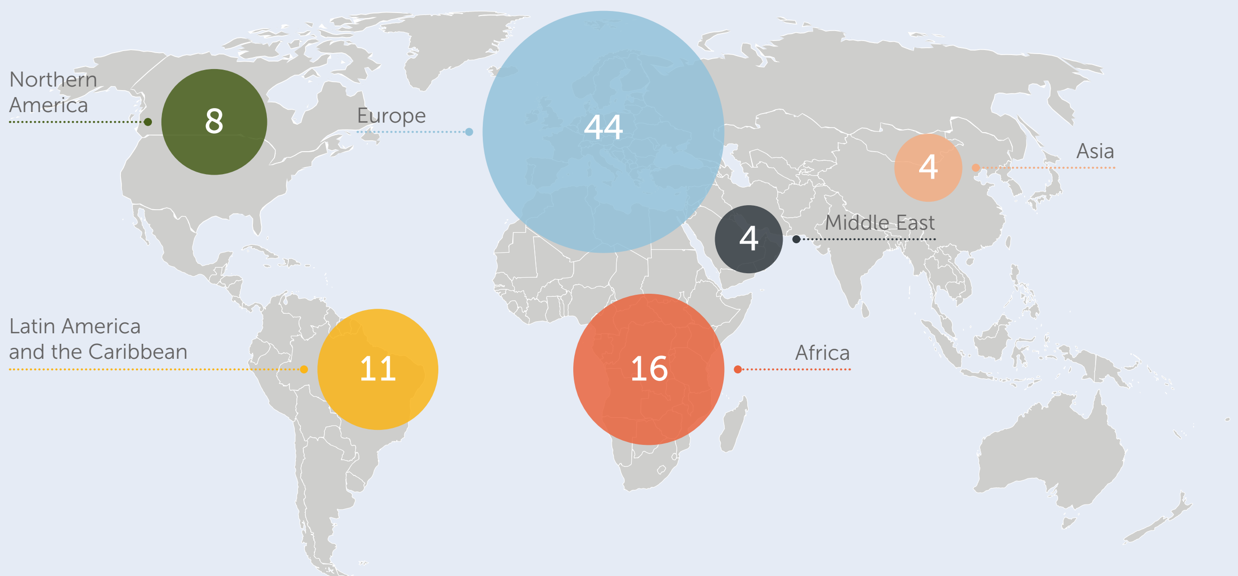
Re-domesticating IFFs

Enablers of IFFs from Africa are mostly found in Europe, and on the continent itself

According to Transparency International, enablers of IFFs from and to Africa are found around the world, with the majority located in Europe, followed by the continent itself.[16] International cooperation is therefore a crucial component of sustainably curbing and re-domesticating IFFs.

In a recent study, looking at only $3.7 billion in corruption-linked African assets (including properties, companies and bank accounts), Transparency International identified no less than 74 jurisdictions, including the British Virgin Islands, the UK, the US, Switzerland, the UAE and Panama.[17]

World regions: number & location of enablers of IFFs from Africa (2023)



Source: MIF based on Transparency International (2023)

To re-domesticate IFFs from Africa, international tax cooperation is key

1. The UN Framework Convention on International Tax Cooperation: on behalf of the Africa Group at the UN, in 2023 Nigeria submitted a proposal calling for the establishment of a UN tax convention to govern international tax cooperation, eliminate tax havens and tackle IFFs.[18] In 2024, the convention's terms of reference were passed with an overwhelming majority (125 countries), while 46 countries, including all EU member states, abstained and nine voted against.[19]

   Negotiations picked up again in early 2025, in which a decision on voting procedures was made and tax dispute resolution was chosen as the focus of the next protocol of the convention.[20] Negotiations are supposed to conclude in 2027, when the final framework convention text will be presented to the 82nd Session of the UN General Assembly.[21]

2. Closing tax loopholes, specifically for extractives and multinational enterprises (MNEs): MNEs use tactics such as base erosion and profit-

shifting (BEPS), i.e. shifting profits to low- or no-tax jurisdictions, thus depriving countries and populations of corporate income tax revenue. International coherence, transparency and minimum tax rates are possible ways to alleviate this.

3. The OECD/G20 BEPS framework: to combat BEPS, 140 countries have to date joined the OECD/G20 framework which proposes the reallocation of MNE profits to market jurisdictions and a global minimum tax rate of 15%. While presenting an important step forward, African governments still consider the 15% rate insufficient to prevent profit-shifting out of Africa and have instead proposed a minimum rate of 20%.[22]

4. Enhancing domestic monitoring capacity: international technical assistance can help strengthen the auditing capacities of African tax administrations and thus increase compliance and taxpayers' trust in the system.

Tax Inspectors Without Borders (TIWB)

TIWB is a collaborative initiative by UNDP and OECD that helps African countries improve their tax audit capabilities. By seconding experienced tax inspectors to work alongside local teams, TIWB provides expertise for international tax audits, especially when countries lack the necessary resources or knowledge. The initiative focusses on capacity-building through hands-on training, allowing local teams to learn directly from the experts during audits, rather than replacing them.

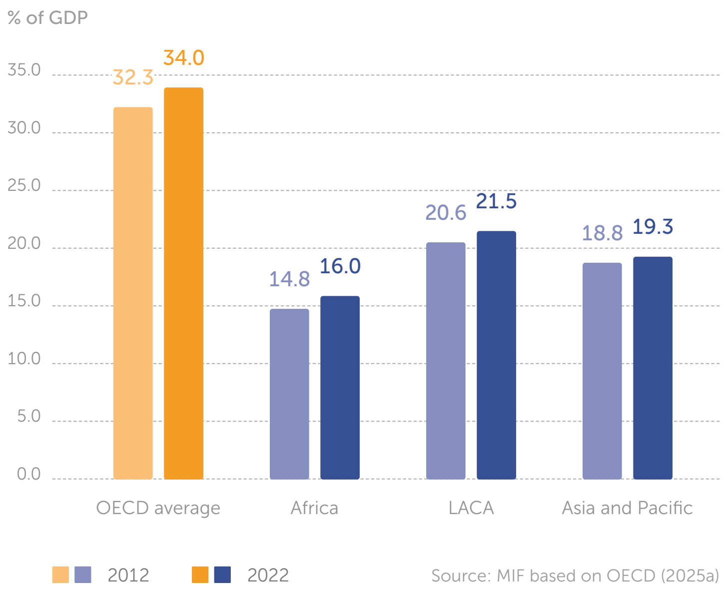
Since 2015, TIWB has helped collect over $2.3 billion in additional tax revenue across 62 jurisdictions, including more than $1.8 billion in Africa, together with the ATAF.[23] According to the initiative's leadership, TIWB generates $100 for every dollar spent.[24] TIWB not only boosts revenue but also builds long-term tax auditing capacity in developing countries, supporting domestic resource mobilisation and contributing to the fight against IFFs. The initiative has also been effective in addressing tax crimes and facilitating South-South cooperation, such as deployments of Indian and Kenyan tax inspectors to other nations, highlighting the need for a comprehensive approach to tackling IFFs.

Africa has the lowest tax-to-GDP ratio of all world regions

Africa's tax-to-GDP ratio is below the tax-to-GDP ratio of other developing regions such as Latin America and the Caribbean (LACA) or Asia and Pacific.

Despite incremental progress over the last decade, from 14.8% in 2012 to 16% in 2022, the continent's average ratio remains at less than half the OECD average of 34%.[25]

Africa & selected world regions: tax-to-GDP ratio (2012 & 2022)



Source: MIF based on OECD (2025a)

Africa's tax-to-GDP ratio is 16%, less than half the OECD average

Tax data availability remains a main challenge

The African tax data landscape as a whole remains patchy, and variance in backdating is high.[26] The predominance of the informal sector on the continent, as high as over 80% of total employment according to the International Labour Organization (ILO),[27] presents an additional challenge. In many countries, knowledge of property ownership is limited and census data is out of date, providing an inaccurate picture of working age populations.[28]

Only 14 African countries reach a tax-to-GDP ratio of at least 15% or higher

The OECD considers a 15% tax-to-GDP ratio the minimum needed for economic development.

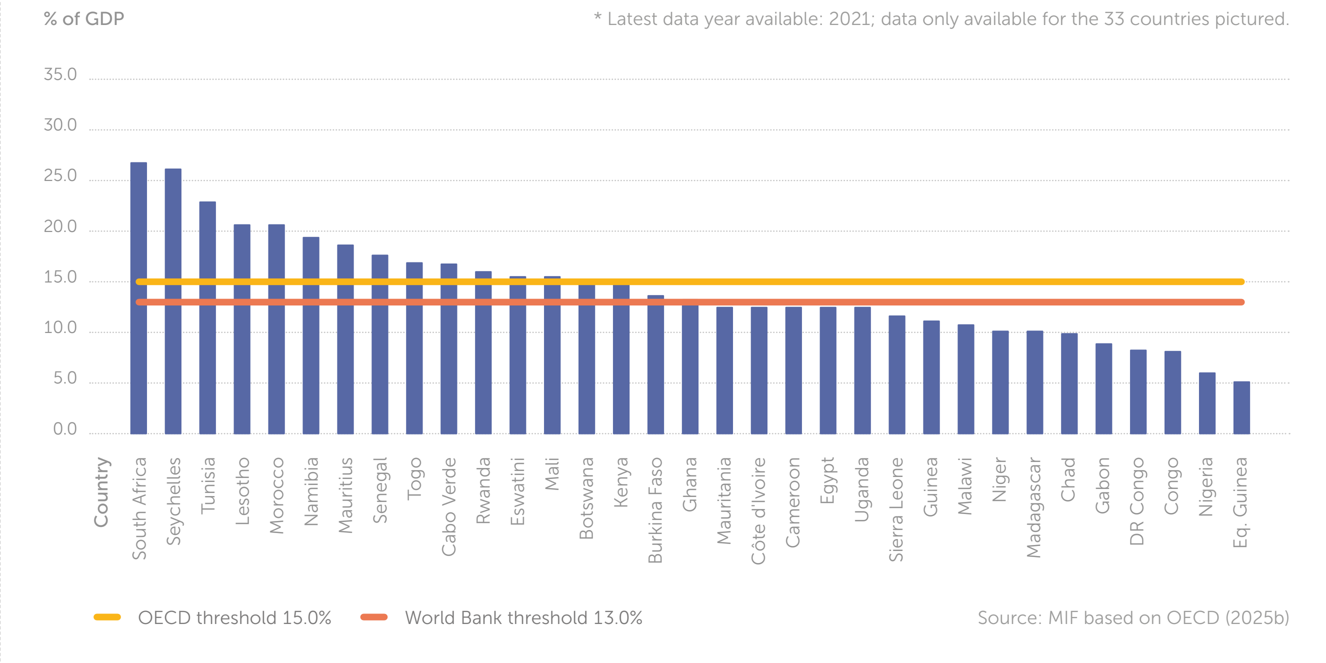
Recent revisions by the World Bank estimate this threshold a little lower at around 13% for inclusive growth.[29]

For at least 19 countries, representing 54.4% of the continent's population, the minimum tax-to-GDP ratio of 15% considered as necessary for economic development is not reached.

Several countries, led by South Africa (26.7%), Seychelles (26.1%) and Tunisia (22.9%), have a tax-to-GDP ratio above the economic growth threshold of 15%, suggesting a more sustainable fiscal position.[30]

Many African countries, particularly in Central and West Africa, fall below the threshold, indicating potential constraints on economic growth due to insufficient tax revenues.

Selected African countries: tax revenue (excluding social security contributions) as share of GDP (2021)*



Raising the tax-to-GDP ratio above the African average in Togo

Between 2010 and 2022, Togo raised its tax-to-GDP ratio from 10.7% to 14.4%, rising from below the African average (14.1% in 2010) to above.[31] From 2010 to 2012, the country launched several key initiatives, including modernising revenue collection systems, improving information management and reinforcing measures against fraud and tax evasion, which resulted in a significant rise in tax revenue. A major reform in 2014 involved the establishment of the Office Togolais des Recettes, which consolidated customs and tax services into one administration, further improving tax collection. Recently, Togo has continued to strengthen its tax system by implementing tax identification numbers, reducing tax exemptions and enhancing controls to fight corruption.[32]

Goods and services make up 8%; payroll and property taxes contribute the least to public revenue

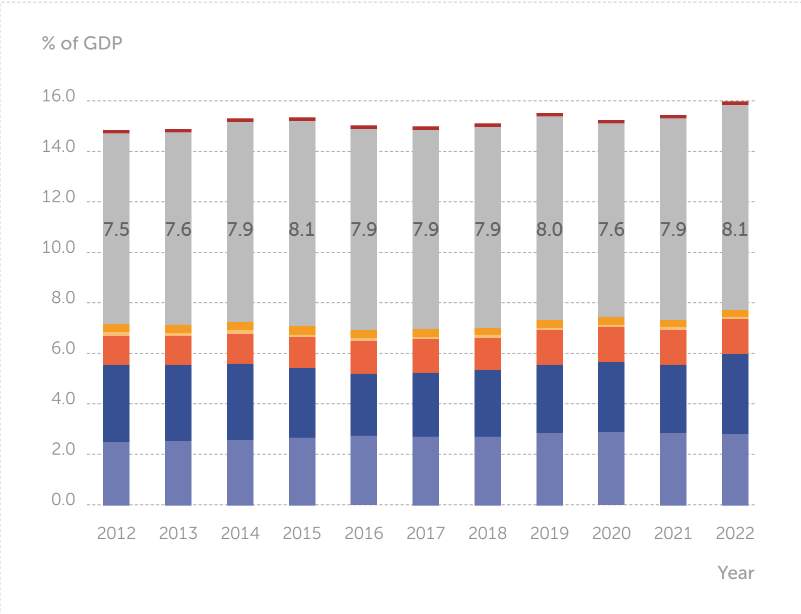
At 8.1% of GDP, taxes on goods and services, i.e. value added tax (VAT), excises, customs and import duties and taxes on exports, are the largest contributor of tax revenue in Africa. In 2022 GDP terms (latest available year for OECD tax data), this was equivalent to $241.7 billion.[33]

VAT represents more than half of tax revenue on goods and services, coming up at 4.5% of GDP in 2022. It is also the tax that registered the largest increase from 2012 to 2022 (+0.4 percentage points).

Taxes on exports, also part of the goods and services category, register the lowest share of GDP (0.1%) while customs and import duties as well as excises amount to 1.5% and 1.3%, respectively.[34]

Raising VAT on unhealthy products like tobacco, alcohol and excess sugar has positive revenue and public health outcomes

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

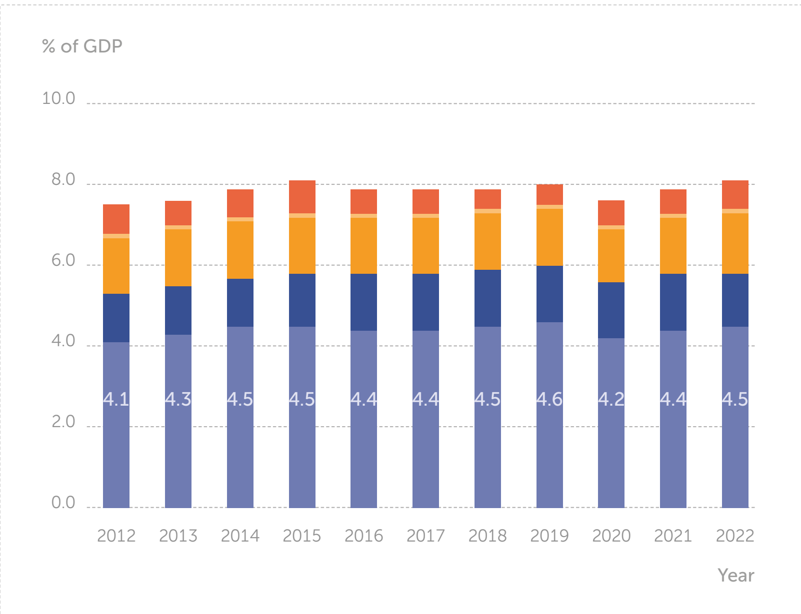


Tax category

- Taxes on income, profits & capital gains of individuals
- Taxes on income, profits & capital gains of corporations
- Social security contributions (SSC)
- Taxes on payroll & workforce
- Taxes on property
- Taxes on goods & services
- Other taxes

Source: MIF based on OECD (2025d)

Africa: taxes on goods & services as a share of GDP (2012-2022)



Taxes on exports represent only 0.1% of GDP

Tax category

- VAT
- Excises
- Customs & import duties
- Taxes on exports
- Other taxes on goods & services*

* Disaggregated data not available.

Source: MIF based on OECD (2025e)

After taxes on goods and services, corporate and personal income tax are the second and third biggest source of tax revenue in Africa at 3.2% and 2.8% of 2022 GDP, equivalent to $96 and $84 billion a year, respectively.

Taxes on property and taxes on payroll and workforce constitute less than 0.5% of GDP, compared to 1.8% and 0.5% in the OECD region, respectively. In 2022 GDP terms, both together were equivalent to only $12 billion.[35]

VAT is the largest contributor to taxes on goods & services at 4.5% of GDP

Taxes on payroll & workforce contribute less than 0.5% of GDP

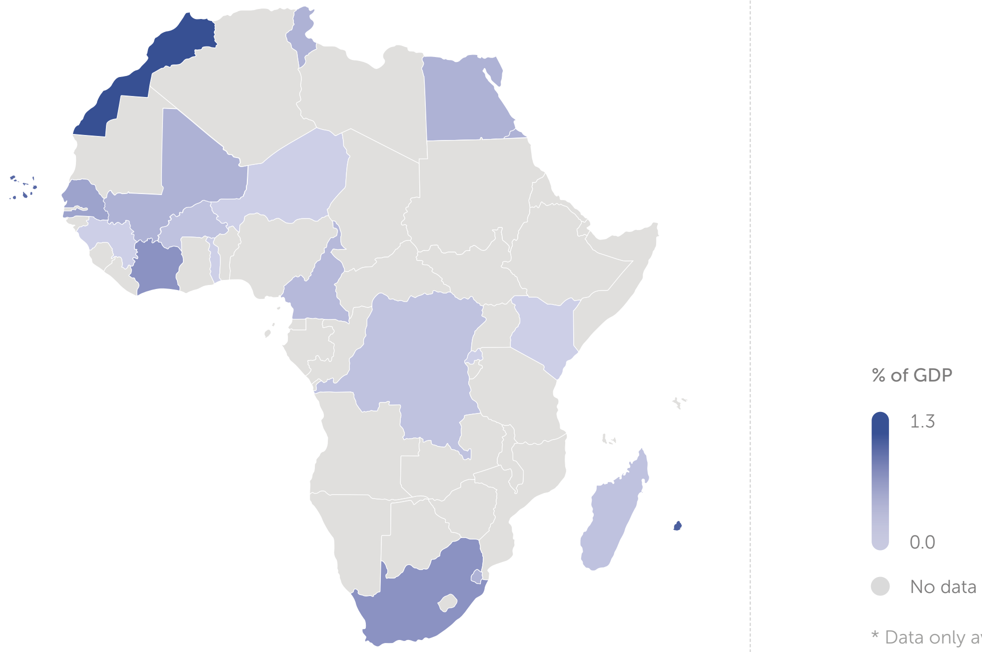
Taxes on payroll and workforce

As per the OECD Revenue Statistics Interpretative Guide, taxes on payroll and workforce "consist of taxes payable by enterprises assessed either as a proportion of the wages or salaries paid or as a fixed amount per person employed. They do not include compulsory social security contributions paid by employers or any taxes paid by employees themselves out of their wages or salaries."[36] In Nigeria for example, this comes in the form of an education tax paid into the Tertiary Education Trust Fund, and in Angola covers workmen's compensation, i.e. an insurance protecting against bodily harm incurred at work or on the way to work.[37]

While property tax as a share of GDP can reach as high as 2% or more in high-income countries, it accounts for only 0.3% in Africa, with only three countries above 1% in 2022: Morocco (1.5%), South Africa (1.2%) and Mauritius (1.1%).

While still playing a marginal role, many countries have increased their property taxes in the last two decades. Still, in countries like Botswana, Equatorial Guinea, Guinea, Kenya, Mauritania and Somalia, the property tax-to-GDP ratio remains at null.[38]

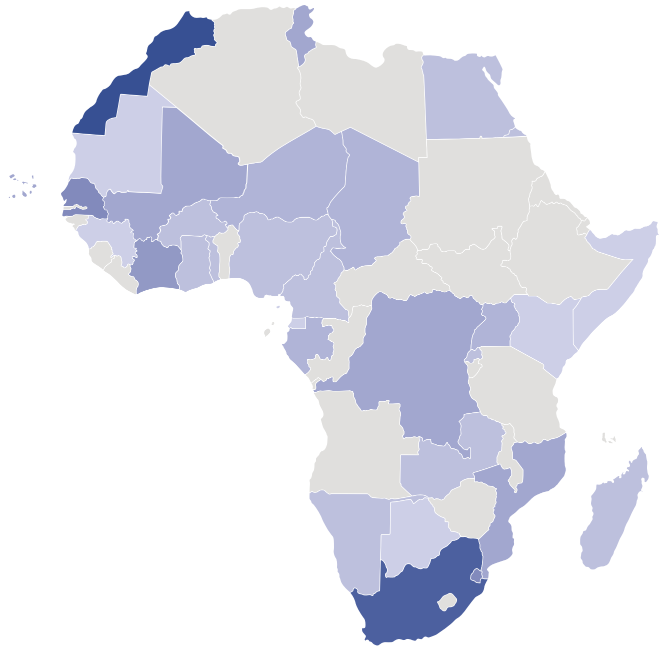
Selected African countries: property tax as a share of GDP (2002)*



* Data only available for 19 countries.

Source: MIF based on OECD (2025d)

Selected African countries: property tax as a share of GDP (2022)*



Property taxes account for just 0.3% of GDP, and only Morocco, South Africa and Mauritius generate above 1% of their GDP through them

% of GDP

1.5

0.0

No data

* Data only available for 33 countries.

Source: MIF based on OECD (2025d)

Enhancing property tax collection in Tanzania, Sierra Leone and Rwanda

Electronic payment systems and automated billing in Arusha, Tanzania significantly improved property tax collection, doubling revenue within three months of implementation.[39] Satellite imagery for tax mapping has significantly improved property tax systems in low-income African countries. In Freetown, Sierra Leone, it identified more than 50,000 unregistered properties, boosting tax compliance and revenue.[40]

Rwanda is unique in Africa for having a fully digital nationwide land registry and cadastre, a change driven by the need to resolve land conflicts that contributed to the 1994 genocide. The country implemented a comprehensive legal reform that included strengthening women's land rights. Rwanda granted land titles for every parcel between 2011 and 2013, which had several benefits, such as 86% of land ownership documents including women. This led to a more vibrant land and mortgage market and more investment in soil protection.

Progressive wealth taxes could generate billions for Africa

The 2024 Africa Wealth Report projects that the number of millionaires in Africa will increase by 65% over the next decade.[42]

Oxfam determined that the seven wealthiest Africans, who together possess $52 billion, are wealthier than the half of the continent's population, who together own $49.6 billion in 2022.

Implementing a progressive wealth tax on African high-net-worth individuals (HNWIs), set at 2% for net wealth over $5 million, 3% for wealth over $50 million and 5% for over $1 billion, could yield approximately $11.9 billion annually.[43]

Per the Tax Justice Network, a tax on the wealthiest 0.5% of the world's population could generate enough revenue to educate 72 million out-of-school children and hire 13 million teachers globally. With just 20% of the projected $2.6 trillion annual revenue from these reforms, governments could allocate $536 billion to education, covering costs for teacher hiring, student enrolment and other educational improvements.[44]

According to Oxfam, the 7 wealthiest Africans were richer than the half of the continent's population in 2022

Introducing a progressive wealth tax, starting at assets above $5 million, could yield $11.9 billion annually

Corporate tax holidays: foregone revenue of around $55 billion a year

As a strategy to attract foreign direct investment (FDI), developing countries' governments offer incentives to investors and MNEs, with the aim to foster job and value chain creation and economic growth in exchange for tax exemptions, grace periods or other preferential treatment.

When not governed correctly, this can result in a 'race to the bottom' in which competing governments offer more and more benefits to MNEs, while simultaneously foregoing tax revenue that could be used to increase social spending.

Despite great case-by-case variance, there is limited evidence of the overall capacity of tax exemption policies to create sustainable growth, and they often benefit MNEs over local populations.[45]

According to the Global Tax Expenditures database, among the 30 African countries for which data is available, they have lost between 0.1% (Chad) and 6% (Senegal) of their GDP to tax exemptions, deductions, credits, deferrals and reduced rates. Although latest available years range from 2015 to 2022, revenue lost amounts to $55.9 billion annually.[46]

Senegal lost 6% of its GDP to tax exemptions, deductions, credits, deferrals and reduced rates in 2020

Half of Africa's citizens would prefer to pay higher taxes in exchange for more government services

In the summer of 2024, nationwide demonstrations over a controversial finance bill erupted in Kenya across partisan lines, culminating in the storming of the parliament. Demonstrators also expressed dissatisfaction with spending on public officials, corruption and the cost of living which disproportionately affected lower-income populations. The bill was ultimately not signed.[47]

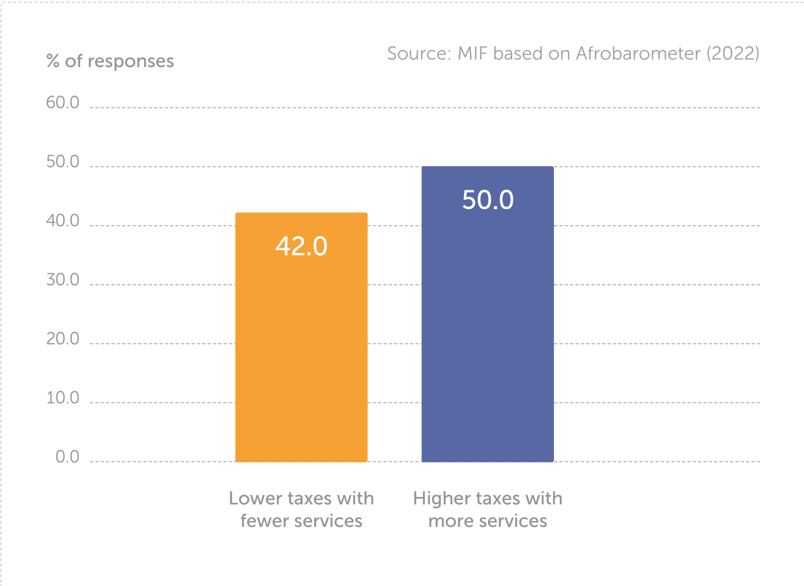
In a 2021 Afrobarometer survey across 34 nations, almost half of respondents (47%) considered that ordinary people are taxed too much, and more than one in three participants (35%) believe that "most" or "all" tax officials are corrupt.

While 50% of Africans would prefer to pay higher taxes in exchange for more government services, an almost equally high share (42%) would prefer the opposite (lower taxes with fewer government services). The preference for higher taxes is more prevalent among citizens between the ages of 18 and 35.

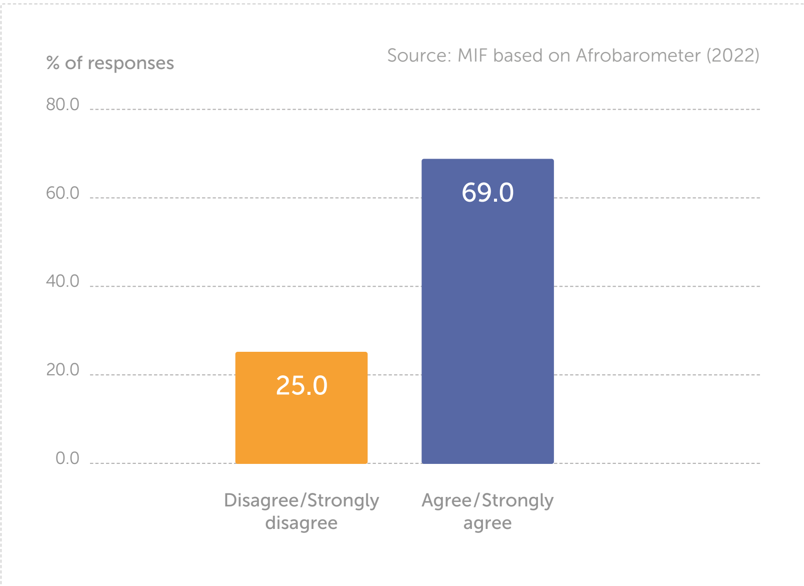
Seven out of ten Africans (69%) "agree" or "strongly agree" it would be just to tax the wealthy at a greater rate than ordinary people in order to finance government initiatives that help the underprivileged.[48]

The preference for higher taxes is more prevalent among citizens between the ages of 18 and 35

Africa: citizens' preference for higher taxes in exchange for public services (2019-2021)



Africa: fairness of higher taxes for the rich to help the poor (2019-2021)



Strengthening the social contract to boost tax revenue

Overcoming political resistance is essential for advancing effective and equitable taxation in Africa, particularly in taxing elite groups. Since policy makers often resist tax reforms that challenge powerful economic interests, successful strategies must focus on increasing political commitment to horizontal equity, ensuring greater transparency and fostering public engagement in tax debates. Linking tax revenues to visible public benefits can help counter elite opposition by building broader public support for reform. By aligning political incentives with equitable taxation, these measures can create a cycle where improved taxation strengthens governance, public trust and compliance.[49]

Boosting tax collection through new technologies in Ghana, Ethiopia, Guinea-Bissau and South Africa

Recent technological advancements have reduced the cost of connecting identity information across various government functions. In 2021, Ghana introduced the 'Ghana Card' national ID system and the number of filers increased from 4 million to 6.6 million as a result of tax officials reporting that they could identify 85% of Ghanaians, as opposed to only 4% under the previous system.[50]

In Ethiopia, firms enhanced the accuracy of their tax reports after adopting sales registration machines, due to their perception that authorities could more effectively cross-check records and identify discrepancies. This resulted in notable increases in tax revenue, particularly for income taxes (up by at least 12%) and VAT (up by 48%).[51]

Guinea-Bissau established a major tech project called Kontaktu, a software that automates data interchange with the treasury, customs and the port of Bissau, supported by the Ministry of Finance. Additionally, two telecom companies and four of the six banks provide automated payment information to the Directorate-General of Taxation. The software was first used in 2023 to track cashew harvest and export earnings in real time.[52]

Artificial intelligence could play an increasing role in detecting and preventing financial crimes through identifying irregularities in transactions or payment balances, as proposed in South Africa.[53]

New technologies, such as connected IDs across government agencies, sales registration machines, automated payment information exchange and AI can boost tax collection

Formalising the informal economy

Around 80% of Africa's total employment is informal

Africa has a vast informal sector, i.e. economic activity not regulated by tax, labour or environmental laws and thus not included in countries' GDPs. Incorporating this into the formal economy is considered crucial to broadening the continent's tax base and increasing revenue generation.[54]

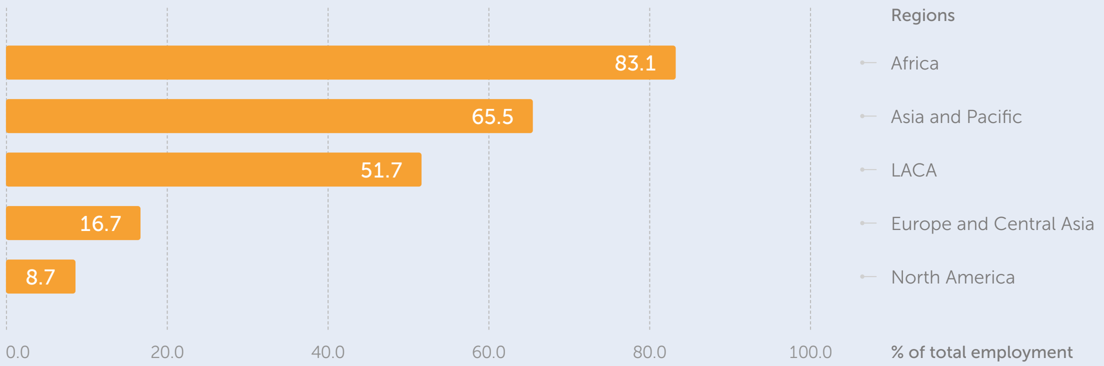
According to the ILO, informal employment stands at over half (57.8%) of the world's total.

Of all world regions in 2024, Africa has the highest share at 83.1%, 18 percentage points higher than Asia and Pacific at 65.5% and 31 percentage points higher than LACA at 51.7%.

Of the 11 African countries with available data for 2023, six have over 80% of their employment in the informal sector: Burkina Faso, Gambia, Nigeria, Rwanda, Zambia and Zimbabwe.[55]

Africa has the highest rate of informal employment as a share of total employment in the world (83.1%)

World regions: informal employment as a share of total employment (2024)



Source: MIF based on ILO (2025)

Informality has some benefits, including ease of entry for SMEs and employment opportunities for lower-skilled workers

The benefits of informality include reduced tax burdens, less bureaucracy, ease of entry and exit of firms in industries, especially for small and medium-sized enterprises (SMEs), and employment opportunities for lower- and mid-level skilled workers.

Past policy narratives tended either to neglect informal economies or even viewed them as potentially threatening to formal economies – therefore needing elimination and control rather than support and investment.[56]

Country	Informal employment as % of total employment (2023)
Burkina Faso	95.2
Nigeria	93.0
Zimbabwe	88.1
Rwanda	86.8
Gambia	84.1
Zambia	83.8

Source: MIF based on ILO (2025)

To incentivise businesses, formality could become more inclusive:

1. Inclusive financial services: informal sector enterprises are often unable to attain credit and insurance services due to collateral requirements such as property rights. Microfinance initiatives specifically designed for informal businesses extend loans, savings, insurance and financial literacy services to groups who lack collateral and formal credit history.[57]

Case study East Africa

Microfinancing Partners in Africa, an initiative that works in agricultural communities in East Africa, has provided loans along with agricultural training in the form of 2,583 cows that have increased savings by 57%. The loan is repaid by passing on the first female calf to the next qualified farmer in the community.[58]

2. Supportive social protection policies: informal workers are often classified as the 'missing middle' since a majority of social safety nets target either those in the formal labour economy or are delivered to those in extreme poverty and unemployment.[59]

Case study Ghana

The Ghana National Health Insurance Scheme (NHIS), established in 2003 to provide universal healthcare, extends coverage to informal workers. The scheme is contributory where formal workers are automatically enrolled and informal workers join voluntarily through the annual payment of a premium, according to income levels assessed at district level. As of 2021, the NHIS active membership stood at approximately 54% of Ghana's population.[60]

3. Flexible regulatory frameworks: removal and adjustment of regulatory barriers enables enterprises to transition easily to a transparent and supportive formal sector, with reliable institutions and mechanisms.

Case study Rwanda and Zambia

Rwanda is considered one of the easiest countries in Africa to set up a business.[61] This is partly due to the significant reduction in time and procedures for registering a formal business organised by the Rwanda Development Board, from about nine procedures and 43 days in 2004 to two procedures and less than three days in 2011.[62] Similarly, in 2010, Zambia abolished the minimum capital requirement to start a company, as part of a licensing reform to reduce the burden faced by the community when establishing their businesses.[63]

4 Tax system reforms: tax systems are needed whose policies and mechanisms take into account the contextual realities of the informal sector and are flexible in governance by the tax authorities.[64] Informal sector players could also be significantly incentivised by the delivery of basic public services and infrastructure in exchange for taxes paid.[65]

Case study South Africa

In 2023, the South African National treasury introduced a solar panel tax incentive to mitigate energy costs for SMEs and increase renewable energy consumption. Individuals that installed rooftop solar panels qualified for a 25% rebate on the cost of new or unused solar panels, up to a maximum rebate of R15,000. Businesses that invested up to R150,000 in a solar system could get a deduction on VAT of 15% and income tax savings of up to 27%.[66]

5 Utilisation of digital technologies to reach informal workers: the adoption of digital technologies and e-commerce platforms can improve operational efficiency of informal businesses, expand their market reach and enhance their competitiveness. These should come along with access to digital tools and the relevant training on how to use them effectively.

Case study Kenya

Kenya's M-Pesa mobile money platform that does not require a bank account, launched in 2007 by Safaricom, has facilitated access to financial services for informal businesses. In 2006, only 26.4% of the population had access to formal financial services and this rose to over 75.3% of Kenya's population in 2016.[67] The use of M-Pesa also lifted an estimated 2% of Kenyan households out of poverty by 2016.[68]

6 Increased data coverage: informed policymaking needs consistent and reliable data. A balance must be struck between a research framework that is flexible enough to meet the various user needs but consistent enough to compare between countries.[69] In 2023, the 21st International Conference of Labour Statisticians adopted a resolution updating and improving measurement standards for the informal economy.[70]

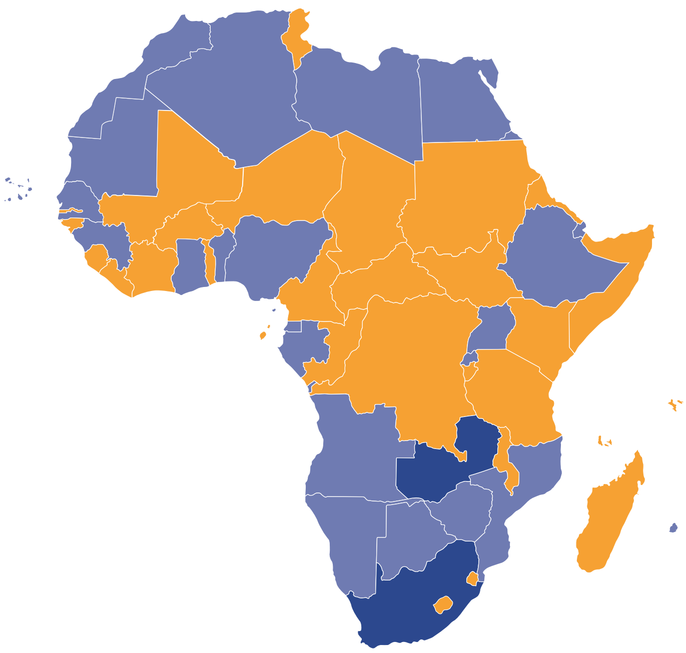
AFRICAN SWFs, PENSION FUNDS & REMITTANCES: A LARGE POTENTIAL STILL UNTAPPED

African sovereign wealth funds (SWFs) are estimated at around $130 billion in 2023

According to Global SWF and the Sovereign Wealth Fund Institute (SWFI), 23 African countries have established a SWF of some kind. Some countries like Nigeria, Gabon, Ghana and Angola have several funds that carry out the diverse functions of stabilisation, savings and development.[71]

Zambia and South Africa will also be launching SWFs in the near future.[72]

Africa: active sovereign wealth funds (2025)

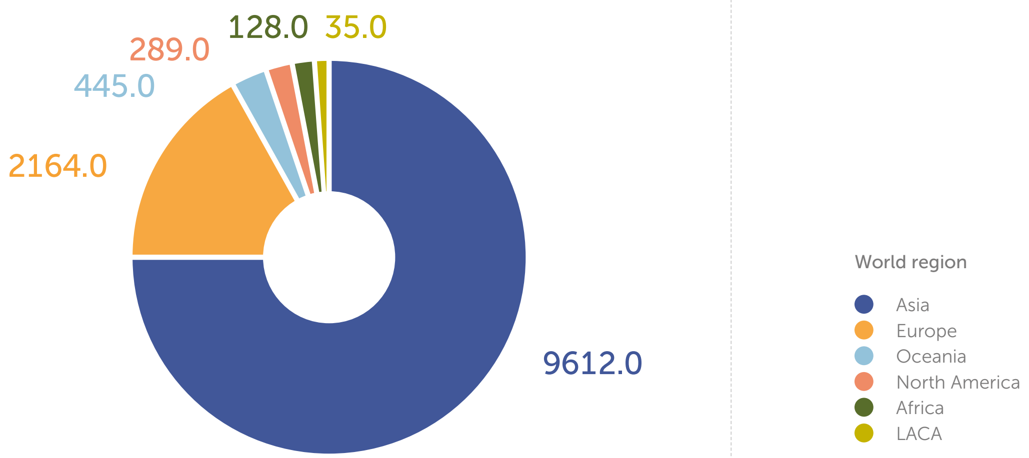


23 African countries have established SWFs for a conservative total of around $130 billion AuM in 2023

Source: MIF based on Global SWF (2025) and SWFI (2025)

Africa is the second smallest world region by assets under management (AuM), just ahead of LACA, with around $128 billion according to Global SWF.

World regions: AuM in SWFs, ($ billion) (2025)



Source: MIF based on Global SWF (2025)

The disparity between regions remains staggering. Norway's Norges Bank Investment Management fund, the largest of its kind worldwide, is worth approximately $1.7 trillion, over 13 times larger than all of Africa's SWFs combined.[73] In 2024, Norway has a population of about 5.5 million, compared to Africa's population of over 1.5 billion, and boasts a GDP of just over $500 billion.[74]

Detailing the African SWF landscape remains challenging

As outlined in MIF's 2024 Forum report, various sources provide different figures for both the number of active African SWFs as well as their respective AuM figures – the total market value of the investments managed by the fund on behalf of investors. In 2025, Global SWF estimates African AuM at $128 billion, yet it does not have data available for all existing SWFs. Using additional, albeit still incomplete, data from SWFI, the total AuM figure for Africa stands at $148.3 billion.

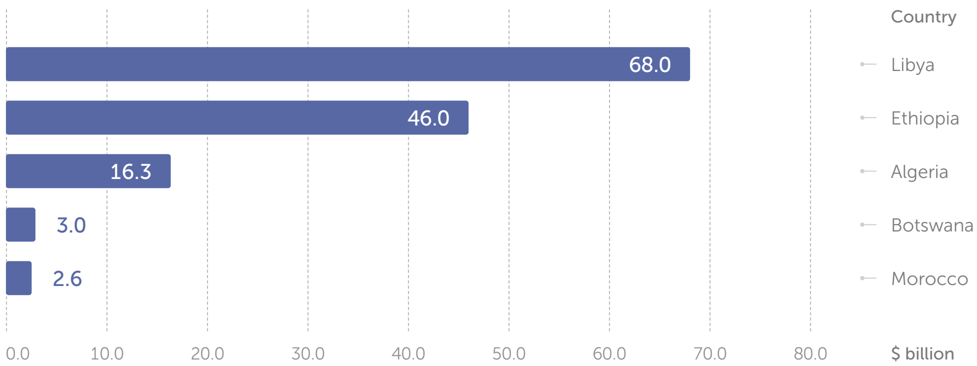
To further complicate this, there are also different varieties of SWFs, ranging from stabilisation funds, where states focus on holding liquid assets that can be sold quickly in crises, strategic or development funds that focus on infrastructure and other long-term objectives and savings funds that focus on holding high value assets for long periods to function as savings reserves.[75]

23 African countries have at least one established sovereign fund, with only three valued at more than $5 billion

Libya leads the way in AuM terms, with $68 billion under management of the Libyan Investment Authority (LIA),[76] however, until January 2025, this remained under UN sanctions. Considering that the LIA comprises more than half of Africa's total assets in SWFs and has only just been released from sanctions, the actual liquid value of African SWFs is yet further diminished.[77]

Behind Libya, Ethiopia holds $46 billion in assets in its Ethiopian Investment Holdings fund, significantly larger than the following three countries of Algeria (Fond de Regulation des Recettes, $16.3 billion), Botswana (Pula Fund, $3 billion) and Morocco (Mohammed VI Investment Fund and Ithmar Capital, $2.6 billion).[78]

Selected African countries: AuM in SWFs (2025)



Source: MIF based on Global SWF (2025) and SWFI (2025)

Unlocking infrastructure investments through SWFs

Although their assets remain small at $128 or $148.3 billion depending on source, SWFs across Africa are uniquely positioned to address Africa's infrastructure gap, estimated by the AfDB at between $130 and $170 billion annually.[79] These funds are able to take long-term positions on future assets with the considerable capital available to them that other institutional investors are unable or unwilling to invest in. African SWFs could play a critical role in reducing risk from projects and making these projects viable for international sovereign investors by acting as positive co-investors.

According to UNCTAD, there are precedents for SWFs around the world investing in infrastructure. Abu Dhabi's Investment Authority and Singapore's Temasek have built billion-dollar portfolios made up of utilities, airports, roads and power networks around the world. Since 2016, only slightly above one third of all the capital deployed by sovereign investors in Africa was invested in the infrastructure and energy sectors.[80]

Several African strategic SWFs, including Morocco's Ithmar Capital, the Nigeria Sovereign Investment Authority (NSIA), and the Ghana Infrastructure Investment Fund have made progress in developing infrastructure and can act as case studies to be emulated across the continent. Two of the newest African SWFs, the Fonds Souverain de Djibouti and the Ethiopian Investment Holdings, are also developing mandates to invest strategically and act as holding companies for some of the most significant assets in Djibouti and Ethiopia.[81]

At around $130 billion, African SWF assets are equivalent to Africa's infrastructure gap, estimated at around $130-$170 billion annually

What can African governments do to unlock infrastructure investments for sovereign investors?

1. Strategy, not just stabilisation: governments could diversify their sovereign investments away from only savings or stabilisation funds that can provide short-term liquidity in times of economic crises and develop strategic funds that focus on long-term development projects.
2. Increase domestic investment: governments could mandate that funds focus on investing a proportion of their investments in either domestic or regional projects and markets. This should particularly focus on infrastructure, health, regional trade and other SDG-related sectors. Senegal's Fonds Souverain d'Investissements Stratégiques (FONSIS) which invested in the solar project Senergy 2, Nigeria's NSIA which invested in the Lagos-Ibadan highway, and Angola's Fundo Soberano de Angola, which invested in the Lobito Corridor project, are examples of this.[82]
3. Improve governance: improved transparency is a green flag to foreign investors. This could include third party annual audits and the creation of multi-tiered funds such as Nigeria's NSIA which ensures fiscal discipline through three sub-vehicles appropriately separated by operational firewalls: a stabilisation fund, a future generations fund and a national infrastructure fund to ensure all aspects of investment are covered.[83]

4. Create a more enabling policy environment: this could be done by facilitating the entry of both domestic and foreign funds to form partnerships on large projects. Good examples here include Senegal's FONSIS, which had its mandate expanded by the government to include local infrastructure investment and allowed it to partner with private investors in energy and healthcare projects.[84] Similarly, Rwanda also implemented tax incentives for projects backed by its Agaciro Development Fund.[85]
5. Build regional alliances: forging and strengthening regional alliances, such as the African Sovereign Investors Forum (ASIF), has been a positive step by pooling knowledge around these investment vehicles.
6. Integrate sustainable development into investments: systematically integrating sustainability into SWF operations has become a key requirement for good governance. This is crucial for mitigating sustainability risks, enhancing developmental contributions and ensuring access to international capital markets.

The African Sovereign Investors Forum (ASIF)

In 2022, several leading UAE SWFs and the Kuwait Investment Authority joined the AfDB and the SWFs of different African countries to create the ASIF, an investment promotion platform. ASIF focusses on mobilising capital and equity, promoting sustainability and improving logistics and interconnectivity across the continent.[86]

> “
>
> **Whenever African pension and sovereign wealth funds invest locally, they become powerful advocates for necessary policy reforms while serving as political risk insurance and giving confidence to international investors.**
>
> *Amadou Hott, former Vice President, AfDB (Semafor, April 2025)*[87]

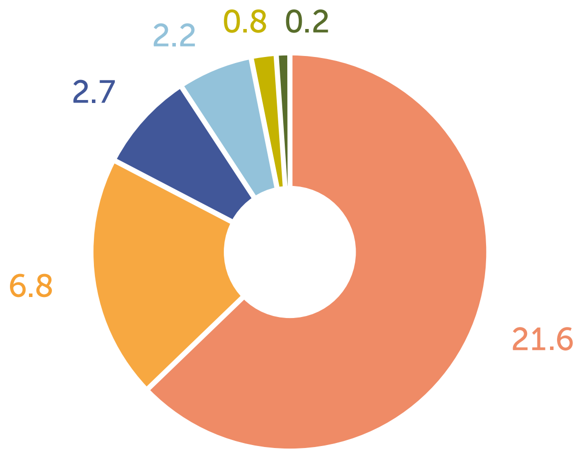
At almost $220 billion, Africa's pension funds are the continent's largest source of investable capital

According to the OECD, Africa's total pension fund assets stand at approximately $205.9 billion as of the latest available data year (2022), and with current data availability conditions, making it the lowest of any world region. This is around ten times smaller than Asia's total pension assets.[88]

For some African countries, data is only available as far back as 2017-2021, bringing the total of pension fund assets to approximately $217.3 billion over 17 countries.[89]

African pension funds stand at almost $220 billion and represent the largest source of investable capital

World regions: total investments by pension funds ($ trillion) (2022)*



World region

- North America
- Europe
- Asia
- Oceania
- LACA
- Africa

* Only 2022 data was used for regional comparability, bringing the total of African pension fund assets to $205.9 billion over 13 countries. Four additional countries have data available for 2017-2021, raising the total of African pension fund assets to $217.3 billion over 17 countries.

Source: MIF based on OECD (2025f)

For comparison, assets in the Netherlands' pension funds alone are worth almost seven times the total value of Africa's pension funds at over $1.5 trillion in 2022, for a population of only about 18 million people, compared to Africa's population of over 1.5 billion.[90]

South Africa has the largest pension fund in Africa by far, with assets worth approximately $119.4 billion. This is nearly four times larger than the continent's second largest pension fund, Nigeria ($32.6 billion).[91]

Most African countries have pension funds, but there is a lack of data about their respective AuM

A patchy data landscape could underestimate African pension fund AuM

The lack of OECD pension fund data for many African countries does not imply that these countries do not have any. According to the International Social Security Administration, 50 out of 54 African countries have some form of pension programme in place, but most of these have no available data outlining how large these funds are.[92] As a result, it is likely that the total AuM are more than the $217.3 billion assessed by the OECD.

At $119.4 billion AuM, South Africa has the biggest pension fund, almost 4 times larger than the second biggest, Nigeria

Leveraging African pension funds

Regardless of the exact value figure for African pension funds, there is a considerable amount of investable wealth. Tangible policies and best practice examples that African countries can implement to leverage the potential of pension funds include:

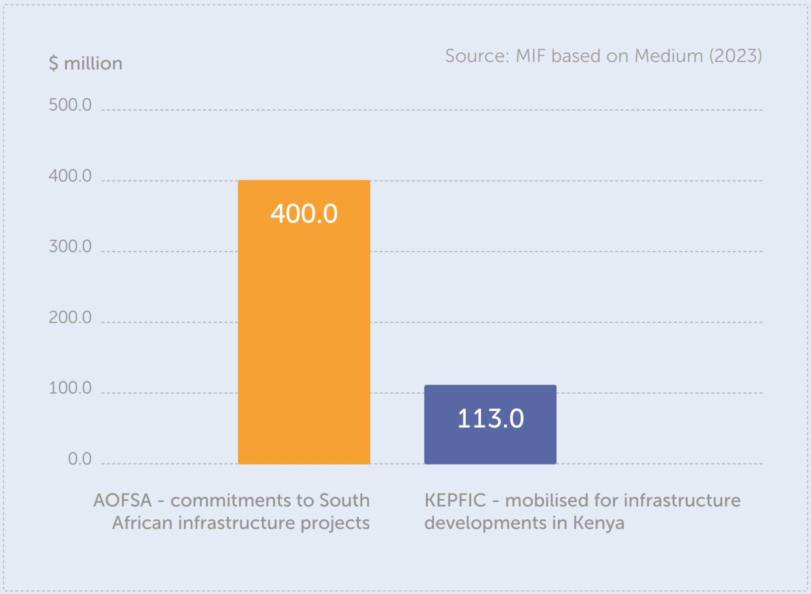
Strategy	Process
1. Local currency financing	Local currency financing can offset foreign exchange risks and fluctuations, reduce foreign debt dependency and can make projects more viable and affordable for local investors.[93] For instance, the NSIA partnered with GuarantCo to establish the Nigerian Infrastructure Credit Enhancement Facility, providing local currency guarantees to finance infrastructure assets.[94]
2. Cooperation between regulators and investors	Regulatory bodies can engage with institutional investors via public-private platforms to improve the clarity of regulations and raise awareness of new financial instruments such as infrastructure projects, ESG investments, agriculture, private equity and venture capital.
3. Private equity & venture capital	By investing in startups and SMEs, pension funds can support job creation and industrialisation within their own countries. Countries like Kenya and Ghana are exploring private equity as a pension investment avenue as they have long-term horizons and can become catalysts for wider economic growth.[95]
4. Green & sustainable investments	Pension funds can invest in renewable energy projects (solar, wind and hydropower), which improve energy access and sustainability. For example, South Africa's Government Employees Pension Fund has previously allocated funds to green bonds.[96]
5. Government bonds & capital markets	Pension funds can deepen Africa's capital markets by investing in long-term bonds issued by governments and corporations. This enhances financial stability, creates liquidity and reduces dependence on external debt, but should not come at the expense of more strategic, long-term investment in real assets like infrastructure.
6. Real estate & housing	Pension funds can be used to finance affordable housing projects, reducing housing deficits across Africa. Funds could take an equity position in institutions that develop housing.[97] Countries like Morocco and South Africa have used pension assets to invest in real estate.[98]
7. Regional collaboration & cross-border investments	African pension funds could collaborate with Regional Economic Communities (RECs) or the AfCFTA to create regional investment vehicles that focus on public goods like infrastructure or digital connectivity. For example, the Pan-African Infrastructure Development Fund pools resources from multiple countries and uses these to carry out diverse investments in all regions of Africa in infrastructure projects as well as investments in securities of companies that own, control, operate or manage infrastructure.[99]
8. Policy & regulatory reforms	Governments need to modernise pension fund regulations to allow for diversified investments beyond traditional assets like government securities. Strengthening governance ensures transparency and risk management.

Leveraging pension funds for infrastructure investment: Kenya and South Africa

One way pension funds can improve their reach within these sectors is to form consortia with other pension funds and pool their capital. Two countries which have already begun to implement this method are Kenya and South Africa:

- Launched in 2018 with support from USAID and the World Bank, the Kenyan Pension Funds Investment Consortium (KEPFIC) started with five funds and has since grown to 24 members who collectively manage over $5.2 billion in assets.
- In Kenya, pension fund assets are predominantly invested in government securities (46% as of 2023). Since 2020, the KEPFIC has mobilised approximately $113 million for infrastructure investments and is on its way to mobilise $250 million by 2025. The consortium's main investments include an affordable housing bond, a university student housing construction project and a road project in northeastern Kenya.[100]
- The Asset Owners of South Africa's (AOFSA) consortium was launched in 2021 with 15 founding member funds, all ranked among the top 20 largest pension funds in the country.[101]
- AOFSA members have more than $160 billion in combined AuM and have committed more than $400 million into South African infrastructure deals.[102]

Kenya & South Africa: pension consortia investments in infrastructure (2020-2025)



In just 3 years, Kenya's and South Africa's pension funds have unlocked more than $500 million in new infrastructure finance

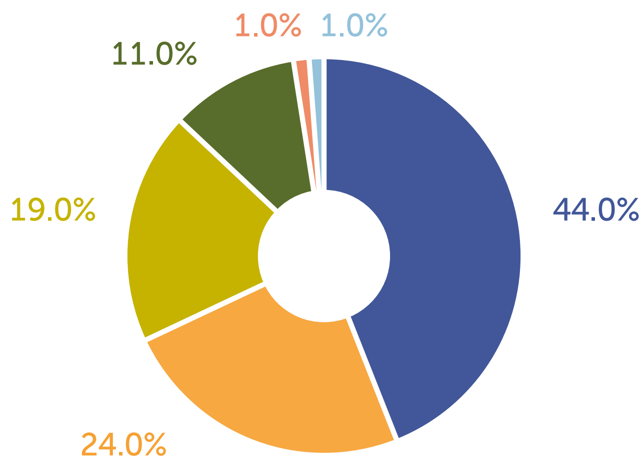
In Kenya, around 46% of pension fund assets are invested in government securities but infrastructure presents an opportunity for much needed diversification

$90 billion in remittances flow into Africa each year, representing over 10% of GDP for many countries

Remittances are a valuable source of income for governments across the world. For Africa, their importance is particularly pronounced. This source of income can be crucial as a domestic resource if it is leveraged effectively and efficiently.

In 2023, Africa received about 11% of global remittances, equivalent to $90.8 billion.[103]

World regions: share of personal remittances received (2023)



Remittance inflows represent more than 20% of GDP for Comoros, Gambia and Lesotho

World region

- Asia
- Europe
- LACA
- Africa
- North America
- Oceania

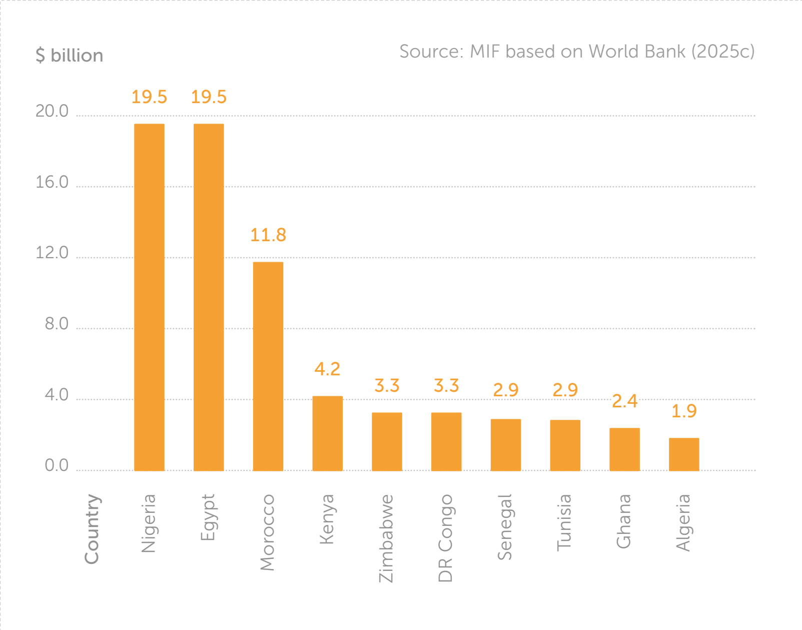
Source: MIF based on World Bank (2025c)

African remittances remain concentrated in major economies

Remittance inflows are heavily concentrated in three major economies: Nigeria, Egypt and Morocco. However, their cumulative share has recently declined from 61.1% in 2022 to 56% in 2023.

At the top of the table, Nigeria and Egypt are now tied at first place for the largest remittance inflows at approximately $19.5 billion per year. Egypt recorded a significant decline from its remittance inflows in 2022, with reported total flows of $28.3 billion. This is the largest reduction recorded by an African country between 2022 and 2023.[104]

Selected African countries: top 10 recipients of personal remittances (2023)



Nigeria and Egypt receive the majority of African remittances at $19.5 billion each, followed by Morocco at $11.8 billion

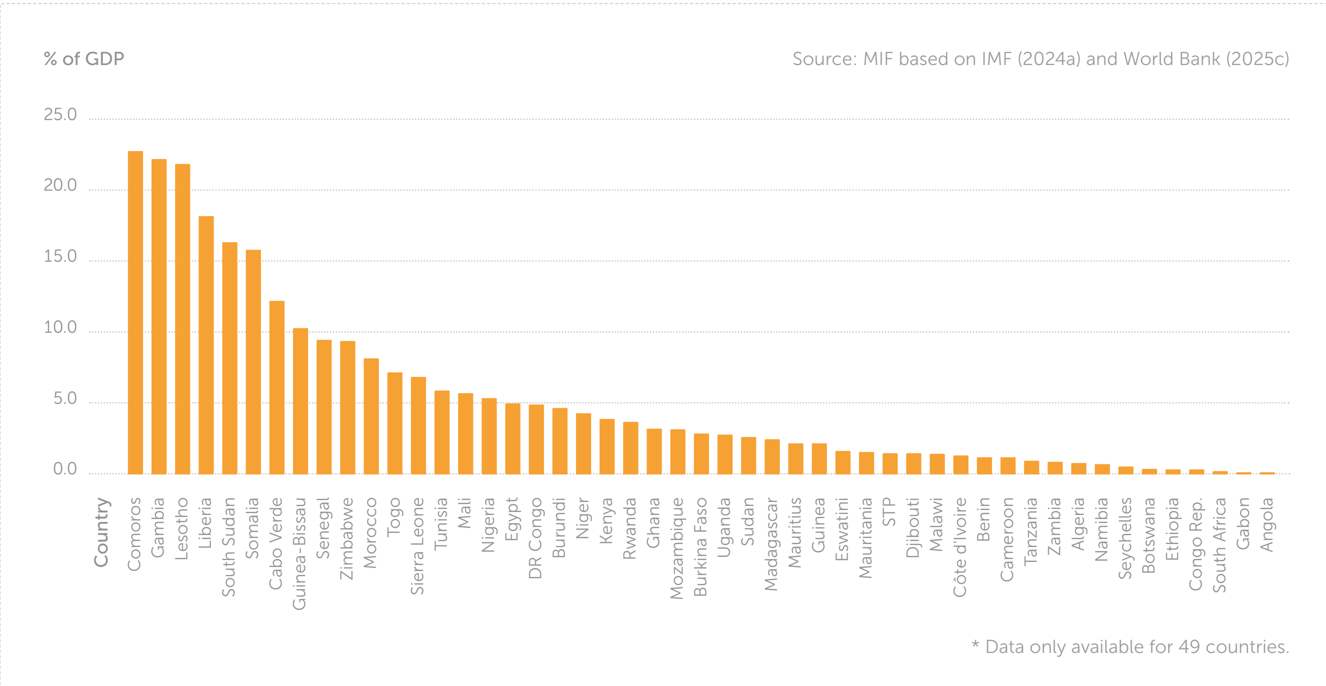
In Cabo Verde, Comoros, Gambia, Guinea-Bissau, Lesotho, Liberia, Somalia and South Sudan, 2023 remittance inflows represent a financial stream equivalent to more than 10% of their annual GDP. In Comoros, Gambia and Lesotho, this is 20% and over.

For the continent's two largest recipients of total remittance inflows, Nigeria and Egypt, this income stream represents 5.4% and 5% of their GDP, respectively.[105]

In 2023, the average transaction cost to send remittances to Africa is 7.4%, this is over four percentage points higher than the SDG 10.c goal of 3%.[106]

At 7.4%, the average transaction cost to send remittances to Africa is more than twice the SDG 10.c goal of 3%

African countries: remittances as a share of GDP (2023)*



Leveraging remittance inflows

While $90 billion per year is small by global remittance standards, it is roughly equivalent to what the AfDB has assessed that the continent needs ($87 billion annually) to reach the progress level of high-performing developing countries until the Agenda 2063 deadline.[107] As a result, it is crucial to assess how the continent can better leverage existing remittances and also encourage greater flows to the continent.

At $90.8 billion a year, remittance inflows are roughly equivalent to Africa's estimated needs to reach the progress level of high-performing developing countries.

Strategy	Process
1. Lower transaction costs[108]	Regulatory reform: push for more competition in the remittance market to reduce transaction fees, currently at 7.4% in 2023, over four percentage points higher than the 3% goal set by SDG 10.c.[109] Digital platforms: encourage the use of mobile money platforms and fintech solutions, which are often cheaper and faster.
2. Invest in productive sectors	Infrastructure development: redirect remittances into critical infrastructure like roads, energy and technology to foster growth. Agriculture: encourage investment in agriculture, which employs a significant portion of Africa's population, by providing incentives for small-scale farmers.
3. Promote financial innovation and formalisation[110]	Access to banking services: encouraging remittances through banking channels can improve their development impact by enabling more savings and better matching of savings with investment opportunities. Remittances received and kept as cash limit the safety and growth of savings as compared to those received through a bank account.[111] Microfinance programmes: use remittance funds as collateral or seed capital for small businesses.
4. Support entrepreneurship	Business incubators: establish programmes to help recipients of remittances start SMEs. Skills development: partner with diaspora communities to transfer knowledge and skills that improve business and entrepreneurship ecosystems.
5. Improve policy frameworks	Policy stability: ensure a stable and transparent investment environment to attract and retain diaspora investments. Public-private partnerships: collaborate with private companies to implement remittance-related development projects.
6. Upscale social investment	Education: channel remittances into scholarships, vocational training and improved schooling infrastructure. Healthcare: promote community health initiatives using remittance contributions.
7. Foster regional cooperation	Cross-border collaborations can improve remittance systems and share best practices. Work with RECs to standardise policies on remittances.
8. Match-funding programmes	Match-funding programmes such as Mexico's "3x1" to direct the money sent by migrant organisations abroad to the provision of public and social infrastructure, and to productive projects in migrants' communities of origin.[112]

Using diaspora bonds as a sustainable debt instrument

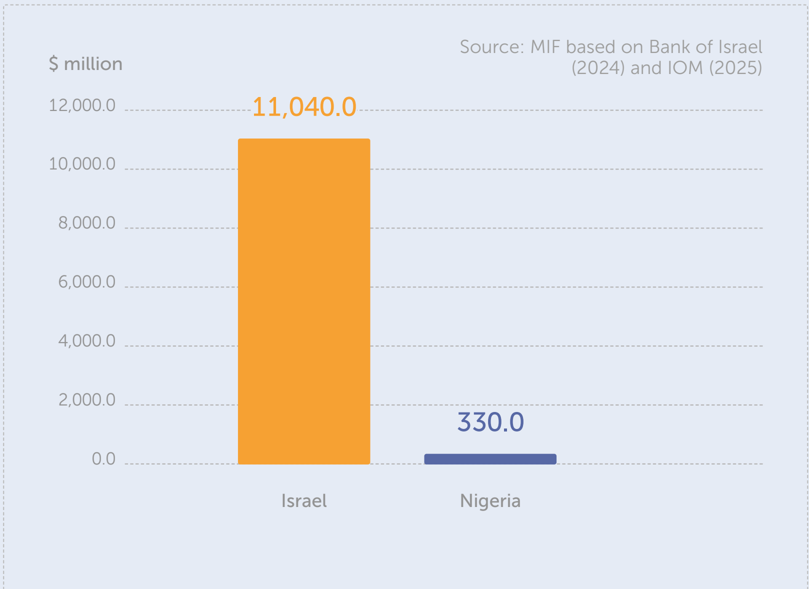
Diaspora bonds are debt instruments issued by a country, sovereign entity or private corporation to raise funding from the overseas diaspora.

As diaspora bonds are sold at a premium to the overseas diaspora, they are considered a 'patriotic' discount and thus a far more sustainable debt to acquire for countries especially in Africa which currently borrows at a higher price than any other region in the world.

Historically, two countries have been more successful than others in raising finance from overseas: India and Israel have been able to raise between $35-$40 billion, starting in 1951 and 1991, respectively.[113]

Nigeria is Africa's most successful country when it comes to diaspora bonds. In 2017, the country successfully raised $330 million to be used for infrastructure projects.[114]

Israel & Nigeria: total inflows from diaspora bonds (since 2017)



From 2017, Nigeria raised $330 million in diaspora bonds for infrastructure projects

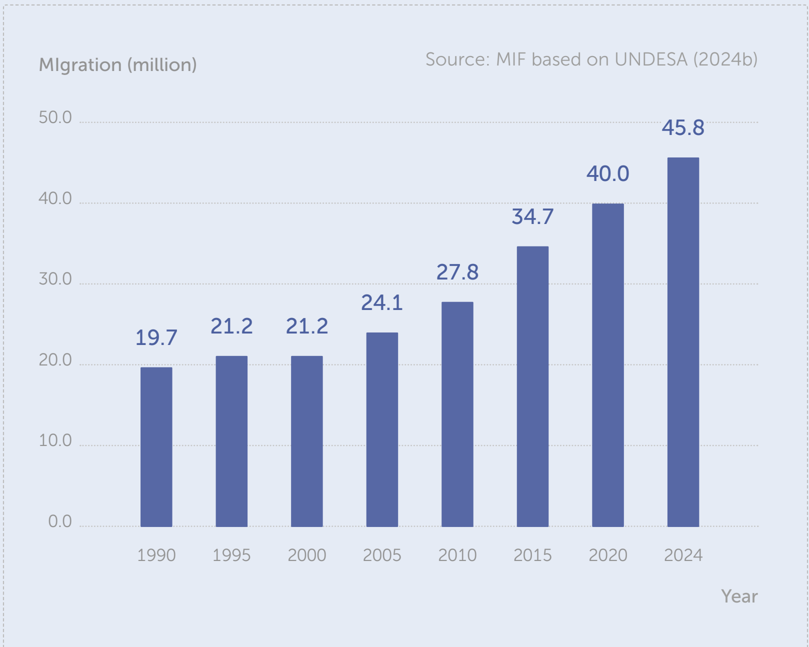
What successful diaspora bonds need

Not all issues for diaspora bonds are successful. Most notably, Ethiopia was unable to galvanise much support from overseas citizens, the lack of trust in government being cited as a key deterrent. Out of Ghana, Ethiopia, Kenya and Nigeria, only Kenya's and Nigeria's bonds were fully subscribed to.[115] This raises the issue of conditions needed for diaspora bonds to be successful: a strong policy and regulatory framework, robust financial infrastructure and transparency on the usage of funding and trust in government. Cabo Verde in particular has been working on creating a favourable regulatory environment for diaspora bonds. The country already sees a strong appetite from the diasporic community with recent blue and green bond listings subscribed to by 25% to 35% of overseas citizens.[116] Senegal, too, plans to diversify its sources of financing by issuing bonds to its nationals abroad in the upcoming 2025 finance bill.[117]

Africa's diaspora is growing

As of 2024, there are over 45 million migrants from Africa with almost half living outside the continent.[118] This means that in just over three decades international migrant numbers from Africa have more than doubled, showing no signs of slowing down.

Africa: total international migrant stock to the world (1990-2024)



Around 45 million Africans live away from their country of origin

Redirecting remittances to diaspora bonds

In 2023, the World Bank reported that annual remittances inflows to Africa amounted to around $90.8 billion or 3.2% of the continent's GDP.[119] A key priority for governments, if they are to issue successful diaspora bonds, is to tap into the remittances flow and redirect this to more purpose-specific diaspora bonds. Kenya sees potential in its remittances which managed to generate $2.8 billion just in the first seven months of 2024, up from the previous year.[120]

The hour of Africa, the hour of Europe – Could it be their finest hours as both continents rapidly review their options?

Bertrand Badré, Founder and Managing Partner, Blue like an Orange Sustainable Capital

I have returned from another stimulating but also serious IGW in Marrakech. As geopolitical fault lines deepen and global systems stretch under pressure, Africa and Europe find themselves standing at a historic crossroads. This is not only Africa's hour — it is also Europe's. And it is time both continents act like it.

The world is shifting. From the war in Ukraine to Red Sea disruptions and mounting climate risks, shocks once considered regional now have global reverberations. At the same time, traditional channels of support — aid, concessional finance, and multilateral development tools — are losing traction. Global and European development aid to Africa is stagnating in real terms, while private investment flows remain a fraction of their potential, hindered by perceived risk and weak enabling environments as well as the redirection of flows to defence for instance.

Meanwhile, the rhetoric has evolved. "Trade not aid" and "investor not donor" have again become familiar slogans, including at the IGW in Marrakech. They sound progressive, even bold — yet, for me, they mask a troubling lack of substance. Trade requires infrastructure, financing, and market access. Investment demands stable rules, governance, and patient capital. Both require will and action on both sides. Without rethinking the institutions and instruments that connect Europe and Africa, these slogans will remain empty promises.

This is not just a moral issue. It is one of strategic survival — for both continents.

Shared interests, shared future

Europe cannot afford to see Africa merely as a development project or as a theatre of competition for critical resources between China, the United States and others. What happens in Africa will define Europe's future — in energy security, migration, food systems, and demographic balance. The Mediterranean, unfortunately still treated by some as a dividing line, is a shared space — one that connects markets, peoples, cultures, and futures.

Africa's growth potential is real. It holds the world's youngest population, vast renewable energy capacity, and emerging innovation ecosystems. But capitalising on that promise requires long-term, strategic engagement — not episodic aid or short-term investment speculation.

Europe must adopt a new playbook. And lead the world in that direction.

This means scaling blended finance and guarantee mechanisms to de-risk private investment for real, not only in reports! It means retooling instruments and institutions to act faster and more flexibly. It means co-investing in African infrastructure — not only hard assets like roads and ports, but the digital and regulatory infrastructure that enables scalable businesses.

It also means betting seriously on people. Africa's youth have long been heralded as the continent's greatest asset — a demographic dividend in waiting. But in the age of AI and automation, this assumption could potentially rapidly erode. The global economy is shedding low-skill, labor-intensive jobs faster than it is creating them. If Africa's growing population is not equipped for the industries of the future, the result will be frustration, not prosperity.

That's why Europe must treat human capital as strategic capital. Investing in African education systems, vocational training, higher education partnerships, and digital literacy is no longer a soft policy area — it is a hard economic and geopolitical necessity. A joint effort!

A reset, not a rebrand

To rise to this moment, Europe and Africa must move beyond donor-recipient dynamics and engage as co-strategists in a shared project. The institutions that manage this relationship — from development banks to trade platforms — must be recalibrated for long-termism, risk-sharing, and local ownership. This requires hard decisions, including reforming outdated financial metrics, rebalancing power in multilateral governance, and holding both African and European partners accountable to results.

In an era of fragmentation, Europe and Africa must chart a third way — one that reflects their unique interdependence and capacity to co-create solutions. There is no strategic autonomy for Europe without a thriving, resilient Africa, and Africa's sustainable rise cannot be built on dependency or drift.

The window for credible action is closing. The next five years will determine whether this is truly a turning point or just another missed opportunity.

This is the hour of Africa. But it is also the hour of Europe — to choose relevance, to act boldly, and to build the foundations of a genuine partnership for this century.

“

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

A new financing conversation: Trade-driven, investment-ready

Terfa Ashwe, Consultant, International Trade Centre, Mo Ibrahim Leadership Fellow 2024-2025

As we cross the midpoint of 2025, Africa finds itself not at a crisis, but at a moment of clarity. Official Development Assistance (ODA) is declining, external financing conditions are tightening, and global attention is increasingly fragmented. The imperative is clear: Africa must lead, not wait.

At the beginning of the year, the world confronted economic uncertainty, not only about the future of global trade, but also multilateralism and longstanding development cooperation. That uncertainty lingers. But one truth has emerged with force: Africa's development cannot be outsourced.

Reclaiming the integration agenda

The continent has long acknowledged this reality. In response to waning aid and shifting geopolitical priorities, African leaders championed the creation of the African Continental Free Trade Area (AfCFTA): a bold initiative aimed at transforming fragmented national markets into a dynamic, integrated engine of growth.

This ambition builds on over a century of Pan-African movements. From the 1919 Paris Conference to the Lagos Plan of Action (1980) and the Abuja Treaty (1991), Africa has consistently sought regional cooperation as a pathway to sovereignty and prosperity. The AfCFTA is the latest, and potentially the most transformative, chapter in that history.

From trade potential to investment reality

The AfCFTA is not just about goods moving across borders. It is about market development, value chain creation, and attracting long-term capital. The United Nations Economic Commission for Africa notes that meticulous implementation could increase intra-African trade by over 45% and grow the continent's economy to $276 billion by 2045.

Yet trade alone will not unlock this potential. Structural barriers, including infrastructure gaps, limited access to finance, and fragmented regulations must be addressed. And above all, Africa must shift from being a market destination to becoming an investment-ready platform for inclusive development.

The AfCFTA offers a chance to reverse that trend anchoring investment strategies in regional integration and competitiveness.

A new model: Trade-led and investment-aligned

A modern financing conversation demands a new model. One built on strategic cooperation and collective leadership. The continent must proactively align trade and investment with its development goals.
This means:

- Prioritising regional value chains in areas such as critical minerals, ICT and digital goods and services, financial services, transport, and manufacturing.

- Shaping third-party trade and investment agreements that serve long-term regional integration goals.
- Mobilising domestic resources and private capital to finance trade-enabling infrastructure and services.

Principles for progress

To succeed, this new model must be:

- Inclusive: Benefiting micro, small and medium-sized enterprises, women, youth, and marginalised communities.
- Adaptable: Leveraging local knowledge, human capability, institutional capacity, and diverse country-specific advantages.
- Aligned: Ensuring trade policies are coherent with AfCFTA frameworks and national development plans.
- Transparent: Managing "aid for trade" (not just ODA, but also domestically and regionally financed trade development support) through evidence-based, accountability mechanisms that track impact at national and regional levels.

A shared call to action

The path forward is not without challenge, but the opportunity is profound. Investors are watching not only for economic returns, but for indicators of governance, infrastructure, and regional coordination. Africa's message must be unambiguous: We are investing in ourselves, and we are open for business.

> 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.
>
> *Dr Hanan Morsy, Deputy Executive Secretary and Chief Economist, UN Economic Commission for Africa*

Chapter 02.

Monetising Africa's natural assets

Africa possesses vast natural resources and assets, including critical minerals, renewable energy potential, biodiversity and arable land, which can be translated into sustainable sources of finance and local value.

- **Mineral wealth:** The continent holds significant shares of global reserves for key minerals: 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.
- **Renewable energy potential:** Africa accounts for 60% of global solar power potential and has substantial geothermal and wind resources. Despite this, less than 0.01% of wind capacity has been harnessed, and challenges persist in developing green hydrogen due to water and land constraints.
- **Biodiversity and carbon sinks:** Home to one sixth of the world's plant species and 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, positioning it as a vital player in global climate mitigation efforts.
- **Blue economy and agriculture:** Africa's oceans and blue economy have the potential to contribute up to $1 trillion annually. However, 98% of its coastline remains underutilised for fisheries. In agriculture, despite possessing 65% of the world's uncultivated arable land, the continent imports $78 billion in food annually, hindered by infrastructure deficits and low productivity.

Africa owns some of the largest mineral reserves in the world

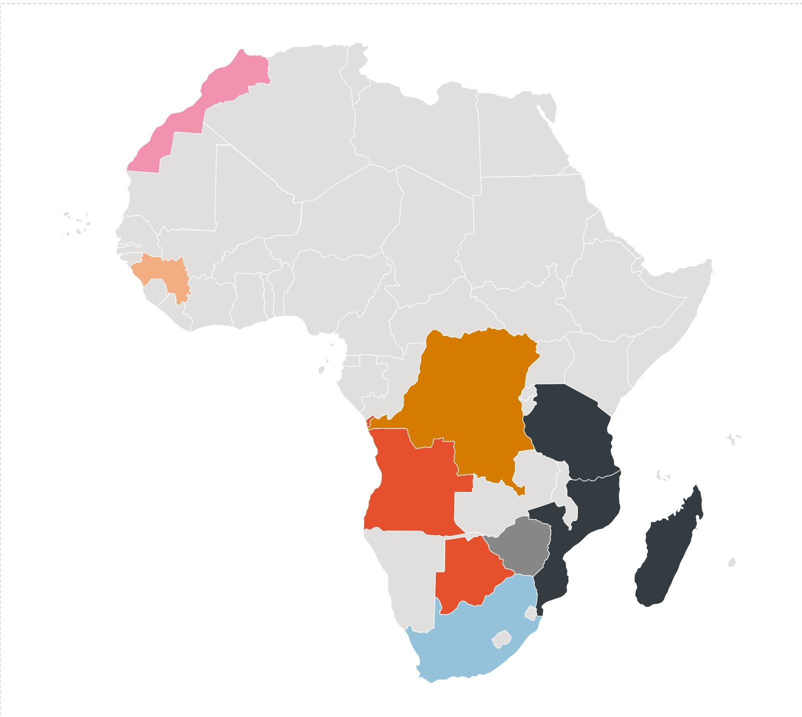
African countries hold large reserves of the world's most in-demand minerals, many of them identified by the EU and the International Energy Agency as 'critical raw materials'.[1]

South Africa is home to the largest palladium reserves globally (77.8%) and currently produces 36.0% of the world's supply. The country also represents 32.9% and 37.2% of manganese reserves and production. For chromium, the country contains 16.7% of reserves and 43.6% of world production.

Zimbabwe contains the largest chromium reserves in the world (45.0%), in addition to 10.7% of platinum and 9.8% of industrial diamond production. Angola and Botswana both host large industrial diamond reserves while the latter also produces almost one fifth of the world's supply.[2]

Namibia, Niger, South Africa and Tanzania's uranium reserves range from 40,000 to 500,000 tonnes, collectively making up 1/5 of the world's discovered uranium reserves[152]

Selected African countries: selected mineral reserves (2023)



South Africa is home to the largest palladium reserves globally (77.8%)

Morocco owns more than 2/3 of the world's phosphate reserves

>5% of world reserves

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

Source: MIF based on USGS (2023)

Selected African countries: reserves (% of world total) (2023)

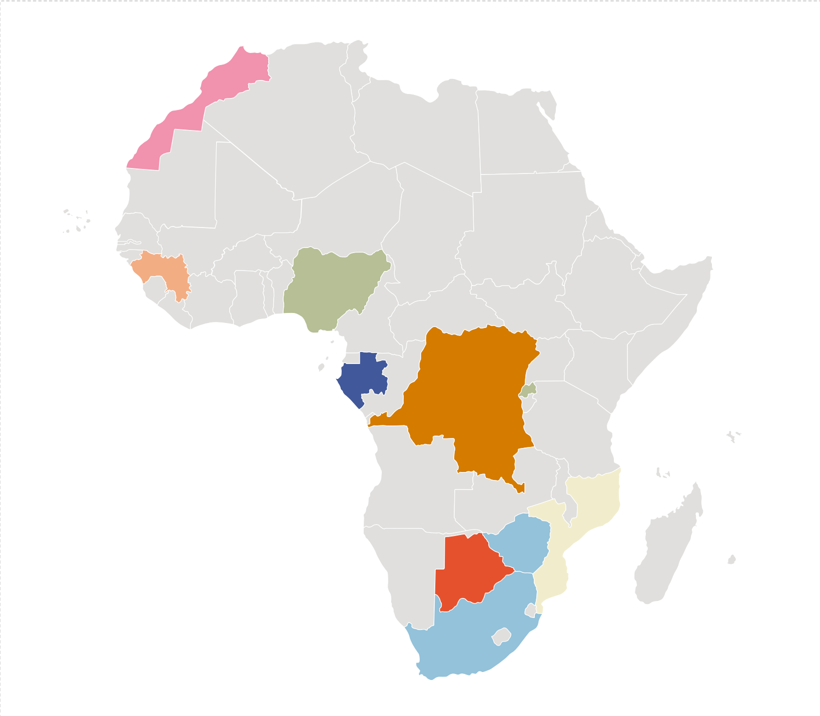
DR Congo
Cobalt: 54.5%
Diamond (industrial): 8.8%
Copper: 8.2%

South Africa
Platinum-Group Metals (Palladium content): 77.8%
Manganese: 32.9%
Chromium: 16.7%
Gold: 7.8%
Diamond (industrial): 5.0%

12 African countries are home to at least 5% or more of global critical mineral reserves

African countries are already some of the largest mineral producers

Selected African countries: selected mineral production (2023)



DR Congo is the largest producer of cobalt globally (73.5%)

Botswana produces 1/5 of the world's supply of diamonds

>5% of world production

- Bauxite
- Cobalt
- Diamond (industrial)
- Manganese
- Phosphate rock
- Tantalum
- Titanium Mineral Concentrates
- Platinum-Group Metals (Palladium content)

Source: MIF based on USGS (2023)

Selected African countries: mine production (% of world total) (2023)

DR Congo
Cobalt: 73.5%
Tantalum: 45.1%
Diamond (industrial): 17.1%
Copper: 13.0%

Zimbabwe
Platinum-Group Metals (Platinum content): 10.7%
Diamond (industrial): 9.8%
Platinum-Group Metals (Palladium content): 7.6%
Lithium: 7.3%

South Africa
Platinum-Group Metals (Platinum content): 69.8%
Chromium: 43.6%
Manganese: 37.2%
Platinum-Group Metals (Palladium content): 36.0%
Titanium Mineral Concentrates: 14.4%
Diamond (industrial): 9.8%

Mozambique
Titanium Mineral Concentrates: 19.8%
Graphite: 6.4%

DR Congo is by far the world's largest producer of cobalt at 73.5% of current global production, and home to over half the world's total reserves (54.4%).

Morocco is home to 67.6% of global reserves in phosphate rock, a crucial fertiliser component.

Other minerals critical for the green transition, especially batteries and solar manufacturing, are bauxite, of which 28.1% of global supply is produced in Guinea, and graphite, found along Africa's South-Eastern coast. Madagascar, Mozambique and Tanzania together are home to 24.1% of worldwide reserves.[3]

Critical minerals for the green transition[4]

Mineral	Leading uses
Bauxite	High-tech engineering, solar
Chromium	Steelmaking
Cobalt	Batteries, EV, catalysts, magnets
Copper	Electrical infrastructure
Graphite	Batteries, EV, solar, steelmaking
Lithium	Batteries, EV, glass & ceramics
Manganese	Batteries, EV, steelmaking
Nickel	Batteries, EV, steelmaking, automotive
Phosphate rock	Mineral fertiliser
Platinum group metals	Autocatalysis (chemical engineering)
Rare earths	Magnets (wind turbines, EV)
Tantalum	Capacitors for electronic devices

While Africa contributes significantly to global mineral exports, they remain largely as unprocessed raw or semi-processed commodities

Zambia dominates global exports of semi-processed copper at 38.3% followed by third-placed DR Congo at 10.7%, data from 2023 shows.

However, when considering the export of all copper products, including refined, Zambia drops to seventh with 3.4% of global exports. DR Congo ranks second with 9.4%. This is particularly concerning as semi-processed copper represents 74.8% of Zambia's total copper exports.[5]

Other African countries are global leaders in the export of raw commodities:

- Together, Namibia and Niger make up most global raw uranium exports at a cumulative 88.0%.[6]
- Gabon dominates raw manganese exports at 46.7% of global trade, followed closely by South Africa at 42.1% meaning these two countries dominate almost 90% of the world's raw manganese.[7]
- Morocco, Egypt and Togo all feature amongst the top five exporters of raw phosphates with 21.5%, 11.1% and 7.9% of global trade, respectively.[8]

For many African countries, raw commodities dominate their global exports portfolio, making them dependent and vulnerable to global shocks and fluctuating commodity prices.

- Niger and Namibia's uranium exports are equivalent to 43.7% and 14.3% of their respective total exports.[10]
- Gabon's raw manganese exports are 23.3% of total exports in 2023, and Togo's raw phosphate make up 19.2% of total exports.[11]

Selected African countries: ores & metals as a share of merchandise exports (2014 & 2023)

2023 rank	Country	2014 ores & metals as % of merchandise exports	2023 ores & metals as % of merchandise exports
1	Zambia	73.0	71.4
2	Niger	45.9	44.0
3	Zimbabwe	30.0	43.0
4	Madagascar	35.8	39.3
5	Mauritania	50.6	38.1
6	South Africa	24.2	29.1
7	Togo	20.0	27.0
8	Namibia	24.4	24.3
9	Gabon	1.1	23.3
10	Mozambique	34.4	23.3
11	Gambia	2.5	18.3
12	Central African Republic	0.3	12.7
13	Seychelles	0.0	11.7
14	Botswana	6.9	10.7

Source: MIF based on World Bank (2025)

> Whilst our continent is a treasure trove of resources, the benefits of these resources often flow outside our borders, leaving local communities and economies deprived. For a continent that is endowed with such vast quantities of natural resources, the state of development across its length and breadth remains a puzzle.[9]
>
> *Kanayo Awani, Executive Vice President, Afreximbank (Mining Indaba, February 2025)*

For 14 African countries, ores and metals make up more than 10% of exports

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).[13]

For Gabon, ores & metals as shares of merchandise exports have gone up from 1.1% to 23.3% between 2014 and 2023

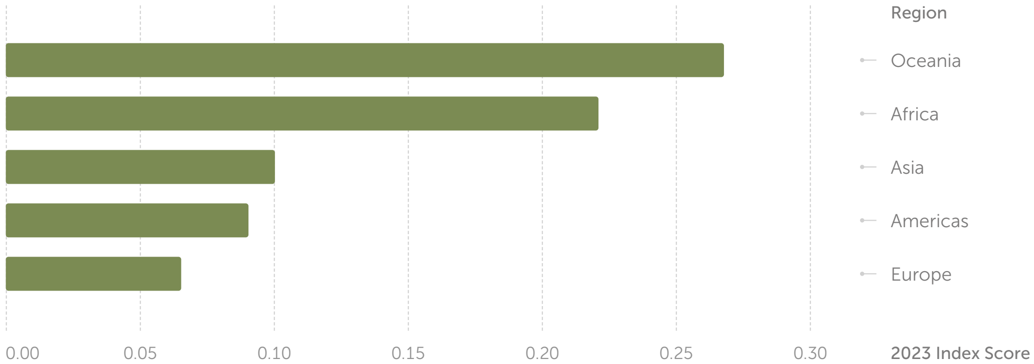
According to the World Bank, for 14 African countries (of those with data available) ores and metals exports represent more than 10% of their total merchandise exports in 2023, and for three of them (Zambia, Niger and Zimbabwe), this number reaches 40% or more.

For many of them, the ratio of ores and metals as shares of total merchandise exports has steadily grown in the last ten years, indicating the development and scaling-up of the mining sector, but also a growing dependency on those exports.[12]

Ores & metals represent 71.4% of merchandise exports for Zambia

Africa's Product Concentration Index in exports was still the second highest in the world (after Oceania) in 2023, more than twice that of Asia and more than four times that of Europe.[14]

World regions: Product Concentration Index, exports (2023)



Source: MIF based on UNCTAD (2024)

Resource governance locally is necessary for optimal returns

Africa Mining Vision (AMV): adopted in 2009 by the AU, the AMV is the key continental framework to promote mineral resource-based development. The initiative is overseen and coordinated by the African Minerals Development Centre (AMDC), and aims to integrate sustainable development into a single African market, harness the potential of diverse stakeholders such as artisanal mining communities and optimise Africa's finite mineral wealth.

A continental mining and resource governance framework is critical as Africa enters a phase of global attention and competition for critical green minerals and resources.[15]

Africa has the second highest product concentration in exports, surpassed only by Oceania

Africa's rare earths could make up 9% of global supply by 2029[16]

Rare earths refer to a set of 17 metallic elements that are critical to high-tech consumer products such as mobile phones, computers, EV and hybrid vehicles as well as aerospace and defence guidance systems and radar and sonar systems.[17] They are spread around the Earth's crust in small deposits and often mixed with other minerals, making them difficult and costly to extract.[18]

While China is responsible for about 70% of global rare earth production, eight mines in Angola, Malawi, Tanzania and South Africa are expected to start production by 2029 and contribute around 9% of global supply, according to Benchmark Mineral Intelligence.[19]

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Nickel, vanadium, copper, manganese, platinum and many rare-earth elements are all found on this continent. Those are the minerals of the future.[20]

H.E. Gwede Mantashe, Minister of Mineral and Petroleum Resources of South Africa (Mining Indaba, February 2025)

Despite the climate change challenge, oil exports remain a key source of income for some African countries, while natural gas is on the rise

While the world aims to move into a carbon-neutral future, oil still plays an important role in some African countries' export balance sheets.

Africa's oil-producing countries together are home to 7.6% of global crude reserves and 8.2% of global crude production in 2023. This is led by Libya and Nigeria with 1.6% of global production each, followed by Angola (1.5%) and Algeria (1.3%).[21]

In terms of exports in 2023, Nigeria leads with 3.4% of global crude oil exports, followed by Angola (2.4%) and Libya (2.3%).[22]

Oil exports as share of total exports make up more than 15% for five countries (Côte d'Ivoire, Egypt, Ghana, Niger and Senegal), more than 50% for Mozambique and Gabon and more than 90% for Angola and Nigeria in 2023.[23]

As Europe moves away from Russian gas dependency, natural gas development in Africa is intensifying.[24]

While hosting 8.7% of natural gas reserves, Africa supplied 5.9% of global natural gas production in 2023.[25] The top three natural gas producers (Algeria, Egypt and Nigeria) together account for 82% of African production in 2022.[26]

Many natural gas reserves are still being discovered and explored. Mozambique has by far the largest proven natural gas reserves, 50 and ten times more than runners-up Namibia and Mauritania, respectively.[27]

Oil: Africa is home to 7.6% of global crude reserves and 8.2% of global crude production

Gas: Africa is home to 8.7% of global natural gas reserves and 5.9% of global natural gas production

Oil exports represent more than 90% of total exports for Angola and Nigeria

From extraction to empowerment: upgrading Africa's role in global supply chains amid the green shift

With the demand for Africa's critical minerals growing amid the global shift to green technologies, African countries can opt for either more of the same or reshape their place in supply chains. The AU, RECs and governments across the continent have had industrialisation as a long-term priority, considering it a vital component to the continent's economic transformation.[28]

Yet the contribution of the manufacturing sector to Africa's economies has fallen in the past few decades. The continent's share of global manufacturing declined from about 3% in the 1970s to less than 2% in 2020.[29] In fact, manufacturing production is mostly within low-technology products like clothing, food, footwear and textiles, notably missing mineral-based products.[30]

Launched in 2024 by the AU and the AfDB, Africa's Green Mineral Strategy highlights four main priorities: advancing mineral development, developing people and technological capability, developing mineral value chains and mineral stewardship.

As mineral supply chains attract greater attention, access to these critical raw materials is of strategic importance for major global actors such as the US, EU and China.

Africa finds itself in an advantageous position. Yet obstacles remain if mineral capacity is not maximised for domestic exploitation and processing.[32] Other hurdles include:

1. Mineral importers seek to secure supply chains that serve their own interests.
2. Trade restrictions on critical raw materials have grown.
3. Gaps in infrastructural capacity and limited Africa owned exploration companies.[33]

To strengthen the value chains within Africa, some countries have introduced policies to compel foreign as well as domestic mining companies to value-add to minerals before export.[34]

Mali's new mining code

In 2023, Mali changed its mining code to increase the country's gains from the sector. Mining operators will have to contribute 0.75% of their quarterly revenue to a local development fund. The state will also secure an initial 10% share with a possibility of an additional 20% during the early years of production. A 5% stake is also to be allocated to the Malian private sector, which means the total share for Mali could be around 35%, potentially generating $745 million.[35]

An electric car may require up to six times the mineral inputs of a conventional car[31]

Africa's share of global manufacturing remains at less than 2%

"

We have been talking about Africa's potential for so long, but a potential that is not transformed is a failure. We must stop failing and start succeeding. For that, what we need most is the leadership of our governments.

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

Africa comprises 60% of global solar power potential

Africa holds 60% of the world's solar potential and the highest average long-term practical yield of a utility scale solar energy installation of 4.51 kWh/kWp/day, graded as excellent conditions for solar power.[36]

According to the World Bank Global Solar Atlas, the continent has the highest physical variable of global horizontal irradiation (GHI) levels, a key factor for assessing solar energy potential.[37] Because of its favorable solar resource conditions, Africa is also among the world regions with the lowest cost of solar photovoltaic installations.[38]

Africa holds 60% of the world's solar power potential

Global geothermal energy production could be greatly boosted by Africa's potential

At global level, geothermal energy remains a greatly untapped renewable energy source at only 0.3% of global energy production.[39]

The geothermal potential in Eastern Africa, especially the Rift Valley zone which stretches from Mozambique to Ethiopia, is estimated at more than 20GW.

Kenya is already among the world's top ten leading geothermal power producers. Geothermal energy makes up about half of the country's electricity generation at around 950MW. The country aims to reach 1,600MW by 2030.[40]

The Rift Valley zone has the potential to generate 20 GW of geothermal energy; Kenya alone generates 950MW

Africa has only tapped into 0.01% of its wind power capacity

The continent's wind potential stands at more than 59TW. Wind energy is also very cost-effective as the installed cost for onshore wind is the second lowest of renewable energy technologies, behind solar, at $1,473/kW. South Africa has the greatest wind capacity, followed by Egypt, Senegal and Morocco.[41]

Africa's wind potential stands at more than 59TW, but only 0.01% has been harnessed

> There can be no development without energy, regardless of the source. Our issue is less the question of the source than the question of access [...] When we know that nearly half of our fellow citizens on the continent do not have access to any form of resource, it goes without saying that the issue of energy, of access to energy, is a major topic.
>
> *Serge Ekué, President, West African Development Bank*

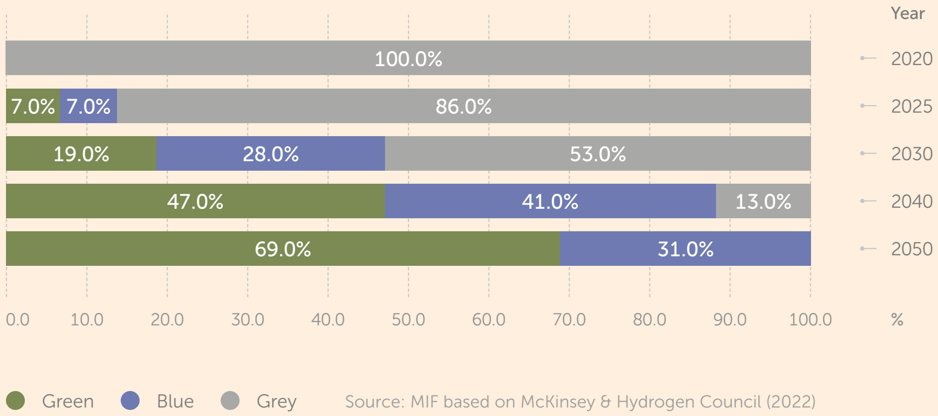
The green hydrogen dilemma: growing demand for a valuable export but at what cost?

As the world increasingly prioritises decarbonisation, global hydrogen demand could grow sevenfold by 2050 with almost 70% of the demand being for green hydrogen. This has the potential to become a valuable export for the continent particularly for countries with optimal environmental conditions.

Africa's GDP could increase by $126 billion by 2050 through green hydrogen, if net-zero commitments are met

Green hydrogen will dominate global hydrogen demand by 2050

World: demand for hydrogen by source (2020-2050)



Source: MIF based on McKinsey & Hydrogen Council (2022)

By 2050, if net-zero commitments are achieved and the expected global temperature rise is limited to 1.7°C by 2100, Africa could add $126 billion to its GDP from green hydrogen, with 4.2 million jobs created or sustained.[42]

African Green Hydrogen Alliance (AGHA)

In 2022, six countries (Egypt, Kenya, Mauritania, Morocco, Namibia and South Africa) formed AGHA with the aim to intensify collaboration and mobilise development of green hydrogen projects on the continent. Five additional countries have since joined the alliance: Algeria, Angola, Djibouti, Ethiopia and Nigeria.[43] Tunisia is also considering membership of AGHA.[44]

AGHA's addressable market for green hydrogen could reach 30 to 60 million tonnes of hydrogen equivalent by 2050. One third of potential could be local and two thirds for export which is equivalent to 22% of the expected international cross-border hydrogen and derivatives trade by 2050.[45]

Green hydrogen production could create or sustain 4.2 million new jobs in Africa

Current drawbacks: cost, water security and the 'green grabbing' dilemma

1. Cost: the current cost of green hydrogen production at \$4–\$9 per kg is higher than blue hydrogen (\$1.5–\$3 per kg) and grey hydrogen (\$1.0–\$2.5 per kg).[46]
2. Water security: accessible freshwater makes up less than 1% of the planet's water, with an estimated 500 million people in Africa facing water insecurity.[47] Green hydrogen's water intensive production process could exacerbate water scarcity issues affecting local populations and key sectors such as agriculture.
3. 'Green grabbing': green hydrogen and other renewable energy projects have also been associated with 'green grabbing' in Africa which is the appropriation of land and resources for environmental purposes to the detriment of local populations, resulting in displacements and loss of livelihoods.[48] Governments' pledges for land-based carbon removals worldwide already add up to almost 1.2 billion hectares of land, about as much land as is used to grow crops worldwide today.[49]
4. Access to land for local populations: some African countries have already initiated ambitious green hydrogen projects, mainly targeting export markets in Europe. With its international demand set to rapidly increase and countries focus on export revenue, there is a risk that green hydrogen could fail to meet local demand and address the energy gap on the continent for about 600 million people.[50]
5. The TuNur solar project in Tunisia is an example, involving land grabs (10,000 hectares) as well as extensive water usage in arid and semi-arid regions to export to the UK and Europe.[51]

With 500 million people in Africa already facing water insecurity, water intensive green hydrogen production could exacerbate this issue

Green hydrogen projects targeting export markets in Europe run the risk of not addressing the energy gap for 600 million people in Africa

Namibia emerging as a key prospective green hydrogen exporter to Europe

Namibia has bilateral green hydrogen trade agreements with Belgium, Germany and the Netherlands.[52] Such agreements are supported by the Global Gateway Africa-Europe Investment Package. Implemented by the EU and worth €150 billion, it aims to accelerate the green transition.[53]

Bilateral green hydrogen trade agreements

Prospective importer	Belgium	Germany	Japan	Netherlands	Republic of Korea
Prospective exporter	**Namibia**	**Namibia**	UAE	**Namibia**	Australia
	Chile	Chile	Brunei	Chile	Saudi Arabia
	Oman	Denmark	Australia	**South Africa**	
		Russia	Saudi Arabia	Canada	
		Tunisia		Uruguay	
		DRC		Oman	
		Australia		**Morocco**	
				Iceland	
				Portugal	
				Australia	

Source: MIF based on Komorowski & Marta (2024)

BIODIVERSITY CAPITAL & CARBON-SINKING CAPACITY

Africa is home to one sixth of the world's plant species and forests

Africa, representing 20% of the planet's land, is home to at least one sixth of the world's plant species and boasts 369 wetlands. The continent also hosts one sixth of the remaining forests in the world. This includes the Congo Basin forests of Central Africa which straddle eight countries and contain 240 million hectares of forest.[54]

Africa is also home to:

- One quarter of the world's mammal species and the last significant assemblage of large mammals and one fifth of the world's bird species.[55]
- Many food crops are of African origin (species of wheat, barley, millet, sorghum and coffee).[56]

Climate change remains a threat to Africa's biodiversity and ecological wealth. At current rates of deforestation, around 70% of Africa's tropical forests will be affected by 2100.[57]

Africa is home to about 1/5 of the world's land, almost 2/3 of its arable land and around 1/6 of the world's remaining forests

Africa is home to almost one quarter of the world's 36 biodiversity hotspots[58]

The world's most important carbon repositories: forests, grasslands, peatlands and mangroves

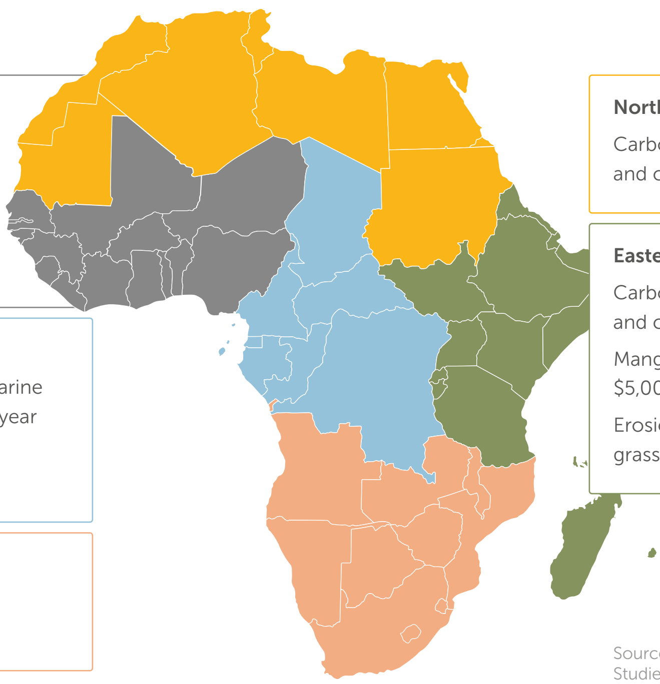
Earth's most important natural carbon repositories are Africa's forests, peatlands and mangroves.[59] These areas store carbon in the form of biomass, deadwood, littler and in soil.[60]

Africa owns 20% of global mangroves with 74% present on the west coast of the continent and 26% on the east coast. Western Africa alone has around 15% of the global mangrove forests.[61]

Africa has 8% of the world's peatlands with a total area of 39 million hectares including in the Congo Basin, the Albertine Rift, Madagascar and the highlands of Zambia and Angola to name a few. In total the continent's peatland stock holds over 35,000 million tonnes of carbon.[62]

African parks, a non-profit conservation organisation that manages 23 protected areas in 13 countries covering 20 million hectares has raised nearly $5 million from the sale of carbon credits in the Central African Republic's Chinko Nature Reserve alone.

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)

Carbon and biodiversity credits: an alternative to traditional climate finance

Carbon and biodiversity credits could allow Africa to monetise its carbon repositories. In particular, the carbon market could pool critical finance for conservation, energy transition and climate resilience.

Forests in Africa absorb net 600 million tonnes of carbon dioxide each year, greater than any other forest ecosystem in the world.[63]

While Africa could become the global centre for high-value and high-integrity carbon credits, its current position remains weak. Between 2016 and 2021, the continent only received 11% of the offsets issued, with only 3% linked to the region's natural carbon sinks.[64]

COP29's carbon market deal: a potential game changer for Africa

Article 6 of the Paris Agreement sets out how countries can work together to reduce greenhouse emissions specifically highlighting the voluntary cooperation to unlock financial support for developing countries. Countries can transfer carbon credits earned from the reduction of emissions to other countries to meet their targets.[66]

After year-long negotiations, COP29 (Baku, November 2024) finally agreed on international carbon market standards paving the way for additional avenues for Africa to trade international CO_2 certificates with heavy emitters and thereby capitalise on both its low per capita emissions and huge carbon sinks.[67]

The Africa Carbon Markets Initiative (ACMI)

Initiated at COP27, the ACMI aims to establish a Voluntary Carbon Market (VCM) ecosystem in Africa by 2030 able to produce 1.5 billion carbon credits annually, unlock $100 billion in revenue and support over 100 million jobs by 2050.[68] Between 2016 and 2021, demand for African-origin carbon credits grew at a compound annual rate of 36%, albeit from a low base.[69]

According to the ACMI, Africa only uses 2% of its annual potential for carbon credits and should aim to sell over $100 billion worth of credits a year by 2050.[71]

Maritime carbon markets

Djibouti and Gabon are leading the Africa Sovereign Carbon Initiative (ASCI) by introducing the continent's first mandatory carbon pricing mechanism for shipping operations.

Djibouti starting earlier in 2023 and Gabon following suit in 2025, the two countries through the ASCI have calculated calculated the carbon cost as 50% of the total carbon footprint of a ship's journey to or from with the price is set to $17 per tonnes of CO2e emissions.

Under the 'polluter pays' principle, this closely resembles the EU

Africa represents 20% of the world's total land sinks, around 0.8 billion tonnes of CO_2[65]

Africa's forests absorb 600 million tonnes of CO_2 each year, more than any other region

Africa only received 11% of carbon offsets issued between 2016 and 2021, with only 3% linked to the region's natural carbon sinks.

Africa's carbon credits only make up 3% of the credits issued under the Clean Development Mechanism.[70]

Africa should aim to sell over $100 billion worth of credits a year by 2050

Emissions Trading System (EU ETS). In 2024, The EU ETS extended the cover of CO2 emissions to include all large ships entering EU ports regardless of the country of origin. It requires shipowners to offset 50% of their CO2 emissions on routes between Europe and other continents.

The initiative is expected to grow significantly with 10 additional African countries actively considering joining. The International community will have to come to terms with an increased regulatory environment and greater interest in carbon accountability across the continent.

Africa's carbon sinking capacity is shrinking

In just nine years between 2010 and 2019, Africa went from being a net carbon sink to being a net carbon source. Global emissions of CO_2 amount to 11.21 billion tonnes per year, with land absorbing 3.5 billion tonnes per year. The African continent alone absorbs 0.8 billion tonnes which constitutes about 20% of the world total land sink.[72]

According to a new estimate of Africa's greenhouse gas budget from the Future Ecosystems for Africa programme based in South Africa's Witwatersrand University, the continent has now transitioned from being a slight carbon sink to a slight carbon source.[73] The estimates are from the second Regional Greenhouse Gases Budget, which looks at the years between 2010-2019 while the first edition looked at the years between 2000 and 2009.[74] Africa went from contributing 4% of the world greenhouse gases (GHGs) to a source of 4.5 billion metric tonnes of CO_2 per year.[75]

The rise in GHGs in Africa is the result of fossil fuel burning, methane emissions from livestock and soil carbon losses, among others. A limited number of countries are driving this slight net carbon trend.[76]

However, natural ecosystems on the continent continue to act as carbon sinks across the region and are taking up about 30% of what is being emitted to the atmosphere through human activities.[77]

A key governance challenge: greenwashing, double counting and offsetting claims

A key criticism of carbon markets is that they rarely deal with the root cause of the climate crisis and, in their current state, have little removal capacity. Companies generating high profits are not pressured to reduce their emissions but instead opt to purchase additional credit.[78] Recent research into the practices and projects of some of the world's leading organisations and corporations engaged in carbon offsetting in Peru, Australia and Papua New Guinea reveals that up to 90% of rainforest offsets did not represent genuine CO_2 reductions.[79] To further dilute the removal capacity of carbon credits, institutions such as the EU have so far failed to adopt clear rules requiring that if companies count a removal unit towards their own climate targets, then that same removal unit cannot also be counted by the country where it is generated.[80]

Biodiversity credits

Biodiversity credits are a potential tool to encourage companies to offset their environmental footprint by purchasing credits from protection, conservation or restoration agencies and NGOs. These financial instruments represent and price a measured and evidence-based unit of a biodiversity outcome that is durable and can be traded. Global biodiversity credits are currently estimated at $8 million.[81]

Africa's vast landscapes and wildlife offer a unique starting point to expand such credit schemes akin to international carbon markets. The development of biodiversity credits across the continent are being harnessed to access much-needed private finance to ensure more sustainable, long-term management of conservation and restoration efforts.[82]

African biodiversity credits have largely drawn on the carbon markets' experience so far. Indeed, the continent's hubs of activity in biodiversity credit markets, dominated by Southern and Eastern Africa, overlaps with those of carbon markets.[83]

If developed effectively, the global demand for biodiversity credits could reach $2 billion by 2030 and $69 billion by 2050, presenting a huge financial opportunity for Africa.[84]

The global demand for biodiversity credits could reach $69 billion by 2050, a huge financing opportunity for Africa

Biodiversity credits versus carbon credits

Biodiversity credits are payments for nature and biodiversity-positive outcomes. Due to the variance of biodiversity across landscapes and habitats, biodiversity credits can represent a uniquely wide variety of nature-positive outcomes, unlike carbon markets.

While carbon credits represent climate outcomes, biodiversity credits represent biodiversity outcomes. Whereas for carbon credits, there is a single, fungible unit of measurement (i.e. tonnes of CO_2), there is no single unit of measurement with biodiversity credits, given the diversity of biodiversity across ecosystems.[85]

“

Climate change is a collective issue that we need to collectively address, and you need to put a price tag on carbon emission. Also, to direct investment to the new carbon neutral type of activities. But it is a question of trade-off, a balancing exercise between not being regressive but still being able to move into that direction.

Pascal Saint-Amans, Co-Chair, Africa-Europe Foundation Working Group on Illicit Financial Flows

Africa’s oceans and blue economy could contribute up to $1 trillion annually

Most African countries, 38 out of 54, are coastal. The continent’s blue economy currently generates around $300 billion annually in economic activities, supporting nearly 50 million jobs. The economic value of Africa’s blue wealth is only projected to increase.[86]

According to the AU and UNECA, the continent’s blue economy could contribute over $1 trillion annually, if sustainably managed.[87]

The AU’s 2020 Blue Economy Strategy focusses on increasing momentum for Africa’s blue growth, particularly in the sectors of fisheries, transportation (shipping), coastal and marine tourism and sustainable energy.[88]

Africa’s blue economy currently generates $300 billion annually, while it could contribute more than $1 trillion

Maldives and Bahamas beaches boost tourism industry

The economy of the Maldives is made up of three main industries: tourism, fishing and manufacturing. Tourism is the leading industry, contributing 28% to the country’s GDP, employing a third of its workforce, accounting for 60% of its foreign exchange and generating 90% of government tax.[89]

The Bahamas has also cultivated a strong tourism industry, generating 50% of the country’s GDP and employing 50% of its workforce.[90]

These two countries built successful economies around tourism by leveraging their pristine branches, clear waters and coral reefs.[91] They also made conscious efforts to conserve their ecosystems, and their governments supported the sector through tourism training programmes, eco-tourism frameworks and policies.[92]

The cash generated by tourism is financing the development of other sectors, such as technology, renewable energy and agriculture, thus reducing reliance on tourism and cushioning the effects of external shocks like the COVID-19 pandemic.[93]

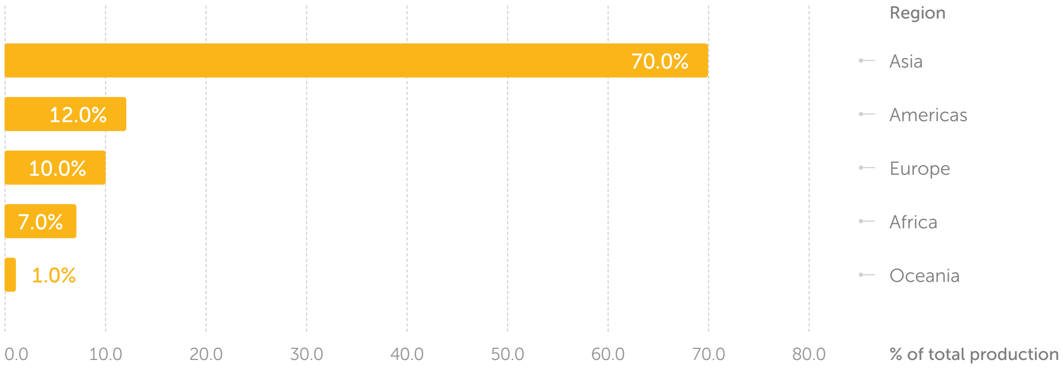
Tapping into Africa's fisheries and aquaculture potential

Despite its vast marine resources, as of 2020, Africa still has the lowest share of fisheries and aquaculture production.[94] The continent has over 30,000 km of untapped coastline for the fishing industry, equivalent to around 98% of Africa’s total coastline (30,500 km).[95]

For perspective, with only around 18,000 km of coastline, China remains a major global producer of aquatic animals at 36% in 2022.[96]

Africa still has the lowest share of fisheries and aquaculture production despite a long coastline, of which 98% remains untapped

World regions: share of total fisheries and aquaculture production (2020)



Source: MIF based on FAO (2022)

Africa's fishing and aquaculture sectors are currently valued at $24 billion annually and provide employment for over 12 million people. Of this workforce, 58% are involved in fishing, while 42% work in processing.[97]

Between 2021 and 2023, African countries still imported more than $6 billion in fishery products annually, with the majority sourced from outside the continent, in frozen or processed forms.[98]

Global aquaculture production could break further records if Africa's growth continues

According to the FAO, in a global first, aquaculture surpassed capture fisheries as the main producer of aquatic animals in 2022. Africa produced 2.5 million tonnes of aquatic animals and algae, which is around 1.9% of the world's total aquaculture production. The continent lags far behind other world regions in terms of world production: Asia (91.4%), LACA (3.3%) and Europe (2.7%). Yet progress has been made, with the aquaculture sector in Africa growing by 455% since 2000, the most in the world.[100]

Despite its blue wealth, Africa still imports $6 billion in fishery products

Seaweed farming: a soaring demand

The global demand for seaweed has skyrocketed in the last two decades. With over 2,000 species of seaweed recorded, Africa has sufficient potential to meet the world's demands and increase seaweed production. Currently, China and more broadly Asia continue to dominate the market. However, Africa is the third-largest producer of red eucheumatoid seaweed.[101]

Illegal, unreported and unregulated (IUU) fishing costs the region $1.3 billion annually in lost revenue[99]

A strategic shipping hub

According to UNCTAD, between the first half of 2018 and the first half of 2023, port calls by container ships in Africa rose by 20%, marking a record-breaking increase for the continent.

According to the AfDB, between 2011 and 2021, the number of container units moving through African ports increased by nearly 50%, from 24.5 million to 35.8 million.[102]

The AfCFTA is expected to boost intra-Africa trade by 33% with maritime transport playing a key role in facilitating this. A study by UNECA found that by 2030, cargo-transported vessels would increase from 58 million to 132 million tonnes if AfCFTA is fully implemented.[103]

- Africa's maritime fleet is projected to increase by 188% for bulk and 180% for container cargoes.[104]
- The AfCFTA is expected to increase intra-African freight by 28% and demand for maritime freight by 62%.[105]
- Countries expected to experience surges in traffic to their ports by 2030: Comoros, Gabon, Gambia, Ghana, Madagascar, Mauritius, Mozambique, Namibia and Somalia.[106]

The challenge remains to increase sustainable shipping measures and practices. International shipping accounted for 1.8% of global energy-related CO_2 emissions in 2021, more than the emissions of the UK and France combined.[107]

Liberia has the world's largest ship registry in gross tonnage, overtaking Panama in 2022

Between 2011 and 2021, the number of container units moving through African ports increased by nearly 50%

Attracting investment in Africa: Seizing this AfCFTA moment

Pamela Coke-Hamilton, Executive Director, International Trade Centre

2025 has surprised even the most hardened commentators and forecasters, particularly those that work in trade. Tariff escalations, pauses, and volte faces have dominated recent headlines, with no signs of these announcements slowing down. Since the year began, over 150 restrictive trade measures have been put in place by governments, ITC analysis shows, with more feared to be on the horizon. Concerns over the stability of the international trading system are now running rampant, with any disruptions coming at very real costs for those who can least afford it.

At the same time, the field of international development has been turned upside down, even as some of the more recent shifts often reflect an intensification of longer-running trends. Many aid budgets have been cut, while many donors are shifting their priorities to meet a wide range of demands and continue living up to their commitments to their taxpayers. Already, the Official Development Assistance (ODA) cuts that governments have announced in 2025 could amount to between a 9-17% drop from last year's ODA levels, according to the OECD's latest projections. While the direction of future ODA decisions by governments remains to be seen, one thing is clear for those working in trade: relying on the long-standing "aid for trade" paradigm of even recent years will not work. And paralysis is not an option. Nor does it have to be.

That is where agreements like the African Continental Free Trade Area (AfCFTA) come in. Along with being the economic engine of the African Union's Agenda 2063, the AfCFTA holds the potential to be one of the most transformative trade treaties in history. And after years of extensive preparatory work and pilot initiatives to test out its provisions in practice, the AfCFTA is now speeding up towards full implementation.

The AfCFTA's potential economic gains are immense: if tariffs within the continent are fully slashed, intra-African trade could grow by an impressive $22 billion by 2029. Along with slashing tariffs, the treaty includes dedicated protocols on critical issues ranging from women and youth to intellectual property and the digital economy. It has a dedicated investment protocol for increasing intra-African investment flows — critical for greater financial self-sufficiency — and sets out measures for making the investment environment more predictable. The agreement can also make it possible for governments to develop a far larger resource base domestically, facilitating domestic resource mobilisation and improving revenue predictability and resource management.

A fully integrated African market of 1.4 billion people, which builds on years of integration progress within and among the African regional economic communities, can also be a powerful draw for greater foreign direct investments from outside the continent. This includes those investments that contribute to essential trade-related infrastructure, along with those investments that are sorely needed for increasing processing capacity, especially in those value chains that hold the most promise for creating value-added jobs for small and medium-sized enterprises.

Working with the African Union Commission and the European Union, ITC's *Made by Africa: Creating Value Through Integration* report analysed over 400 such value chains, categorising these based on whether developing them was feasible and desirable in terms of the continent's development objectives, and landing on 94 that could be a strong fit.

Since then, ITC has been further analysing three of these value chains — formulated complementary foods, pharmaceuticals, and automotives — with the resulting analysis informing pilot projects for the EU's Global Gateway. In parallel, ITC and UNIDO, with support from the European Union and in close collaboration with African partners at the continental and REC levels, is putting in place the Africa Trade Competitiveness and Market Access Initiative to support value addition capabilities and activities, along with addressing issues ranging from market access barriers to technology transfer. These efforts are all inspired and informed by what the AfCFTA can deliver, and driven first and foremost by local actors, local needs, and local priorities.

But the value of the AfCFTA goes far beyond its potential for full-fledged economic transformation and greater intra-African trade. It also provides a forum through which African economies can exchange experiences and craft new ideas for South-South and global cooperation, together helping rebuild trust in the multilateral arena. It creates a powerful platform for African governments to advocate globally on behalf of the smallest and most vulnerable, who too often find themselves outside of trade conversations entirely. And it creates an invaluable opportunity for showing to the world what connected, sustainable, and inclusive trade can look like in practice.

In other words, the AfCFTA's success can be the shot in the arm that our multilateral system needs, helping counter a global landscape where uncertainty reigns supreme and pessimism risks taking a firm hold. But whether that happens is up to each and every one of us.

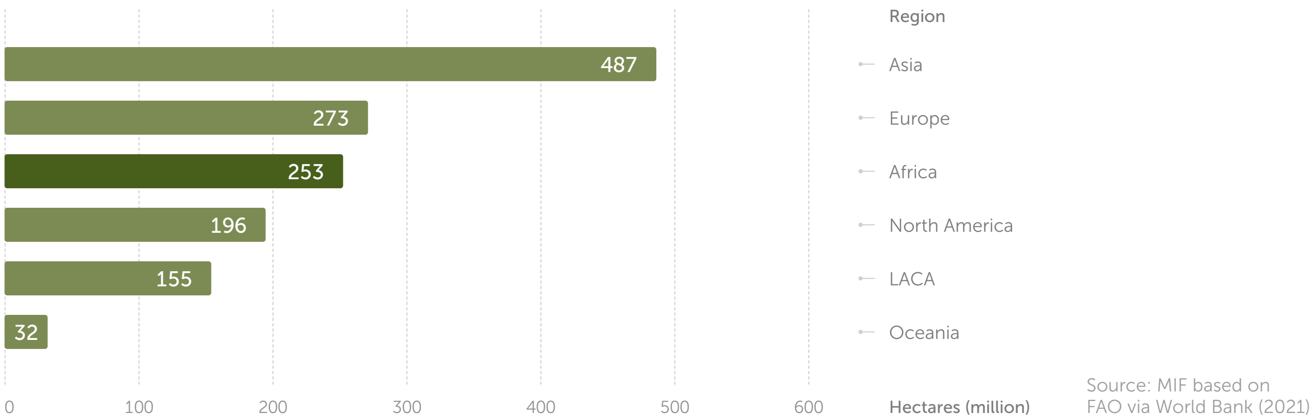
65% of global arable land yet to be cultivated in Africa

Africa's arable land increased by 52% in the 20 years between 2000 and 2019, accounting for over half of the worldwide growth (102 million hectares). According to the FAO, this growth has mostly been driven by Angola, Côte d'Ivoire, DR Congo, Mozambique and Zambia.[108]

Africa hosts 2/3 of the world's remaining uncultivated land

Africa is the region with the third largest area of arable land

World regions: total arable land (2021)

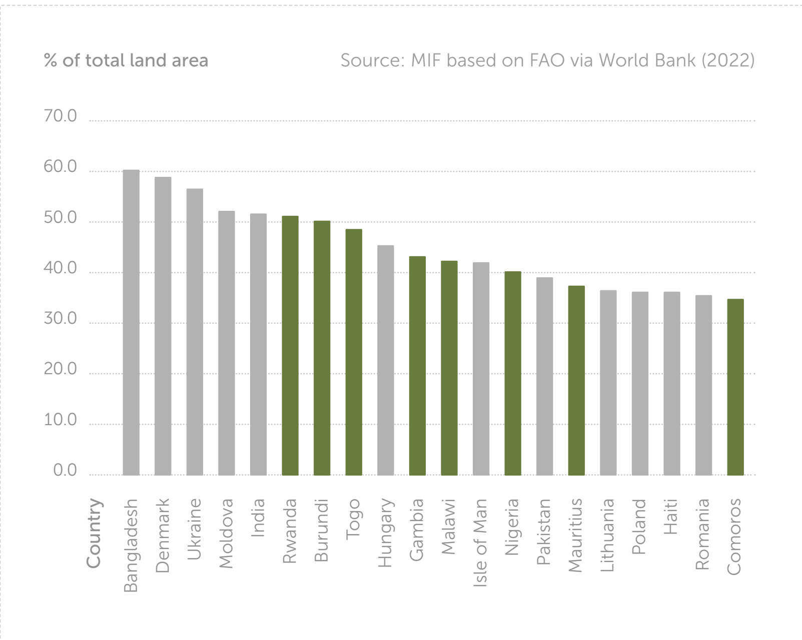


Behind Asia and Europe, Africa is third for total arable land in the world. The continent has 253 million hectares of land compared to 487 million in Asia and 273 million in Europe.[109] Yet according to the AfDB, Africa represents 65% of the world's remaining uncultivated land.[110]

According to the FAO, four African countries feature among the top ten for most arable land as a share of total land area in the world: Nigeria (37 million hectares), Sudan (21 million hectares), Niger (17.7 million hectares) and Ethiopia (16.3 million hectares).[111]

Nigeria, Sudan, Niger and Ethiopia feature in the top 10 at the global level for the most total arable land

Top 20 countries: arable land as a share of total land area (2022)



Rwanda is the country in Africa with the highest share of arable land (51.4%)

Eight of the top 20 countries with the highest proportion of their land which is arable are African: Rwanda (6th), Burundi (7th), Togo (8th), Gambia (10th), Malawi (11th), Nigeria (13th), Mauritius (15th) and Comoros (20th).

More than 10% of total land is arable for half of African countries (27).[112]

Africa's food production is worth $81 billion a year

African countries are already producing large quantities of food items while the continent still has 65% of the world's uncultivated arable land.

In total, Africa received around $81.4 billion in 2023 for its food item exports, equivalent to more than half of the continent's estimated $130-170 billion infrastructure demand.[113]

According to UNCTAD, South Africa, Cote d'Ivoire, Egypt and Morocco receive the largest export value for their food items. They are the only African countries to receive more than $5 billion per year for their food item exports.[114]

Only four African countries receive more than $5 billion per year for their food item exports

Public policy pushes Benin to be Africa's top cotton producer

Benin has become the leading producer of cotton in Africa, accounting for 30% of the country's exports and providing livelihoods for more than 300,000 households, with all organic cotton now sold to the Beninese government at a guaranteed premium.[115]

To achieve this, the government implemented several initiatives and reforms. Launched in 2017, the TAZCO project (Agroecological transition in cotton growing areas) as well as the Benin Organization for the Promotion of Organic Farming (OPEPAB), supports over 6,000 farmers in growing organic cotton and helped farmers establish cotton co-operatives and engage in local and national cotton forums.[116]

These programmes are doubling the production of high-quality organic cotton in Benin and focus on farmer-led research and innovation, which encourages farmers to learn by doing, from participating in experiments to testing new techniques, such as the use of oil palm cake, a local by-product of palm oil production, as an organic fertiliser.[117]

Moving from food insecurity to creating wealth

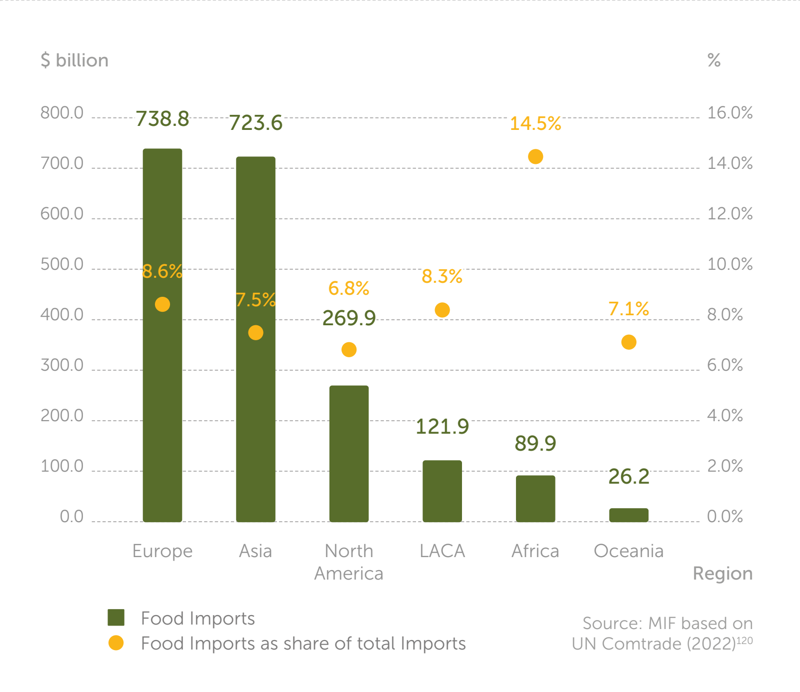
For the continent to move away from the current food insecurity, it needs to address underlying issues such as low productivity, the cost of imports and the ongoing food waste issue.

Low productivity: Agriculture is 60% less productive than the whole economy despite the sector employing the most people (42%). Conversely, mining, utilities and financial services, which employ 3% of the workforce, are more than ten times more productive.[150] To address the cereal shortage resulting from the war in Ukraine, a yield of 8.27 tonnes per hectare (as seen in the US) would need 36,000 km², but Africa is currently at 1.75 tonnes per hectare, requiring much more land.[151]

High food insecurity: For 31 African countries, more than 50% of their population currently experiences moderate or severe food insecurity, further compounding dependency on food imports.[118]

High food import bills: Africa is the region with the highest share of total food imports (14.5%). According to White & Case, Africa spends $78 billion on foreign currency of food imports each year.[119]

World regions: total food imports as a share of total imports (2022)



Africa spends $78 billion on food imports annually, almost equivalent to food exports ($81.4 billion)

Only 3% of agricultural output is refrigerated at the first mile in Sub-Saharan Africa

Excessive waste: According to UNDESA, around 50% of all the food produced in Africa is wasted.[121] The main factor is the lack of adequate cold chain infrastructure, with rural farmers having little to no access to the electricity necessary to cool crops quickly after harvest.[122] In Sub-Saharan Africa, only 3% of the total agricultural output is refrigerated at the first mile.[123]

Around 50% of the food produced in Africa is wasted

Case studies: boosting the agricultural sector

In Africa	Policy	Outcome
Morocco	Office Chérifien des Phosphates (OCP)	As the leading phosphate producer, OCP is currently implementing initiatives to modernise agriculture, including tailored fertilisation and soil mapping techniques. These techniques can analyse soil across Africa to prescribe precise nutrient applications to improve yields and reduce waste.[124]
Ethiopia	Agricultural Transformation Institute	This strategy prioritises agricultural growth through improving the livelihoods of smallholder farmers. The Agriculture Commercialization Clusters, a flagship programme, organises these farms into geographical clusters of high potential to strengthen commodity value chains.[125]
Ghana	Planting for Food and Jobs	Provides subsidies for fertilisers and provides improved seeds for local farmers. It is also working on creating digital platforms for farmers to access and share information. It has mobilised 1.2 million farmers and created over 800 jobs.[126]
Rwanda	Crop Intensification Program & Land Use Consolidation	This programme focusses on increasing agricultural productivity through improving access to quality seeds, fertilisers and irrigation. Further, to avoid land fragmentation, farmers located closely cultivate similar crops.[127]
Kenya	Agricultural Sector Transformation and Growth Strategy	Encourages public-private partnerships to help with large-scale food production projects to raise salaries and output. Provides financial support for the digitalisation of agricultural services.[128]
South Africa	Comprehensive Agricultural Support Programme	This is a long-running programme that has provided approximately $40 million in financial and technical support. A total of 84 agricultural farmer cooperatives have been established.[129]
Burkina Faso	Suspension of wheat imports	In 2024, the Burkinabé government indefinitely suspended the import of wheat to bolster domestic agriculture production, improve yields and reduce reliance on foreign food imports.[130]
Sierra Leone	Rice production independence	The government raised over $620 million from global development banks in 2024 to work towards food self-sufficiency, notably in rice. Sierra Leone has the region's best climate and land for growing rice due to its abundant annual rainfall in coastal regions.[131]
Around the world		
Brazil	The Embrapa Model – State-led research agencies	Embrapa, a research agency operating nationwide with 46 decentralised units in 24 Brazilian states, has catapulted the country to becoming one of the major international exporters.[132] Through data-informed innovative techniques, production has increased across, grains, fruits, vegetables, cattle and poultry.[133]
Netherlands	Investment in Agro-Technology – Drive investment in infrastructure sector	The Netherlands invested significantly in high-tech greenhouses, precision farming and transforming and innovating logistics networks to maximise the productivity possible from small land areas.[134]
China	The Chinese Model – food security and productivity with smallholder farmers	China has relied on its smallholder farming community to meets its own and the world's food demands. These farmers provide 18% of the world's food with less than 9% of its arable land.[135] The country also accounts for 50% of the world's vegetable supply.[136] Although many developed nations have moved away from small-scale farming in favour of large, China has maintained food security through investment and 'rural vitalisation' policies to modernise agriculture.[137]

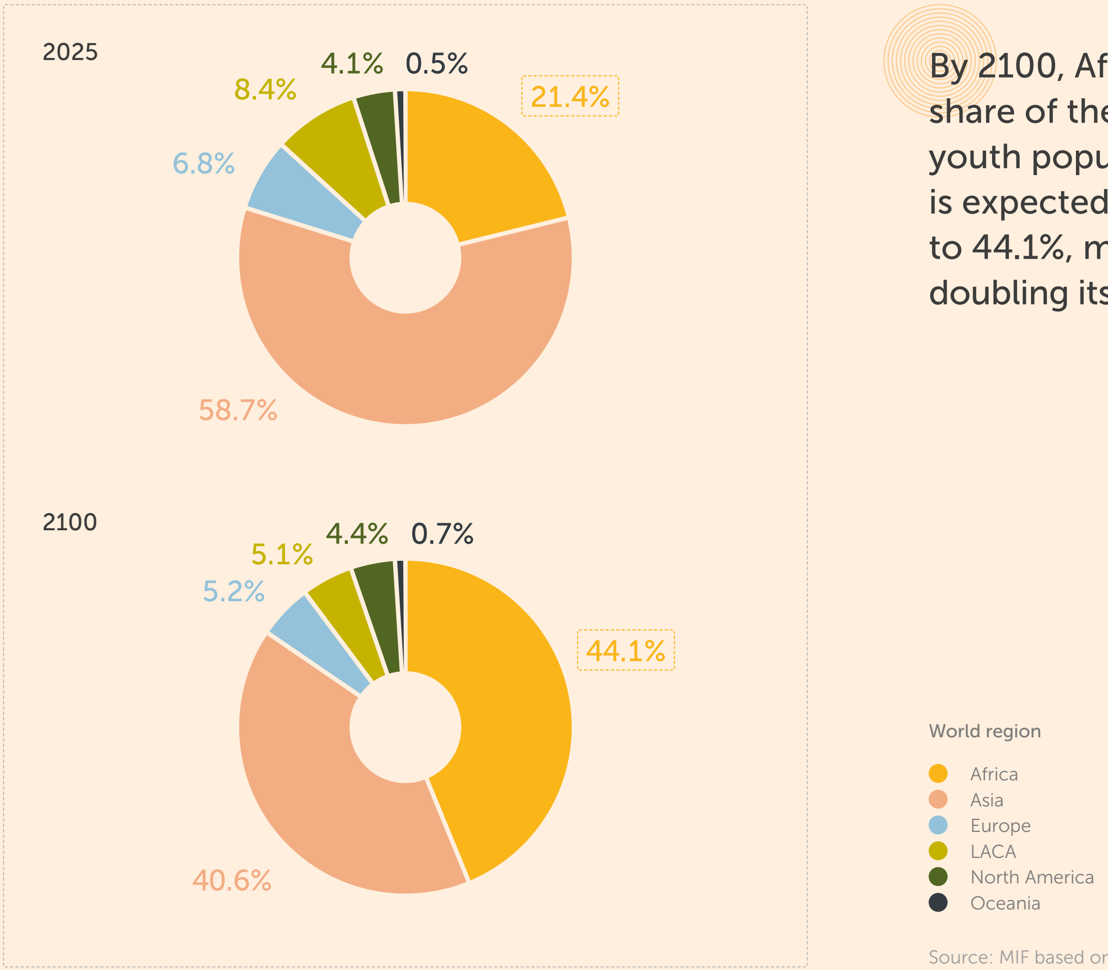
Africa's most important asset: its youth and working age population

When Africa's assets are mentioned, its demographics are often overlooked. Yet in the case of Singapore, investment in its human capital propelled it into becoming one of the strongest economies in the world.

Africa is set to have the largest youth population within a few decades

Africa's youth population (15-34 years) amounts to about 530 million people, making up around one fifth of the world's youth population in 2025. The continent still sits well behind Asia, the continent with the highest share of global youth, at around 60%.

World regions: share of global youth population (2025 & 2100)



By 2100, Africa's share of the global youth population is expected to rise to 44.1%, more than doubling its 2025 share

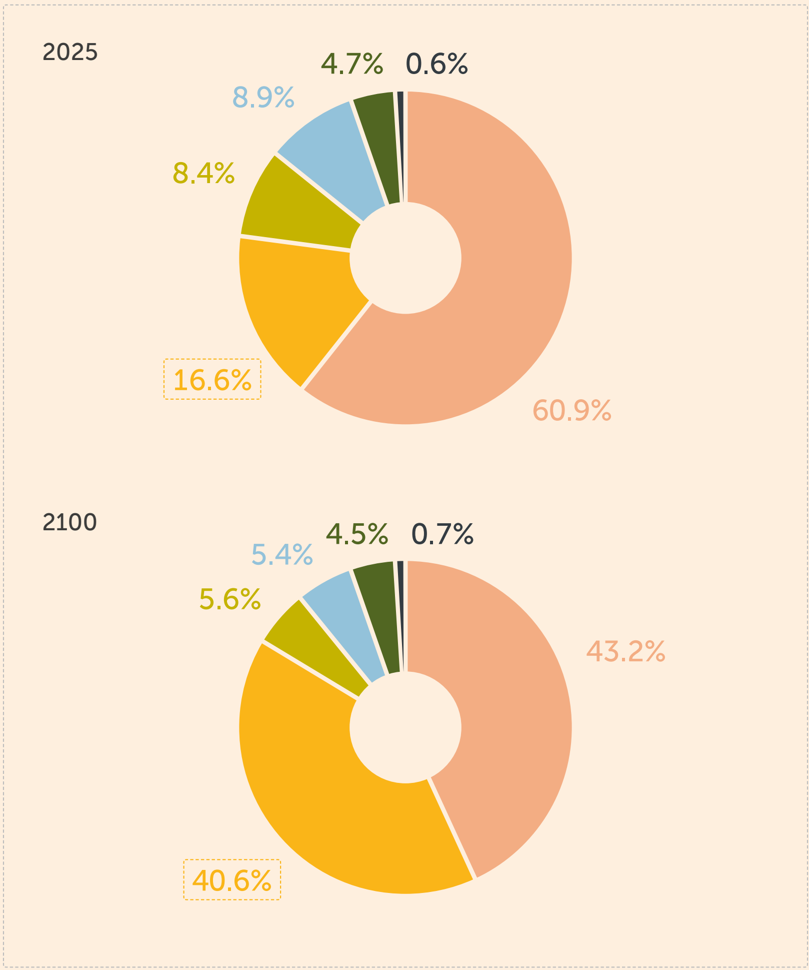
Source: MIF based on UNDESA (2024)

With over a billion young people aged between 15 and 34 in 2100, Africa will make up the highest share of the world's youth. Africa will surpass Asia between 2025 and 2100, taking over the top spot for having the world's most youth.[138]

Africa's working age population will almost triple between 2025 and 2100

Currently, almost 900 million people in Africa are of working age (15-64) making up 16.6% of the world's working age population. Asia, with 60.9% of the world's working age population, dominates the world's workforce.

World regions: share of global working age population (2025 & 2100)



Between now and 2100, the continent will have to generate 20 million jobs annually to keep pace with the growing workforce[141]

Source: MIF based on UNDESA (2024)

By 2100, Africa will have closed the share of the global working age population gap with Asia. Both continents will have over 2 billion people of working age with Asia (2.6 billion) slightly edging Africa (2.4 billion).[139]

Africa's working age population will almost triple as the century progresses. However, the potential for Africa to harness the benefits of having a significant share of the world's workforce will depend on its ability to integrate the population into the job market.[140]

Best practice: Singapore's human capital-oriented development

The city state of Singapore was expelled from Malaysia in 1965, leaving the leaders of the new fragile country starting from scratch. The country had no known natural resources and a diverse society of different ethnolinguistic backgrounds.[142] Economically it was also in dire situation with nearly 70% of the population living in slums, a lack of industry to create jobs and a high unemployment rate.[143]

As the country's only significant resource was its people, human capital development was prioritised as a key goal for driving development and growth.[144] A strong emphasis on education allowed the country to transition from a labour-intensive economy to a knowledge and service-based one.[145] One of the main challenges was poor education and health outcomes, which were two areas in which the government invested in right away to improve.

Singapore is ranked 1st in Asia and 12th in the world for talent competitiveness, and 1st in the world for high-level skills and talent impact

Singapore's education policies[146]

First phase (from 1965)	Second phase (from 1979)
An expansion of its basic education e.g. large-scale building of new schools, hiring new teachers.	Establishment of the Curriculum Development Institute to organise various pathways for students depending on their academic successes.
Adoption of English as a common language and the main language of instruction in schools.	Expanding the number of universities with particular focus on high-quality engeering and science programmes to attract global technology firms.
Establishment of a national textbook agency to promote a homogenous curriculum for all students.	Opening of the Institute for Technical Education to further prioritise technical programmes and skills on a national level in 1992.
	Research of international best practices for the teaching of mathematics. This led to the Singaporean model of 'math thinking' based on the use of visual aids.

Source: MIF based on Journal of International Finance and Economics (2020)

Singapore is 1st in Asia and 2nd in the world for English proficiency, key for drawing foreign investment and trade

In Singapore, more than 6 in 10 workers are employed in high-skilled employment, and adult literacy reaches 97.6%[147]

Singapore's education policies prepared its citizens for jobs, so notably the education system was configurated around the needs of employers. The government engaged in key dialogues with companies to understand the skills and backgrounds required in potential employees, allowing both stakeholders to collaborate on creating training programmes.

Prioritising its human capital has propelled Singapore to become one of the strongest economies in the world. Despite lacking minerals, it is a manufacturing powerhouse, leapfrogging from the production of low-value items in the 1960s to the assembly of high-value items such as hard disk drives and precision machine tools in less than two decades.[148]

The country's manufacturing continues to evolve along with its workforce. Diversification into medtech, agritech and clean energy appears much more likely as the country has the workforce and the research institutions to push national and global frontiers.[149]

Scaling-up sustainable industrialisation in Africa

Dr Arkebe Oqubay, British Academy Global Professor, SOAS University of London

A high-level dialogue on the theme of Manufacturing and Mobility: Scaling-Up Sustainable Industrialisation in Africa, organised by SOAS University of London's Development Leadership Dialogue (DLD), was a key side event at the Ibrahim Governance Weekend 2025 in Marrakech. Notable speakers included former President Ameenah Gurib-Fakim, the first female President of Mauritius (2015-2018) and a former Professor at the University of Mauritius; the newly elected Commissioner for Infrastructure and Energy of the African Union, Lerato Mataboge, who has two decades of experience in the Department of Trade, Industry, and Competition of South Africa. The event also featured the former Senior Minister and Special Adviser to the Prime Minister of Ethiopia, along with the African Union's sole candidate for the Director General of UNIDO in 2021. Additionally, it included the Executive Vice President of the Future Strategy Division at Hyundai Motor Group, a global industrial leader in mobility and one of Korea's national champions.

The combination of decades of policy and international experiences in industrialisation, together with the unparalleled knowledge of the speakers, facilitated a rich conversation centred on industrialisation and green development. Several insights were shared during the discussion. It was demonstrated that the execution and outcomes of industrial policy have always varied across countries, sectors, and stages of development. There is no uniform recipe or prescription, and countries have pursued diverse paths to reflect their unique conditions, as seen in the experiences of Mauritius, Ethiopia, and Morocco. It was also highlighted that political ambition for economic transformation and industrialisation, alongside policy learning, is essential. Mauritius has embraced export-led industrialisation for over five decades (1970-2025), resulting in its economic transformation from a mono-crop economy to light manufacturing and high-value services, which in turn led to high middle-income status, with a GDP per capita of $12,000. Ameenah Gurib-Fakim highlighted that education and skills development are critical drivers.

The speakers indicated that sectoral targeting, productive investment, and the development of an industrial ecosystem, accompanied by targeted infrastructure development and a macro economy that relies on domestic resource mobilisation, are vital. Regarding domestic resource mobilisation, what matters is not the high tax-to-GDP ratio but rather the sources, structure, and whether it is channelled towards growth priorities. Mauritius, Ethiopia, and Morocco, for instance, have recorded approximately 30% gross saving and gross capital formation. It was noted that non-resource-abundant countries, such as Ethiopia and Rwanda, have experienced higher growth rates than oil-exporting and resource-rich countries over the last decade.

Ethiopian Airlines, Africa's largest airline, has emerged as a diversified aviation group, acting as an instrument of industrial policy that promotes the export sector and tourism while also supporting national security for a landlocked country. The airline has generated over $7.2 billion from export services in 2024. This intriguing case demonstrates that a 100% state-owned enterprise can become a national champion, highlighting that a disciplined government is a necessary condition. Emphasis on technological capability, human capital, and economies of scale were key strategies. The Moroccan automotive industry, worth over $7 billion in exports, developed in less than two decades alongside the ambitious Tanger-Med industrial complex and port infrastructure. OCP, one of the leading global phosphate producers and exporters, shows how natural resources can be integral to industrial policy, contributing to economic transformation.

The expansion of Africa's cement industry, primarily driven by African industrialists, indicates that capital-intensive industrialisation is possible, with Dangote Industrial Group emerging as the leading industrial conglomerate, producing over 50 million tonnes in more than ten African countries and investing in one of the world's largest oil refineries, as well as fertiliser and petrochemical hubs. South Africa's SASOL, one of the world's leading liquid gas exporters and a technological leader, represents a critical achievement of industrial policy. The vital role of domestic resource mobilisation is essential for industrialisation, as illustrated by Ethiopia's commitment to investing in energy, showcased by Africa's largest hydropower project on the River Nile, generating 6,500 MW, built solely from domestic resources.

While the discussion indicated that industrialisation is both possible and challenging, the dialogue highlighted the need to prioritise sustainable practices with green development at the core of industrial policy. This involves dual goals: accelerating economic transformation and promoting green development, ultimately aiming for carbon-neutral industrialisation.

Unlocking Africa's green riches: From extraction to industrialisation – monetising critical minerals for sustainable development

John Youhanes Magok, Mineral Resources Development Expert, African Union, MIF NGN member

Africa stands at a pivotal moment. Blessed with an abundance of critical minerals essential for the global green energy transition, the continent faces a profound paradox: How can this immense natural wealth translate into genuine prosperity and self-determined development, rather than perpetuate cycles of dependency?

For too long, Africa's vast resources have fueled external economies while leaving its own populations grappling with a significant financing gap, estimated at over $3.3 trillion for the Second Ten-Year Implementation Plan (STYIP) of Agenda 2063. The recent Ibrahim Governance Weekend (IGW), held from June 1-3, 2025 in Marrakech, under the theme *"Financing the Africa We Want"*, brought this urgent challenge to the forefront, emphasising that the era of relying on inadequate external financing models must end.

Continental institutions, such as the African Union, must advance beyond mere policy formulation, particularly concerning critical minerals. There is an urgent need to revitalise the implementation of the Africa Mining Vision (AMV), adopted by African Heads of State and Government in February 2009. The AMV was a direct response to the paradox of abundant mineral wealth coexisting with widespread poverty in Africa, aiming to transform the mining sector into a key driver of economic growth and broad-based sustainable development.

Since the AMV's adoption sixteen years ago, the African Union Commission has developed several implementation instruments. These include the Africa Minerals Governance Framework (AMGF), the Geological and Minerals Information System (GMIS), the African Minerals and Energy Resource Classification Management System and Pan-African Resources Reporting Code (AMREC-PARC), and most recently, Africa's Green Minerals Strategy (AGMS). These policy instruments represent Africa's proactive response to address the paradox of significant mineral wealth alongside pervasive poverty.

The AMV is a holistic framework that encourages thinking beyond conventional mining. It emphasizes not merely optimising tax revenues from mining and ensuring their judicious expenditure — though these are crucial — but rather integrating mining more effectively into local, national, and regional development policies.

Additionally, an African Union Commodity Strategy, a flagship project of Agenda 2063, was introduced by Member States in 2022. It aims to transform Africa from a raw material supplier by enabling countries to add value, extract higher rents from commodities, integrate into global value chains, and promote diversification anchored in value addition and local content development.

These principles were also central to discussions at the "Africa-Europe High-Level Dialogue on Critical Transition Minerals", a parallel meeting that was held at the 2025 IGW. This roundtable focused on revitalising Africa-Europe cooperation on transition minerals, aiming to unlock new opportunities and establish a renewed approach to cooperation and related investment in sustainable mining and processing projects across the African continent.

All these policy documents serve as negotiating instruments, guiding Africa's engagement with other global initiatives.

The path forward for Africa is clear: the continent must take decisive action to monetise its critical minerals not merely through extraction, but through a transformative journey towards industrialisation. This requires moving beyond fragmented solutions and embracing a comprehensive, multi-pillar strategy for domestic resource mobilisation. By modernising revenue generation, leveraging internal wealth, formalising the informal sector, and fostering innovation, Africa can unlock its immense potential and secure a prosperous, sustainable future for all its citizens. The time for a new narrative is now – one where Africa's green riches truly empower the continent to finance the development it desires and deserves.

Chapter 03.

Attracting investment in Africa

Despite offering some of the highest returns on investment globally, Africa attracts only 4% of global Foreign Direct Investment (FDI). Overcoming the various structural challenges the continent faces can unlock substantial private investment opportunities and other sources of finance.

- **The investment paradox:** Between 2006 and 2011, FDI returns in Africa averaged 11.4%, surpassing the global average of 7.1%. Key drivers include rapid economic growth, a burgeoning consumer class projected to reach 250 million by 2030 and an expanding private sector led by young entrepreneurs.
- **Limited FDI shares and intra-African investment:** FDI is predominantly directed towards the five largest African economies and concentrated in sectors like metals and renewables. Intra-African FDI constitutes only 14% of total investment, highlighting the need for enhanced regional integration.
- **Barriers to investment:** Challenges include the absence of sovereign credit ratings for 16 countries, with only Mauritius and Botswana rated as investment-grade. Currency volatility, high transaction costs, underdeveloped stock exchanges, regulatory hurdles and instability all further deter investment.
- **Strategies for improvement:** Enhancing governance, streamlining regulatory frameworks, developing financial markets and improving project bankability are essential steps to attract and retain investment. Strengthening regional integration through initiatives like the African Continental Free Trade Area (AfCFTA) can also play a pivotal role in creating a conducive investment climate.

Foreign investment in Africa provides the highest returns globally

Investment in Africa is a paradox. According to a number of sources, Africa provides the highest average returns on foreign investment. Yet, it consistently receives some of the lowest, if not the lowest, amount of foreign investment of any world region.

Figures vary for the exact rate of average return across Africa. According to the AfDB, the average return on US foreign direct investment (FDI) in Africa was approximately 30% in 2002[1] and, according to UNCTAD, Africa's return on foreign investment between 2006 and 2011 reached 11.4%, significantly higher than the global average of 7.1%.[2]

Understanding and solving this investment paradox can unlock greater private sector investment in Africa and will allow both African and non-African investors to leverage the assets that make the continent an attractive location for business.

Returns on foreign investment in Africa between 2006 and 2011 reached 11.4%, higher than the global average of 7.1%

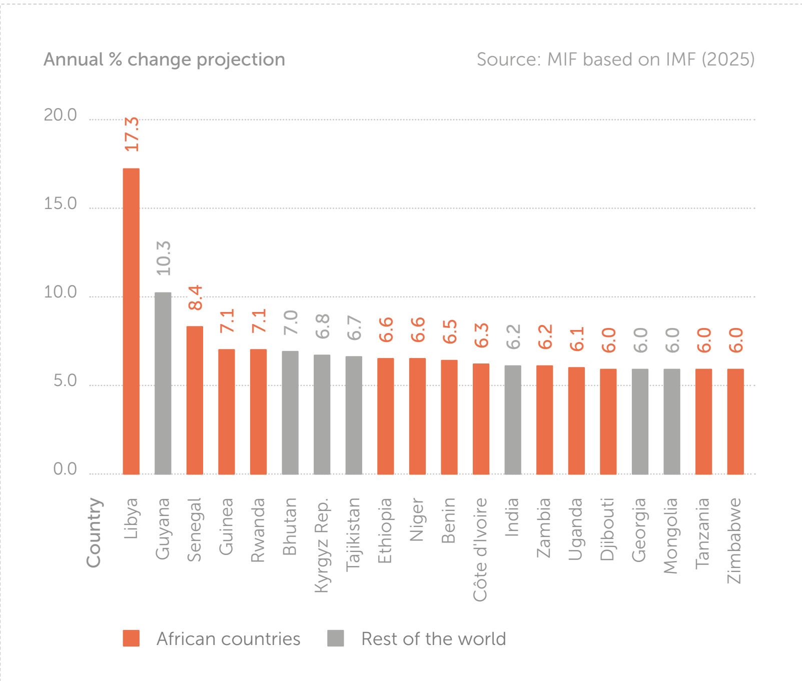
Africa's investment strength is driven by three key pull factors

Factor 1: Rapid growth across various countries and sectors

High-growth economies and high-growth sectors (financial technology, renewables, agribusiness, infrastructure) are key attracting factors for investment in Africa. Emerging markets and developing economies (EMDEs) currently contribute more than 60% of global GDP and will be the primary driver of growth in the coming decade, making them vital to the developed world's investment plans, as emerging markets are projected to grow at more than 4% compared to the EU's 1.5%.[3]

According to Moody's, the default rate on capital infrastructure projects in Africa is lower than in Latin America and Asia[4]

Top 20 countries: real GDP growth (2025)



In 2025, 13 African countries, led by Libya, Senegal and Guinea, feature among the top 20 at global level for real GDP growth

According to the IMF, 13 of the top 20 countries with the highest real GDP growth in 2024 are African, led by Libya, Senegal and Rwanda.[5]

Almost half of Africa's people live in countries where GDP growth between 2010 and 2019 exceeded the continent's average growth rate of 4.2% since 2000.[6]

These fast-growing economies, provided they are combined with robust governance frameworks and competitive business policies, can represent attractive opportunities for private sector capital.

Factor 2: By 2030, 250 million Africans could join the consumer class, unlocking $3 trillion in spending

As more citizens are lifted out of poverty and into the consumer middle class, a huge market for African consumption is being established.[7] Over the past 20 years, household spending in Sub-Saharan Africa has grown 150% faster than the population, with total household consumption in Africa expected to reach $2.1 trillion by 2025 and $2.5 trillion by 2030. This growth is linked to digitalisation and better payment facilitation across the continent.[8] All of this represents significant commercial opportunities for businesses to tap into the growing African consumer market.

At country level, Egypt is expected to see large growth in consumer spending of approximately 167% by 2030, while other economies, like Ethiopia, will grow by an impressive 429% between 2024 and 2034. Kenya (115%), Morocco (107%), Ghana (106%) and South Africa (42%) also have similarly impressive predicted growth.[9]

Factor 3: A burgeoning private sector

The number of high-revenue businesses is increasing across Africa. In 2024, there were at least 345 companies with annual revenues exceeding $1 billion, collectively producing revenues of over $1 trillion. According to McKinsey, these companies could grow their revenues by more than $550 billion by 2030.[10]

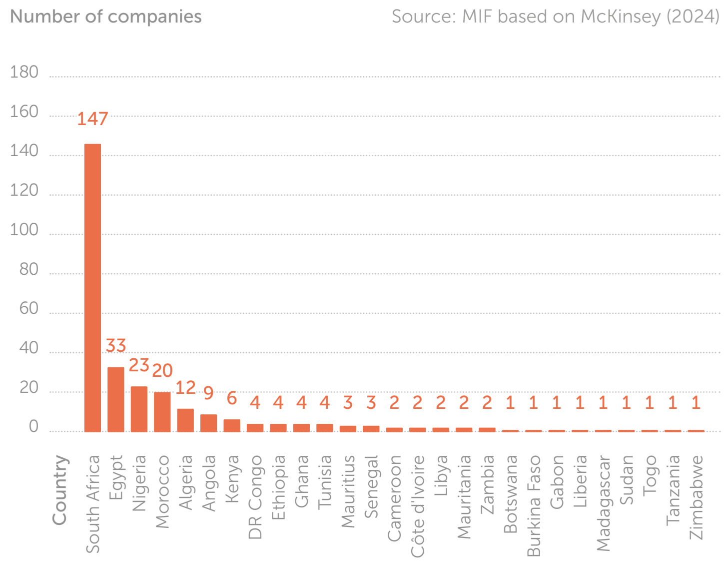
The countries with the highest concentration of these businesses are: South Africa, home to 147 (more than 40% of the total), Egypt (33), Nigeria (23), Morocco (20) and Algeria (12).[11] Many of these have significant potential to be publicly floated on domestic stock exchanges.

Improving technical assistance and cross-border transference of business expertise will help these growing businesses to better expand, attract investment and become major employers in their countries.

Ethiopia is expected to see the largest growth in consumer spending of approximately 429% by 2034

Morocco is expected to see a growth of 107% in its consumer spending by 2034

Selected African countries: number of companies with annual revenue of over $1 billion (2024)*



* Excluding 54 foreign companies with no particular base in any African country.

> Everyone has said it, and I think it is true... Africa is a growth frontier. But that growth frontier needs to be proved. 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 by ourselves as financiers.
>
> *Samaila Zubairu, President and CEO, Africa Finance Corporation*

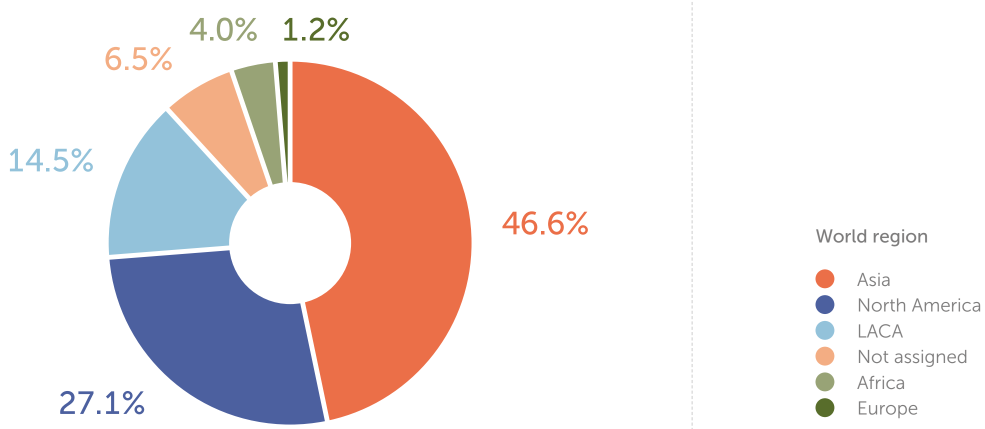
Despite high returns, investment flows to Africa remain low at 4% of the global total

FDI inflows to Africa declined marginally by 3.3% between 2022 and 2023, to a total of $53 billion, representing 4%[12] of the total global FDI inflows.[13] This deterioration corresponds to a worldwide downturn in FDI which fell by 2% to $1.3 trillion in 2023. In fact, Africa's FDI inflows have remained relatively resilient as a percentage of the global total and continue to recover from their pandemic low levels in 2020.[14]

More importantly, the number of new project finance deals in Africa throughout this period also decreased by 25%.[15]

UK pension funds allocate just 0.5% of their AuM to emerging economies

World regions: share of FDI inflows (2023)



Source: MIF based on UNCTAD (2023)

Within these figures, worldwide investment in sectors closely aligned with the SDGs fell by more than 10%. Agrifood systems and water and sanitation registered fewer internationally financed projects in 2023 than in 2015, when the goals were adopted.[16]

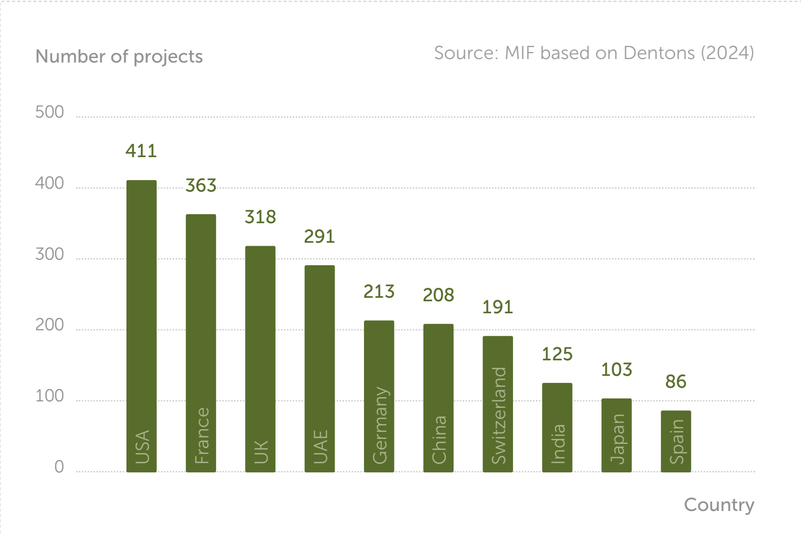
While Europe remains Africa's largest source of FDI inflows, Gulf countries are increasingly investing in Africa

Europe remains the most important source region for greenfield projects in Africa, with nearly half (45%) of all projects announced in 2019–2023 originating there (1,732 projects) and with European investors remaining the largest overall holders of FDI investments in Africa.[18]

In capital expenditure (capex) terms, Europe also still leads with 42% of the greenfield capex, followed by Asia and Pacific, and the Middle East. Middle Eastern investors, especially Gulf Cooperation Council (GCC) countries, have substantially increased their involvement in Africa in recent years, with a big uptick in 2022 and 2023, attributed mostly to new green hydrogen projects.[19]

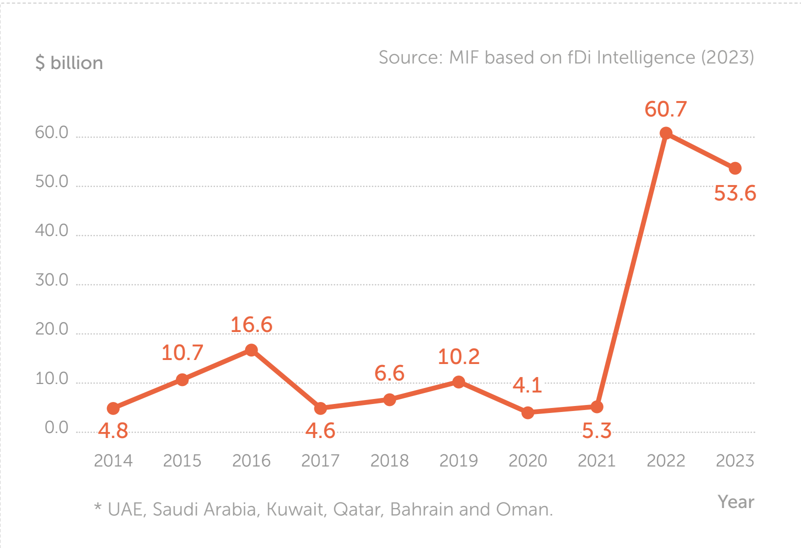
Europe remains the most important source region for greenfield projects in Africa, with nearly half (45%) of all projects announced in 2019–2023

Top 10 source countries: greenfield FDI projects in Africa (2019-2023)



By 2028, Dubai-based Alpha MBM Investments is set to develop a $4 billion oil refinery with a capacity of 60,000 barrels per day in Uganda [29]

Gulf countries*: annual greenfield FDI announcements in Africa (2014-2023)



* UAE, Saudi Arabia, Kuwait, Qatar, Bahrain and Oman.

GCC countries have substantially increased their FDI in Africa since 2022, mostly driven by green hydrogen projects[20]

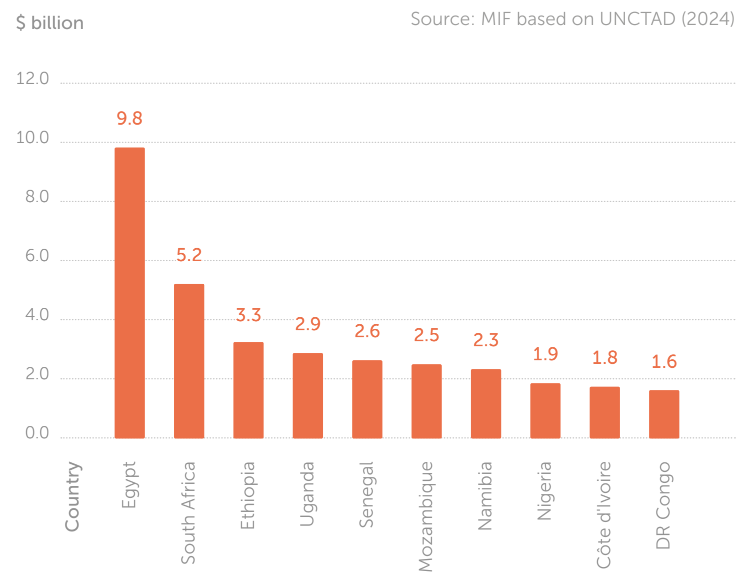
FDI flows remain concentrated in the five largest African economies

Africa's larger economies, Egypt, South Africa and Ethiopia, consistently comprise the largest share of FDI capex across Africa. These countries also record the largest number of announced FDI projects, especially South Africa (674 since 2019) and Egypt (571 since 2019).[21]

Egypt, South Africa and Morocco account for approximately 50% of all of Africa's FDI projects as of 2023, meaning FDI continues to concentrate in the larger economies.[22] According to the AfDB, Nigeria, Egypt, South Africa and Kenya account for about a third of the continent's start-up incubators and accelerators.[23]

The top five recipients of FDI account for 47.5% of all of Africa's FDI

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



Egypt, South Africa and Morocco account for approximately 50% of all of Africa's FDI projects between 2019 and 2023[24]

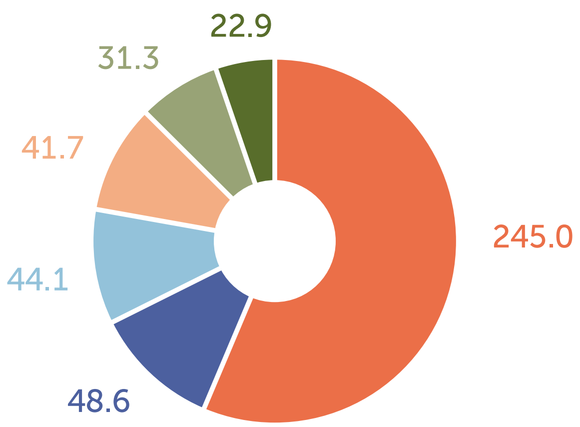
African FDI within the continent remains very low

According to EY, intra-African FDI flows account for only 5% of jobs created and less than 3% of the total FDI flow capital, estimated at $162 billion. Intra-regional investment saw African countries contributing to 14% of total FDI projects within the continent in 2023. South Africa, Kenya and Nigeria led these investments. While still at a low level, these areas hold significant potential to develop and strengthen local economies, particularly under the promise of the AfCFTA.[25]

Intra-Africa FDI only contributed to 14% of FDI projects within the continent in 2023

Metals and renewables attract the most FDI

Selected sectors: pledges in greenfield FDI ($ billion) (2019-2024)



Half of all FDI invested in Africa in 2023 went to renewable energy

Sector

- Renewable energy
- Industry, metals
- Chemicals
- Coal, oil and gas
- Communications
- Transportation & warehousing

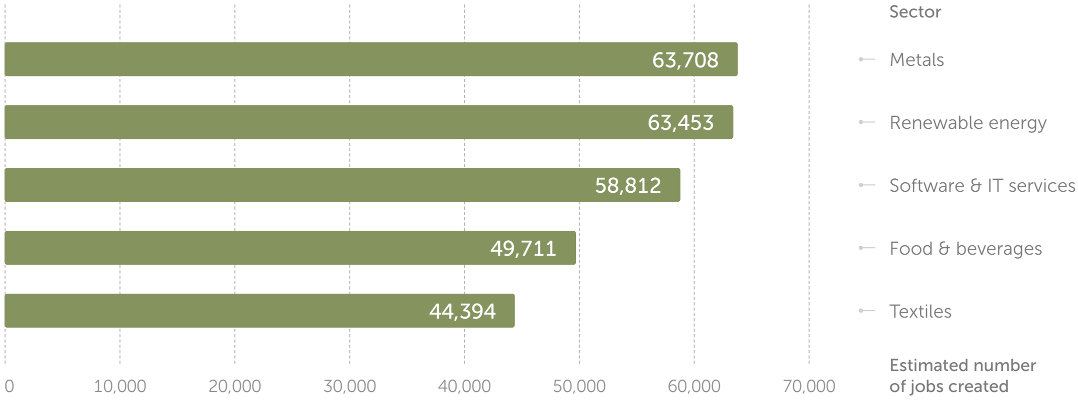
Source: MIF based on Dentons (2024)

Special Economic Zones (SEZs)

As of 2022, there were 237 SEZs in 38 African countries, mainly in Eastern Africa and focussed on multi-sector industries.[31] Most are under a decade old, making long-term assessment challenging. Evidence from Asia, where SEZs have existed since the 1970s, shows they boosted industrial growth and increased exports by 27%.[32] Evidence on job creation in African SEZs is mixed, with many creating only 1,000 to 10,000 jobs.[33] Poorly managed SEZs can also pose security risks in conflict zones and contribute to weapons proliferation.[34] Research suggests that successful African SEZs require diverse stakeholder engagement, transparency through public reviews, private sector involvement to attract enterprises, flexible legislation, strong government management and fair fiscal sharing between national and local authorities.[35]

Renewable energy is the 5th largest investment opportunity area in Africa with a return on investment above 15%[30]

Selected sectors: estimated number of potential jobs created (2019-2024)



Source: MIF based on Dentons (2024)

Renewable energy has outpaced all other industries in greenfield FDI announcements since 2019 with around $245 billion pledged over 2019–2023 (across 283 projects). The sector attracted nearly five times more capital than the second-best sector, industry/metals ($48.6 billion).[26] Half of all the FDI invested in Africa in 2023 went to renewable energy, with an overall value of $83 billion via projects like Mauritania's $34 billion[27] green hydrogen initiative, highlighting Africa's role in the global energy transition.[28]

Mauritania's $34 billion green hydrogen initiative highlights Africa's role in the green transition

"

The consensus, in my opinion, is quite clear: development aid will no longer be what it used to be. We must therefore look for alternatives. And these alternatives will not come mainly from public flows from the North, as has long been the case. Rather, they will be channelled through private capital, and increasingly, through financing from the South itself.

Pascal Lamy, former Director-General, World Trade Organization

Reaping the dual benefits of high returns for investors and Africa's people

In recent years, Africa's rapidly developing sectors have resulted in numerous success stories, both in terms of investment returns and in bringing wider societal benefits through improved energy capabilities, housing construction and improved financial technology. There are many sectors where both investors and citizens can see win-win benefits.

One area of promising returns for both investors and society is renewable energy. For example, Finnfund, a Finnish development financier, invested in the Lake Turkana Wind Project (LTWP) during its construction phase in 2014. Upon selling its shares to BlackRock's Climate Finance Partnership in 2023, Finnfund reported that the transaction, combined with returns received during the investment period, more than doubled its initial investment.[36]

The Lake Turkana Wind Project more than doubled the initial investment of Finnish investors between 2014 and 2023

Examples of recent projects joining strong financial returns with key societal benefits

Sector	Approximate values ($)	Investment success stories
Renewables	LTWP – $700 million[37]	**Kenya** – LTWP: the largest wind farm in Africa, provides clean energy, reduces Kenya's energy bill and delivered high investment returns.[39]
	Lekela Power – recently acquired by Infinity Power[38] for more than $1 billion	**South Africa, Egypt, Ghana, Senegal** – Lekela Power: a renewable energy company funded by private equity that develops large-scale wind and solar projects.[40]
Real estate	EchoStone Housing – $9.9 million in annual revenue[41]	**Nigeria** – EchoStone Housing: aims to build high-quality housing standards for communities in need. It also offers governments, non-governmental organisations, and real estate developers in emerging markets greater opportunities to build high-quality housing at far greater speed and scale.[42]
Fintech / digital infrastructure	Flutterwave – valued at $3 billion[43]	**Nigeria** – Flutterwave: this company facilitates payments and business connectivity through providing improved payment infrastructure for global merchants.[44]
E-commerce	Jumia – as of April 2025, market capitalisation of $278 million[45]	**Pan-African** – Jumia: often called the 'Amazon of Africa' for the scale of its e-commerce success, Jumia saw rapid growth in its early years and became the first African start up listed on the New York Stock Exchange.[46]
Agribusiness	Zambeef – as of April 2025, market capitalisation of $13.4 million[47]	**Zambia** – Zambeef: this major food processing company focusses on livestock and grain processing, has delivered strong investment returns and provides sustainable processing in the country.[48]

The OCP Group leads Africa's efforts to improve agricultural practices and reduce food insecurity

The OCP Group is primarily a phosphate fertiliser company but it also focusses on promoting sustainable farming practices and decreasing food insecurity. It has a turnover of $6.5 billion, employs 20,000 people and is engaged in a large-scale $12 billion investment programme over the next five years to expand capacity downstream.[49] It provides training in agriculture and engineering to create forward-looking agricultural projects for Africa as well as focussing on improving the sustainability of its phosphate mining activities. It is the largest company in Morocco and accounts for around 5% of its GDP.[50]

OVERCOMING HURDLES: CREATING THE RELEVANT CONDITIONS TO ATTRACT CAPITAL

> In reality, private investment flows only where the right conditions exist and where there's a clear probability of return. And for that, two things are essential: a strong infrastructure foundation and a predictable regulatory environment. Without these, private capital stays on the sidelines.
>
> *Ajay Banga, President, World Bank Group, (Financial Times, April 2025)*[51]

Private capital mobilisation (PCM) faces various structural and behavioural constraints. An oversimplified narrative exists of straightforwardly reallocating the resources of private capital to better align with the SDGs and climate financing. A more nuanced approach is required that accounts for the hurdles this transition must overcome to better operationalise and incentivise these resources.[52]

Balancing the differing requirements and appetites of private capital is a significant challenge requiring specific mitigation methods. On one hand, supporting high-risk projects in frontier markets, constrained by the limited availability of viable projects and, on the other hand, mobilising more risk-averse institutional investors like pension funds that are constrained by risk perception. To mobilise this capital, more focus and more resources could be directed towards structuring products that better align with institutional investor objectives and mitigating home bias and risk perception.

Assessing African risk: is there an African 'premium'?

African risk: addressing both perception and coverage

One of the key barriers to investment on the continent is the perception of Africa as a risky destination for business, in part validated by Credit Rating Agencies (CRAs) which assess the ability of countries to service their debt obligations. The reality is that many developing economies in Africa offer strong risk diversification and attractive risk-adjusted returns that deliver comparable, sometimes superior, performance relative to developed markets.[53]

As of 2025, of the 36 African countries rated by one or more of the 'Big 3' agencies (Fitch Ratings, Moody's and S&P Global), only two are deemed investment grade – Botswana and Mauritius.

As many African countries graduated from low- to middle-income status, they became ineligible for concessional financing and had to contract loans or bonds to finance their development or climate requirements and thus needed access to international capital markets.[55] Countries usually require a minimum sovereign credit rating of BBB to access international capital markets at lower rates.

According to S&P, three African countries are in Selective Default: Ethiopia, Ghana and Zambia. According to Fitch, two African countries are in Restricted Default: Ghana and Zambia.

African countries: overview of credit ratings from the 'Big 3'
(latest ratings available as of 30.04.2025)

Country	Moody's	S&P Global	Fitch Ratings
Algeria	N/A	N/A	N/A
Angola	B3 (stable)	B-	B-
Benin	B1 (positive)	B+	B+
Botswana	A3 (negative)	BBB+	N/A
Burkina Faso	N/A	CCC+	N/A
Burundi	N/A	N/A	N/A
Cabo Verde	N/A	B-	B-
Cameroon	Caa1 (stable)	CCC+	B
Central African Republic	N/A	N/A	N/A
Chad	N/A	N/A	N/A
Comoros	N/A	N/A	N/A
Congo Republic	Caa2 (stable)	B-	CCC+
Côte d'Ivoire	Ba2 (stable)	B-	BB-
DR Congo	B3 (stable)	B-	N/A
Djibouti	N/A	N/A	N/A
Egypt	Caa1 (positive)	B-	B
Equatorial Guinea	N/A	N/A	N/A
Eritrea	N/A	N/A	N/A
Eswatini	B2 (stable)	N/A	N/A
Ethiopia	Caa3 (stable)	SD	CCC-
Gabon	Caa2 (stable)	B	B-
Gambia	N/A	N/A	CCC
Ghana	Caa2 (positive)	SD	RD
Guinea	N/A	N/A	N/A
Guinea-Bissau	N/A	N/A	N/A
Kenya	Caa1 (positive)	B	B
Lesotho	N/A	N/A	B
Liberia	N/A	N/A	N/A
Libya	N/A	N/A	B
Madagascar	N/A	B-	N/A
Malawi	N/A	N/A	B-
Mali	Caa2 (stable)	B	B-
Mauritania	N/A	N/A	N/A
Mauritius	Baa3 (negative)	BBB-	N/A
Morocco	Ba1 (stable)	BB+	BB+
Mozambique	Caa2 (stable)	CCC+	CCC+
Namibia	B1 (positive)	N/A	BB-
Niger	Caa3 (stable)	N/A	N/A
Nigeria	Caa1 (positive)	B-	B-
Rwanda	B2 (negative)	B+	B+
São Tomé and Príncipe	N/A	N/A	N/A
Senegal	B3 (negative)	B+	N/A
Seychelles	N/A	SD	BB-
Sierra Leone	N/A	N/A	N/A
Somalia	N/A	N/A	N/A
South Africa	Ba2 (stable)	BB-	BB-
South Sudan	N/A	N/A	N/A
Sudan	N/A	N/A	N/A
Togo	B3 (stable)	B	N/A
Tunisia	Caa1 (stable)	B	CCC+
Uganda	B3 (stable)	B-	B+
Tanzania	B1 (stable)	N/A	N/A
Zambia	Caa2 (positive)	SD	RD
Zimbabwe	N/A	N/A	N/A

Only two African countries, Botswana and Mauritius, are considered investment-grade

16 African countries have not yet received a sovereign credit rating from any of the 'Big 3' agencies and are thereby excluded from global capital markets

Key

- Investment Grade
- Not Rated
- In Default
- RD Restrictive Default
- SD Selective Default

Source: MIF based on Moody's (2025), S&P Global (2025) and Country Economy (2025)[54]

Inside the black box: understanding rating methodologies

When considering African countries, CRA ratings seem less driven by economic fundamentals than by confidence levels in governments.[56] Specifically, in a government's ability to meet its financing needs and to sustain its international reserves to meet external payments and debt obligations. Widening budget deficits, worsening government debt-to-GDP ratios and poor data quality all lower investor confidence.

Developing countries pay around 200 basis points more for their internationally sourced capital than developed[57]

The importance of sound data

CRAs have a minimum data threshold for a country to become investment grade, so focussing on improving data through greater technical assistance and better fiscal accounting can drive rating improvement. According to MIF's own conversations with Moody's, rated countries can reduce prevailing information and data asymmetries by collecting and sharing high quality and relevant socio-economic data and, when agencies refer to them, by actively participating in the data-gathering process. Ratings may assume less importance in the presence of other transparent, trusted data sources.[58] More robust data also means there is less scope for subjective assessments.

Further, when looking to both private and institutional investors, for example within Europe, to mobilise capital, Africa must wrestle with various regulatory frameworks, such as the Solvency II framework for insurance and reinsurance undertakings. This establishes risk-based capital requirements, governance standards and reporting obligations, enforced by capital charges and a matching adjustment. The capital charges under Solvency II are disproportionately high for emerging markets when compared to actual risk levels. However, the lack of high quality, disaggregated data in emerging economies results in charges that significantly penalise non-OECD investments. According to the Real Instituto Elcano, this has resulted in infrastructure projects that have not been rated facing capital charges of 13%, underscoring the need for improving data capabilities.[59]

The lack of easily accessible data can itself be indicative of a country's creditworthiness

For European investors, un-rated infrastructure projects in EMDEs often face high capital charges[60]

As CRAs use institutional data to determine up to 90% of the variations in ratings, including GDP-per-capita, GDP growth, debt default history and foreign reserve levels, all of these place Africa on the back foot given its unique economic history.[61]

Conservative ratings drive borrowing costs higher and force governments to heighten the coupon rate on their bonds, making it harder for them to manage debt and raise finances.[62] There is often a contradiction for Africa – many African bonds become oversubscribed, which should theoretically reduce coupon rates given the high demand, but likely due to the African risk premium, rates often remain high.[63]

Finally, the relative importance of subjective indicators, judgements and analyst sentiment in determining the opinions of rating agencies, create further scope for bias.[64]

From 2011 to 2024, at least 29 statements across 12 African countries argued against credit rating agency decisions[65]

Is an African Credit Rating Agency (AfCRA) really the solution?

The AU plans to launch its own public CRA, the African Credit Rating Agency (AfCRA), to provide a benchmark against which other ratings can be evaluated.[66] Since the AfCRA may be able to acquire better information from African countries, some may consider its ratings more accurate.[67]

Whether its ratings lower Africa's borrowing costs or not, the new agency could at least boost local expertise and capacity and help governments learn how to manage the process of being rated.[68]

However, lenders may be reluctant to act based solely on ratings from an agency they may consider conflicted as it would be assessing the same institutions that created it.[69] For this to be resolved, the AfCRA would have to be established outside of the AU.[70]

Reforming the methodologies of existing agencies might be more impactful and will not come up against credibility obstacles and challenges in influencing global capital markets.

The AfCRA could have a potential role as a 'domestic supercharger', boosting local expertise and helping governments manage the rating process.[71] It could follow and incorporate the example of African CRAs such as August & Co, which includes 40% of qualitative data based on local knowledge.[72] This could improve legitimacy, better enforce rating schedules and build regional institutional capacity. It could do this in a similar manner to the EU's European Securities and Markets Authority (ESMA) and the Credit Rating Agencies Regulation (CRAR) which were both established through similar disputes over ratings.[73] Both ESMA[74] and CRAR[75] enforce transparency, conduct frequent supervisions and enforce information disclosure on methodologies, data sources and conflict of interests which can help prevent and correct mistakes.[76]

Reducing the oligopolistic credit rating market is difficult and has been tried before

Europe, through ESMA, and India, through the Investment Information and Credit Rating Agency of India (ICRA), have tried to create and strengthen their own credit rating agencies but this has not affected the dominance of the 'Big 3'. In 2016, only Dominion Bond Rating Service, an agency headquartered in Canada, had more than 1% of the market share. The rest remain under the control of the 'Big 3'. As of 2024, the 'Big 3'[77] still control more than 92% of the EU credit rating market, approximately the same as they did in 2016.[78]

In India, of the six credit rating agencies established to counter the influence of the 'Big 3', only one, CareEdge Ratings, remains independent. The others were bought and are now controlled by the 'Big 3', including ICRA.[79]

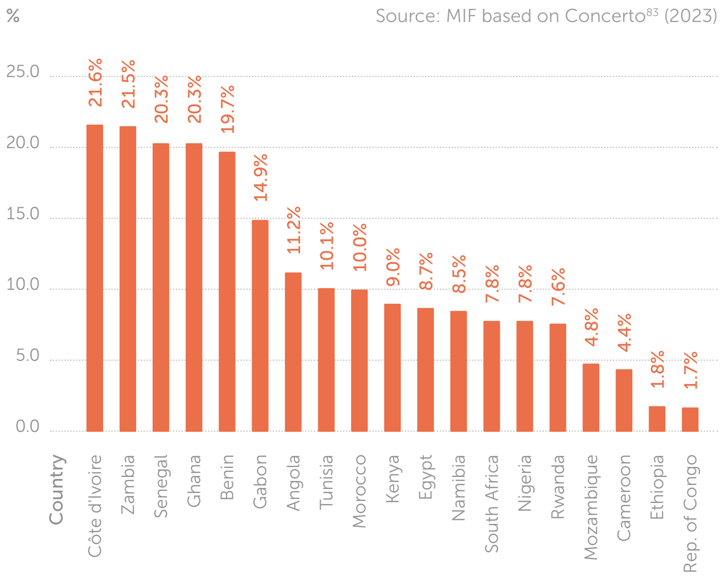
The 'Big 3' also have a track record for acquiring local African agencies. In 2024, Moody's acquired GCR Ratings, an African CRA with offices in South Africa, Nigeria, Senegal, Kenya and Mauritius.[80]

In 2008, there were around 150 credit rating agencies worldwide, out of which at least 30 have since closed[81]

Africa issues more Eurobonds, with higher rates

African countries need a credit rating to issue Eurobonds on international capital markets. The borrowing costs of Eurobonds in Africa are volatile and influenced by global and regional events, such as financial crises, political stability, wars and pandemics. For instance, the financial crisis of 2008 led to a significant increase in the interest rates of African Eurobonds.[82]

Selected African countries: Eurobonds as a share of public debt (2023)



In 2024, eight African countries issued a combined \$13.6[84] billion worth of Eurobonds, but the coupon rates on these issuances have nearly doubled compared to rates on similar tenors issued five to ten years ago. For example, in 2024 in Cameroon, the government issued a bond with a 10.75% coupon rate compared to a 5.95% rate in 2021.[85]

Africa is increasingly reliant on capital markets, with bond issuance increasing from 5% of total debt in 2000 to 22% in 2022[86]

Potential areas for quick improvements to the rating process

While reforms to the methodologies of CRAs are a long-term project, there are several simple changes that could make a big difference in Africa's ability to influence the rating process.

- **Stop premature rating actions:** CRAs could adopt a 'wait and see' approach as S&P Global did with Kenya in 2024. A concerted effort not to issue speculative assessments that trigger spikes in bond interest rates would benefit African countries.[87]
- **De-stigmatise debt restructuring:** countries that choose to engage in debt restructuring such as the G20 Common Framework or the Debt Service Suspension Initiative need a supportive and understanding approach that

inspires confidence and coordination between creditors and debtors and does not create vicious cycles with governments avoiding restructuring to escape a rating downgrade.[88]

- **African common position on CRA reform:** the continent can collectively push for methodological reform such as the reform carried out by the EU to reduce the influence of CRAs which could be commenced under South Africa's G21 Presidency.

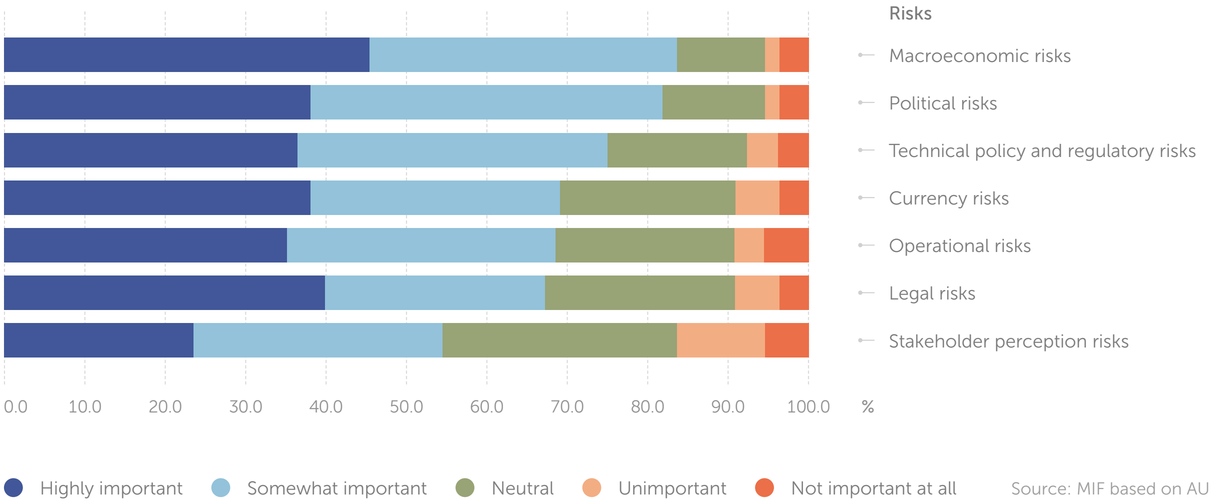
Mitigating African risk: a new avenue for financial partnership?

Macroeconomic and political risks, considered a major obstacle to investment, are mitigated by export credit agencies (ECAs)

According to an AU Commission/OECD survey, macroeconomic and political risks are the main barriers for investors, with over 80% of respondents citing both as "highly important" or "somewhat important".[89]

Political risk insurance (PRI) provides safeguards against FDI losses from political events such as expropriation or privatisation, exchange or import/export restrictions, political violence or embargos. PRI is mainly provided by the Multilateral Investment Guarantee Agency (MIGA) or bilateral export credit agencies (ECAs).[90]

Selected African investors: importance of risks for investing in African countries (2022)



Source: MIF based on AU-OECD (2024)

The Cost of Media Stereotypes: How Global Perceptions Inflate Africa's Risk Premium

Moky Makura, Executive Director, Africa No Filter

A report by Africa No Filter and Africa Practice is putting hard numbers behind a long-held suspicion: The way Africa is portrayed in global media is not only damaging to its image but also costing the continent billions in real economic terms.

Titled "The Cost of Media Stereotypes to Africa", the report reveals that negative media stereotypes are inflating the cost of borrowing for African countries by up to $4.2 billion each year. Drawing from a comprehensive analysis of news articles and comparing media sentiment across seven countries (African and non-African), the study uncovers how biased coverage impacts investor perceptions, credit ratings, and ultimately, sovereign bond yields.

The report was the focal point of a panel discussion at this year's Ibrahim Governance Weekend titled "Perception vs Reality: The Drivers of Africa's Risk Premium". The session offered insights from experts in credit ratings, journalism, and investment who interrogated the findings and explored how Africa can reclaim its narrative in service of a fairer cost of capital.

Key data findings

The report confirms a persistent and disproportionate bias in how Africa is covered by global media, particularly during moments of political significance, such as elections.

- 88% of global articles about Kenya and 69% about Nigeria during election periods carried a negative tone, compared to 48% for Malaysia, a country with similar political and economic risks.
- This negative sentiment affects investor behaviour: When media coverage is persistently negative, investors demand higher interest rates, increasing debt servicing costs.
- The report estimates that if Egypt, for example, were covered as positively as Thailand — a country with a similar risk profile — its bond yields could fall by almost one percentage point, saving the country hundreds of millions of dollars annually.

Biased media narratives heavily influence global financial perceptions of Africa

While objective financial metrics play a role in credit ratings and investment decisions, subjective narratives, particularly in global media, are disproportionately influential.

Credit rating agencies aim for impartiality, but their qualitative assessments especially around governance and institutional strength can be shaped by prevailing narratives. Risk managers, driven by aversion to uncertainty, often allow negative headlines to overshadow nuanced data. This creates a feedback loop where perception, rather than performance, drives pricing.

African governments are taking back control of the narrative

Governments are not powerless. Countries like Senegal, Benin and Côte d'Ivoire are already showing that proactive engagement, data transparency, and clear communication strategies can reshape their investment profiles and improve access to capital.

To mitigate the perception penalty, the report and panel offered clear, actionable steps:

- Invest in transparency and data: African governments must strengthen national statistics agencies and regularly publish verifiable economic and governance data. This builds trust and credibility.
- Move from reactive to proactive engagement: Regular communication with investors, analysts, and international media, especially in difficult times, enhances perceptions of competence and stability.
- Go where perceptions are formed: African leaders and institutions must show up on global platforms to challenge stereotypes and offer compelling, data-backed narratives.
- Support African storytellers: The continent's creative and media sectors are key to reshaping perceptions. African voices with global reach, through film, news, music, and digital content, should be nurtured and scaled. This is not a soft-power luxury, but an economic necessity.

> Africa needs to organise itself better to integrate more, both so that African companies and operators have markets that are larger than national markets and so that international investors also have the impression that they are investing in a continent with a promising future.
>
> *Pascal Lamy, former Director-General, World Trade Organization*

Public guarantees and insurances are key de-risking tools

The large providers of public guarantees for private investments are the World Bank with both its private sector arms: MIGA, the International Finance Corporation (IFC), AfDB and Afreximbank.[91]

In 2023, Asian ECAs provided more than half of public PRI worldwide, covering a total of $19.6 billion, followed by MIGA ($3 billion) and German public guarantees providing PRI of $1.5 billion.[92] Between 2014-2023, Africa was the largest recipient of multilateral PRI (35%).[93]

Long-term and capital-intensive projects across four sectors account for over two thirds of global PRI coverage between 2019-2023: manufacturing (20%), non-energy infrastructure (19%), natural resources (14%) and non-renewable energy (14%).

Credit guarantees are a scheme in which the government, as a third party, provides risk mitigation by pledging to repay the lender in case of the borrower defaulting on their principal or interest loan payments.[94] ECAs specifically help mitigate the risk of non-payment from foreign buyers.[95]

> Interest rates and the cost of borrowing are very high for African countries. If we can bring it down to a more affordable level, then we will be able to work and afford much better capital, much cheaper, which will allow us to invest much faster.
>
> *Dr Vera Songwe, Founder and Chair, Liquidity and Sustainability Facility, MIF Council member*

> I would like for more people to work on project development to build up the pipeline because it is relatively easy to wait on the sideline and then fight for a piece of equity or debt in a project once the project has been developed but this keeps the supply of projects too small and we will not achieve scale.
>
> *Alain Ebobissé, CEO, Africa50*

Launched in 2024, a new one-stop platform to consolidate guarantee products from World Bank, MIGA and IFC is expected to triple the World Bank Group's guarantee business to over $20 billion by 2030[96]

Between 2014-2023, Africa was the largest recipient of multilateral political risk insurance (35%)

Germany's public guarantees and securities for private investors

Name	Type	Target group	Scope	Details	Funded & implemented by
Hermes Cover[97] Since 1949	Export credit insurance	German exporters and banks	In Africa predominantly Algeria, Angola, Egypt, Morocco and South Africa (2023)[98]	In 2023, Hermes Cover protected newly guaranteed export credits worth €18.4 billion, down from €27.9 billion in 2013. Of these, 28.8% went to African countries; €2.2 and €2 billion to Egypt and Angola each. In Angola, Hermes Cover has insured exports by MCA Germany intended for a rural electrification project equipping 203,000 Angolan households with solar modules, batteries and grid connectivity by 2025.[99]	Funded by the Federal Ministry of Economic Affairs & Climate Action (BMWK) Implemented by Euler Hermes AG
Federal Investment Guarantees[100] Since 1959	Investment guarantee	German enterprises investing abroad	In Africa mainly Egypt, Namibia and South Africa (2023)[101]	Federal Investment Guarantees mitigate conflict, expropriation, conversion, transfer and payment suspension risks through diplomatic channels and coverage of losses for new investments. Investments must be mutually beneficial for Germany and the target country. In 2023 the scheme guaranteed €28.5 billion in investments. Of the €1.5 billion in new guarantees, 9% are intended for African countries.[102]	Funded by BMWK Implemented by Pricewaterhouse-Cooper GmbH
Impact Connect[103] Since 2019	Loan	Subsidiaries wanting to invest abroad, especially in SMEs	To date in Africa: Angola, Benin, Burkina Faso, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Morocco, Namibia, Senegal, South Africa, Togo, Tunisia, Uganda (2019-2025)	ImpactConnect provides €750,000-€5 million loans with reduced interest over 3-7 years for climate- and human development-related targets. Since its inception in 2019, about €178 million have been loaned to German subsidiaries, mostly medium-size enterprises, investing in 15 African countries.[104]	Funded by the Federal Ministry of Economic Cooperation & Development (BMZ) Implemented by Deutsche Investitions- & Entwicklungsgesell-schaft (DEG)
Up-Scaling[105] (2021-2024)	Loan	FinTech or GreenTech SME subsidiaries and local enterprises registered in the target country	In Africa: Côte d'Ivoire, Egypt, Ghana, Kenya, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Uganda and Zambia (2021-2024)	Up-Scaling provides loans worth up to €500,000 – €749,000 and 50% of the planned investment volume for up to 5 years, for early stage SMEs or subsidiaries, with preference given to investments in Africa. Between 2021 and 2024, a total of almost €14 million have been loaned, but the programme is ceasing operations in 2025.[106]	Funded by BMZ Implemented by DEG

Blended finance: the Climate Finance Partnership

Blended finance equity funds are typically dedicated to riskier investments to fund early stage enterprises and projects. In an unprecedented move, in 2018, asset management firm BlackRock partnered with the French development agency AFD, the German development bank KfW, multiple US-based foundations and the Japanese Bank for International Cooperation (JBIC) to establish the Climate Finance Partnership, aimed at accelerating the flow of climate-related investment capital into emerging markets. Its tranche of early funds ($130 million), provided by public and philanthropic institutions, leveraged more than five times its initial value ($540 million) in private investments.[107]

Institutional and regulatory environments: governance is key

In order to attract and sustain private capital flows, a predictable and cooperative corporate governance environment is key across all African countries.

Three focus areas:

1. Corporate governance

Corporate governance issues remain a matter for concern in Africa. Many businesses have weak board structures[108] that lack independence and accountability.[109] Conflicts of interest are more likely when internal controls, risk management frameworks and clear ownership structures are lacking. These governance weaknesses make businesses less appealing to investors who value transparency and dependability.

2. Corruption

Poor financial documentation, incorrect financial statements, and a lack of conformity to International Financial Reporting Standards (IFRS) damage investor trust[110] and financial reporting loopholes exacerbate the problem. SMEs have a shortage of trained accountants and finance specialists.[111] Transparency difficulties, such as inconsistent disclosure methods and misrepresentation of financial health, erode investor confidence and frequently lead to asset undervaluation.[112]

3. Regulatory environment

Investors are often cautious around complex,[113] changeable and inconsistent regulations, which can vary significantly between African countries.[114] Increased efforts to harmonise legal frameworks and business regulations between countries, within RECs and within the continent would make it easier for businesses to operate across Africa.[115] Reducing the cost of compliance is one area where African governments, especially RECs, can make a difference, ensuring businesses do not have to navigate numerous tax and legal regimes,[116] while the creation of standardised systems would reduce operational costs and make investment more attractive.

Institutional governance is a key determinant of credit ratings success

Institutional governance is an essential component in CRAs' methodological processes. In Moody's Sovereign ratings assessment procedure, *Institutions and Governance Strength* is one of four assessment factors. It is comprised of two sub-factors – *Quality of Institutions (40%)* and *Policy Effectiveness (60%)*. The first of these is comprised of *Quality of Legislative and Executive Institutions (20%)* and *Strength of Civil Society and the Judiciary (20%)* and the second is comprised of *Fiscal Policy Effectiveness (30%)* and *Monetary and Macroeconomic Policy Effectiveness (30%).*[117]

However, MIF's own research and conversations with Moody's have highlighted that *Institutions and Governance Strength* is often one of the largest factors in explaining country rating downgrades, indicating that this is the area that experiences the most deterioration in Moody's assessment and is responsible for driving down ratings.

This means that regulatory capacity, the quality of institutional governance and the transparency and availability of data are critical for countries to receive better credit ratings. Therefore, improving these capacities across Africa is crucial in improving sovereign credit ratings.

Addressing weak corporate governance: tactics and case studies

Corporate governance can be improved by implementing board development programmes, appointing independent directors and establishing clear ownership frameworks and risk management protocols. Improving financial reporting procedures entails advocating the use of IFRS,[118] training SMEs on financial literacy, budgeting and reporting standards, and encouraging the use of digital accounting tools for accurate documentation. Capacity-building initiatives, such as developing finance and governance training hubs for local firms and engaging industry leaders to mentor SME owners can greatly improve governance standards.

Several successful models in Africa demonstrate the usefulness of these tactics. South Africa's King IV Code is a recognised governance model that promotes accountability and commercial ethics, according to PwC.[119] Kenya's Financial Reporting Awards (FiRe)[120] encourage organisations to enhance their financial disclosure standards and have played an important role in increasing openness.

Currency challenges: the call for a single currency?

Intra-Africa payments are mostly routed through non-African banks

According to the Society for Worldwide Interbank Financial Telecommunication (SWIFT), only 12% of intra-African payments were cleared within the continent as of 2017.[121]

The vast majority of intra-African payments are routed through overseas banks mostly in Europe and North America. This means an African currency must first be exchanged into Dollars, Pounds or Euros and then swapped back into the receiving African country's currency.[122]

This adds a further $5 billion cost to intra-African currency transactions, a setback to boosting trade within the continent.[123]

Routing African trade through overseas banks adds approximately $5 billion annually in transaction costs

According to SWIFT, only 12% of intra-African payments were cleared within the continent as of 2017

A new playbook for venture capital in Africa

Dr Tarek Mouganie, Founder and Group CEO, Affinity Africa

The mismatch is hard to ignore: Africa accounts for 18% of the global population and 5% of GDP, yet attracted just 0.6% of global venture capital (VC) in 2024. While funding rose from $1.4 billion in 2019 to a peak of $4.6 billion in 2022, it fell sharply to $1.5 billion last year. Over the same period, the number of active VC investors dropped from more than 1,000 to just over 500, and only 188 startups raised capital in 2024, compared to 353 at the peak in 2022 and a base of 117 in 2019.

This is not just a cyclical slowdown; it reflects deeper structural constraints in how capital is accessed, allocated, and scaled across the continent. It invites a rethink of the role of venture capital in Africa, a sector that holds the potential to catalyse transformative change, but only if it evolves to meet African realities. We have highlighted four key areas to consider:

1. VCs will need to have boots-on-the-ground experience.

Global models often assume mature infrastructure and high consumer liquidity and, in return, demand a "grow-at-all-costs" trajectory. Yet these conditions are not consistently present across African markets. As an example, the African Development Bank estimates the continent's annual financing gap for structural transformation at more than $400 billion. These gaps require a rethinking of how capital is deployed, with strategies rooted in sustainable growth, contextual insight, and business resilience that enable startups to thrive amid real-world constraints. The role of VCs with Africa experience, grounded in the lived realities of the markets they serve, becomes indispensable.

2. African startups build ecosystems, not just products.

A critical mindset shift is recognising that in Africa, startups are not just building products, they are building ecosystems. By addressing consumer needs, they also fill infrastructure gaps. In this context, the role of venture capital is not just to fund innovation, but to support the systems that innovation depends on. This makes African VCs patient ecosystem builders; this is especially true in foundational sectors with deep structural barriers like fintech, logistics, and energy, which together accounted for 80% of Africa's VC funding in 2024.

3. Diversification is needed as VC is underpenetrated and too concentrated.

Yet even as startups take on the work of building ecosystems, a critical structural gap persists: the capital needed to scale them remains out of reach for many. While seed funding has grown in recent years, follow-on capital — from Series A onwards — remains scarce. The data illustrates this imbalance: in 2024, the top ten investments accounted for 51% of total deal value, and just 28 startups absorbed nearly half of all VC funding on the continent between 2019 and 2024. Geographically, 84% of 2024's VC funding went to only four countries: Nigeria, Kenya, South Africa and Egypt. Without more sustained growth-stage financing and long-term commitment, many ventures that have proven viable and impactful risk stalling before they scale, or even worse, failing due to a lack of financing.

4. More funding is needed, and it can and must come from the continent.

But allocation is only part of the equation. Africa must mobilise its domestic capital base to align with the specific needs of the continent. The Africa Finance Corporation recently noted that an estimated $4 trillion is held by domestic institutions such as pension funds, capital that could be redirected toward critical infrastructure and enterprise development. Ghana's new policy mandating that 5% of pension fund assets be allocated to venture capital and private equity, amounting to approximately $300 million annually, offers a concrete example of how local capital can play a catalytic role.

Projections show Africa's population will grow from around 1.5 billion today to approximately 3.8 billion by 2100, representing nearly 40% of the world's population. The choices made today about how we fund, scale, and support innovation on the continent will shape not just Africa's future, but the future of global markets, labour forces, and growth trajectories. We just cannot afford for venture capital in Africa to be an afterthought given its crucial role in the private sector.

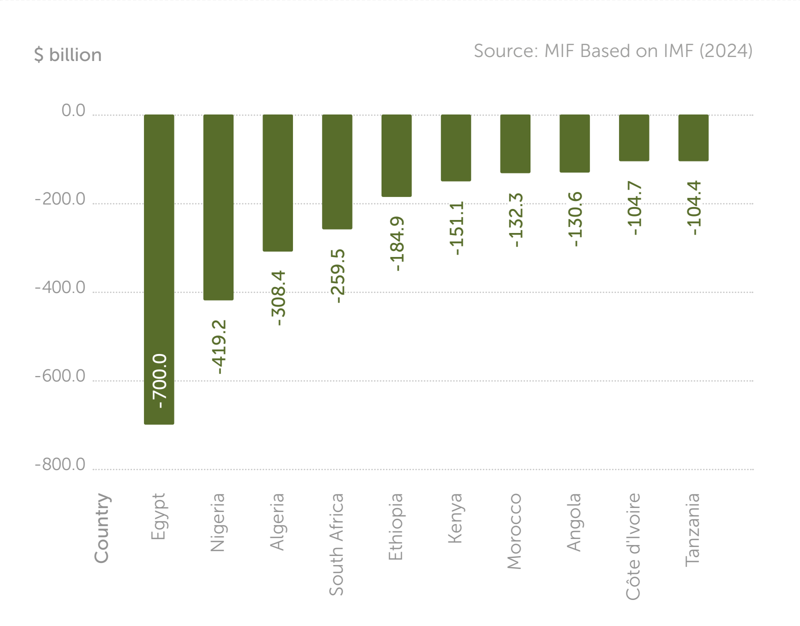
> What we see today is that private capital, whether domestic or foreign, is not residual, it has become central. This means everybody has to change their way of operating. We have to radically shift the pitch and make private capital the central aspect of everything we do to make it effective.
>
> *Bertrand Badré, Founder and Managing Partner, Blue like an Orange Sustainable Capital*

Volatility: Africa's currencies have weakened in recent years

According to Bloomberg, half of the world's worst performing currencies are African. In particular, Nigeria's Naira, Angola's Kwanza and Zambia's Kwacha have fared especially poorly in recent years.[124] Poor currency management, inflationary pressures and a lack of dollar liquidity are understood to be the main contributing factors. For countries like Nigeria and Angola which are heavily dependent on oil exports, the exposure to global price fluctuations have further weakened local currencies.

Most African countries have registered large declines in their GDP, adjusted for purchasing power parity

African countries: largest declines in GDP, adjusted for purchasing power parity (2020-2025)[125]



Out of the 10 worst-performing currencies globally, five are from Africa, including the Zambian Kwacha, the Angolan Kwanza and the Nigerian Naira

Ten countries registered a decline of more than $100 billion in their GDP when adjusted for purchasing power parity in the period between 2020 and 2025.

In 2024, 23 of the continent's currencies hit all-time lows against the US Dollar. This followed the decision by the US Federal Reserve to raise interest rates, causing the Dollar to rise in value and, in turn, weaken African currencies. The value of the Nigerian Naira has been divided by more than 2,000 since its creation in 1973.[126] On 5 April 2024, it took 1,267 Naira to buy a US Dollar, compared with 600 in June 2023 and 450 in 2022.[127]

The value of the Nigerian Naira has been divided by more than 2,000 since its creation in 1973

According to the IMF in 2023, since January 2022, most African currencies weakened against the US dollar, with an average depreciation of 8%.[128]

African Monetary Union: key to currency sovereignty?

A monetary union with a single continental currency has long been on the agenda of the AU,[129] fuelled by the promise of boosting intra-African trade and stimulating economic development.[130] The success of the Eurozone in providing an efficient means of transacting businesses and credited for fuelling economic progress, has led other regions to seek similar monetary unions in their respective regions.[131]

According to the 2024 Pan-African Private Sector Trade & Investment Committee (PAFTRAC) survey of African trade patterns, only 39% of African businesses use African currencies to finance their cross-border deals, a substantial fall from the 69% recorded in 2022.[132]

63.3% of respondents in the PAFTRAC survey were keen to see the creation of a single African currency to alleviate currency exchange risks.[133]

A single currency could allow African countries to benefit from wider regional integration that would help when negotiating favourable trading terms either bilaterally or globally. The continent could have more opportunities for FDI under a single market with a common currency. The cost of intra-African trade, which is largely due to transaction costs, would be lower and thus encourage much more trade among countries.[134]

Only 39% of African businesses use African currencies to finance their cross-border deals

63.3% of respondents in the 2024 PAFTRAC survey were keen to see the creation of a single African currency

From the CFA Franc to the Eco

The CFA Franc zone includes 14 African countries divided into two main monetary communities, the Central African Economic and Monetary Community (CEMAC) and the West African Economic and Monetary Union (WAEMU). Pegged to the French Franc until 1999, the Euro is now the anchor currency. Often hailed as a remnant of colonial history, the CFA Franc is criticised for its limited positive economic impact on the countries which adopted it as it has not boosted trade among members as expected. In fact, according to the UN, 11 out of the 14 CFA states are characterised as 'least developed'.[135]

Made up of 12 African countries, down from 15 following the exit of Mali, Niger and Burkina Faso, ECOWAS still accounts for 25% of Africa's population with over 380 million people, with Nigeria alone accounting for 61.9% of the bloc's population. The REC covers a mix of middle- and low-income countries as well as net oil importers and exporters.[136]

The 'Eco' as a proposed single currency within ECOWAS has been floated since 2003, yet periodically postponed. Countries must meet certain criteria which ECOWAS will assess. For the 2020 initial deadline this included: a budget deficit of not more than 3%, an average annual inflation rate of less than 10%, central bank budget financing no more than 10% of the previous year's tax revenue and availability of gross external reserves worth at a minimum three months of imports.[137] The bloc now plans to introduce the currency by 2027.[138]

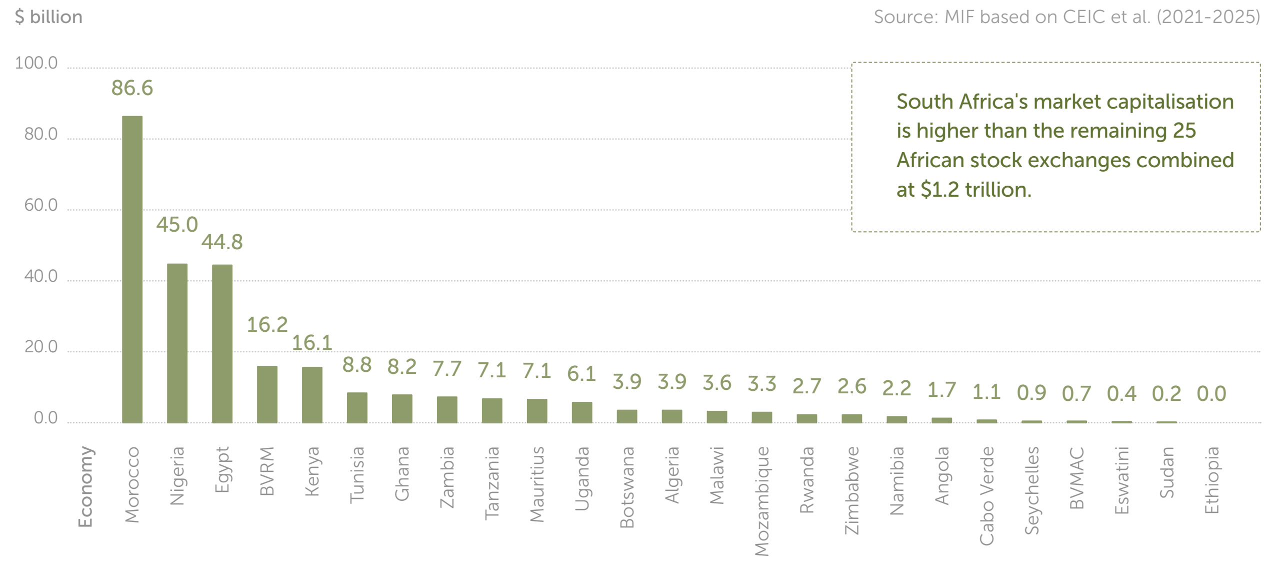
Africa's stock exchanges: market capitalisation remains limited

37 African countries are currently covered by at least one stock exchange

The oldest African stock exchanges are the Egyptian Exchange (EGX), the Johannesburg Stock Exchange (JSE), the Casablanca Stock Exchange (CSE), the Zimbabwe Stock Exchange (ZSE) and the Nairobi Securities Exchange (NSE). Additionally, there are two regional stock exchanges, the Bourse Régionale des Valeurs Mobilières (BRVM) in West Africa and the Bourse des Valeurs Mobilières de l'Afrique Centrale (BVMAC) in Central Africa.

South Africa is the only African country with a market capitalisation featuring amongst the top 20 worldwide, representing 1.3% of total global market capitalisation.

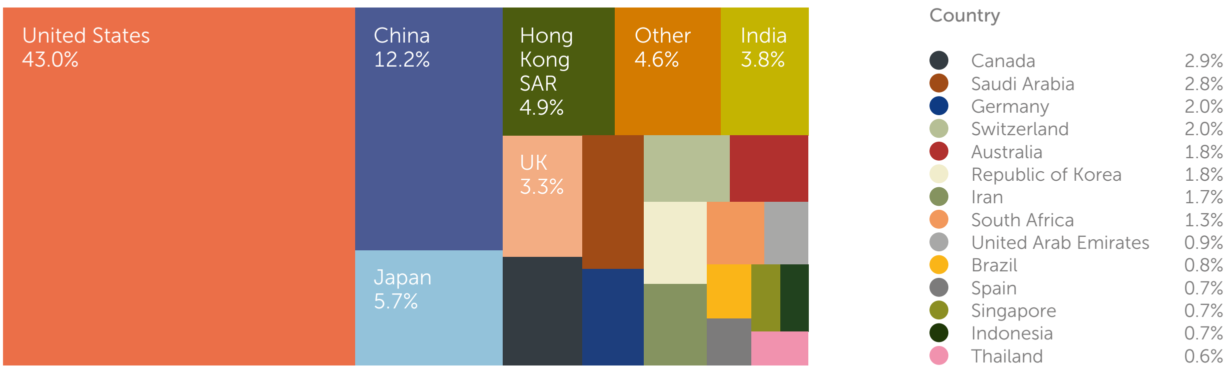
Selected African countries (excluding South Africa): market capitalisation (latest available data year)



However, many of these remain underdeveloped with small market capitalisations, a low number of listed companies and less liquidity than other emerging markets. South Africa is the only African country with a market capitalisation featuring amongst the top 20 worldwide, representing about 1.3% of total global market capitalisation.[139]

The Casablanca Stock Exchange is the second largest African stock exchange by market capitalisation

Top 20 countries with the highest market capitalisation of listed domestic companies (2022)[140]



Source: MIF based on World Bank (2022)

The JSE, EGX and NSE were the most active markets in Africa for initial public offerings (IPOs) between 2014 and 2019, raising a combined $18.9 billion (87% of the total value of all IPOs in Africa in that period). South African IPOs alone represented more than 65% of the capital raised on African exchanges.[141]

The African IPO market represented only 1.4% of the $1.2 trillion worldwide value of IPOs in 2019

High transaction costs and listing conditions limit African stock exchanges

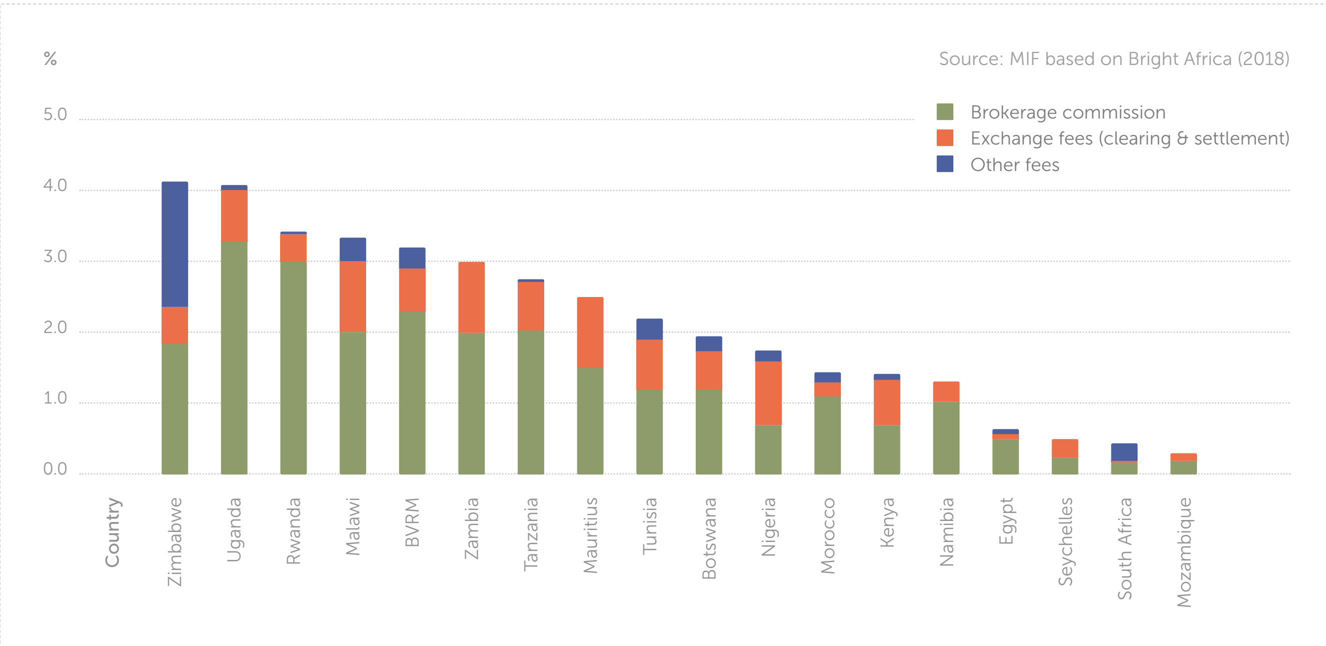
African stock exchanges encounter multiple challenges: lengthy listing procedures, binding and difficult listing conditions, high transaction costs, lack of knowledge about local stock markets and, in some exchanges, lack of transparency.

High transaction costs, which include brokerage commissions, exchange fees and clearing and settlement fees, also prevent the further development of African stock exchanges. These are higher than in other developing markets around the world, where costs are often below 1% of the trade value.

African exchanges (except the JSE) charge well over 1%, with Uganda charging the most (4.1%) followed by Rwanda (3.4%). This is partly attributed to the limited pool of licensed brokers, hindering competition, as well as the low volume of trade leading them to charge more per trade to cover their own costs.[142]

African exchanges (except the JSE) charge well over 1% in brokerage commission[143]

Selected African countries: transaction costs as a share of trade value (2018)



In terms of listing requirements, stock exchanges often require that businesses meet certain thresholds before being listed pertaining to size of the firm, profitability and financial viability of the issuing company. For instance, the JSE requires a minimum subscribed capital of 50 million Rand (more than $2.5 million), which is a significant barrier for SMEs and further drives the low number of listed companies.

However, some African stock exchanges have begun setting up secondary boards to offer smaller companies and start-ups an opportunity to access equity markets for fundraising such as the JSE's AltX.

Almost 90% of all the $18.9 billion in value raised by IPOs in Africa between 2014-2019 was raised by the JSE, the ETX and the NSE

The African Exchange Linkage Project

The African Securities Exchanges Association (ASEA), along with UNECA, set up the African Exchange Linkage Project (AELP) initiative in 2022 to link stock exchanges and enable brokers to execute trades directly across participating markets. Rolled out in phases, the first, launched in November 2022, saw the interconnection of the seven largest African stock exchanges and 31 stockbrokers. As part of the second phase, which was announced in June 2023, ASEA and AfDB signed a $600,000 agreement to expand AELP to 15 countries.[144]

Project bankability: a key requirement to leverage Africa's potential

Too often, African businesses fail to attract investment as they lack the expertise necessary to present bankable projects. Projects that focus on transferring expertise, business knowledge and international best practices are key to upskill African enterprises, upgrade human capacities and upscale fruitful partnerships.

In 2024, the World Bank Group and the AfDB launched Mission 300, a transformative programme to bring electricity to at least 300 million people in Sub-Saharan Africa by 2030[145] as access to electricity is crucial for development and upskilling project bankability. The Rockefeller Foundation and the Global Energy Alliance for People and Planet (GEAPP) have joined forces, investing an initial $10 million into the Mission 300 Accelerator Unit, designed to get capital deployed quickly.[146]

This Accelerator Unit established the Mission 300 Technical Assistance Facility which introduced 23 new energy access projects in 11 African countries and across the Common Market for Eastern and Southern Africa (COMESA).[147]

The Mission 300 Technical Assistance Facility aims at accelerating capital deployment to provide access to electricity to 300 million people in Sub-Saharan Africa by 2030

African banking groups hold significant AuM

Selected African banking groups	Total assets ($ billion)	Country
National Bank of Egypt	176.135	Egypt
Standard Bank Group	167.696	South Africa
Firstrand Banking Group	125.679	South Africa
Banque Misr	103.988	Egypt
ABSA Group	102.495	South Africa
Nedbank Group	71.734	South Africa
Attijariwafa Bank	66.494	Morocco
Banque Centrale Populaire	52.493	Morocco
BMCE Bank of Africa	39.168	Morocco
Access Bank Group	29.500	Nigeria
Ecobank Transnational	27.230	Togo
Commercial International Bank	27.016	Egypt
United Bank for Africa Group	23.028	Nigeria
Zenith Bank	22.711	Nigeria
First Bank of Nigeria	18.886	Nigeria
MCB Group	18.824	Mauritius
KCB Group	13.826	Kenya
Banque du Caire	12.997	Egypt
Equity Bank Group	11.601	Kenya
Guaranty Trust Bank	10.806	Nigeria

According to The Africa Report, the top 20 banking groups operating in Africa manage over $1 trillion worth of assets. At country level, Egypt, South Africa, Nigeria and Morocco dominate the table, with the majority of banks headquartered in these countries. Between them, they occupy 17 of the top 20 largest banking groups by AuM, with Togo, Mauritius and Kenya comprising the other three.[148]

Source: MIF based on The Africa Report (2024)

Reviewing funding for the benefit of African economies

Benoît Chervalier, Founding President and Group CEO, BCH Invest

Africa's financing needs are colossal as the continent faces several simultaneous challenges. The development of basic infrastructure must accelerate to meet the primary energy needs of populations and businesses (access to energy and electrification), the needs for transport and logistics (road, rail, port, airport), and of course social needs (health and education).

The acceleration of history adds further requirements. Rapid technological changes and the climate crisis accentuate the need for energy transition (COP29 estimated Africa's climate financing needs at $1.3 trillion annually); geopolitical disorders are encouraging states and economies to strengthen their resilience and sovereignty. On top of that, the singular demographic trajectory of the continent (from 1.4 billion inhabitants to 2.5 billion inhabitants in the next 20 years) increases this amplitude. In short, Africa needs much more and much faster.

In order to implement them, financing channels are based on three main pillars: 1. bilateral public institutional financing (such as the French Development Agency, German KfW, Japanese JICA, etc.); 2. multilateral channels (such as the World Bank, the African Development Bank, the BOAD, Trade and Development Bank, etc.); and 3. private financing (Eurobonds or commercial financing). In 2024, they represent about one third each.

Although all countries have access to institutional funding (concessional or non-concessional), this remains limited and in all cases is still insufficient to meet the scale of the needs (according to the OECD, of the $212 billion in development aid in 2024, $36 billion was earmarked for Sub-Saharan Africa). Furthermore, the US disengagement at the start of 2025 with the abolition of USAID and the European budgetary constraints born from security emergencies imposing trade-offs in favour of defence on its soil require a massive and in-depth rethinking of what is still too qualified as "public development aid" to distinguish the fields relating to solidarity and those of investments.

Private financing is therefore essential and the only viable solution. International capital financing is necessary and plays its role but it is only the tip of the iceberg. Historically, 20 African countries out of 54 have issued international bonds. Between 2012 and 2021, the 20 issuing countries borrowed around $140 billion and just before COVID-19, 76% of these issuances came from four countries. Since the drying up of credit due to the rise in rates since 2022, the number of African countries going to international capital markets remains extremely limited.

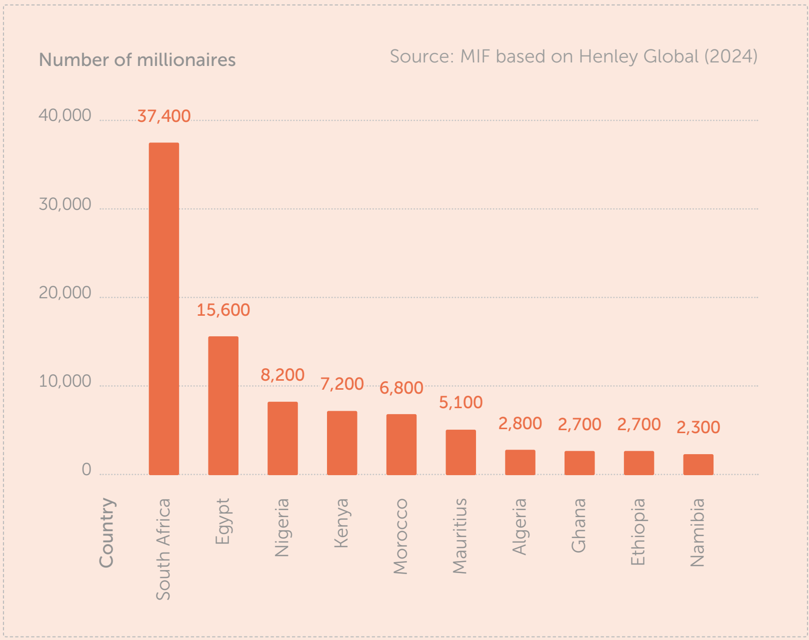
Private sector financing must constitute the backbone of financing African economies. To do this, two main areas must be developed today: strengthening the rules of governance and the business environment by creating reliable and understandable legal frameworks, otherwise international investors will stay away from many countries. The other consists of changing the depth of domestic tax revenue, which requires courageous and politically difficult choices. Concretely, the paradigm must be changed to have a broad tax base and moderate rates and not the opposite. The census of all commercial activities must be accelerated to better integrate the informal sector and strongly limit sectoral and categorical exemptions.

In a word, Africa must finance itself. In doing so, it will ensure the attraction of the international capital necessary to reach a critical size large enough to ensure a change of scale in financing and investments. Currently, foreign direct investments in Africa represent approximately $50 billion annually out of little more than $1.3 trillion dollars globally in 2023. Of the top five global investors in Africa, three are European. Emerging countries need to move more from trade flows to investments flows, and this needs to happen now.

> We must build on what we know and what we have done, that is projects that have delivered returns and impact. We should aggregate these projects into structures to create scale for investors. We talk about what doesn't work but at some point we also have to talk about what actually works and how we can build on what works to do more.
>
> *Alain Ebobissé, CEO, Africa50*

Africa's high-net-worth individuals' investable wealth: $2.5 trillion?

Selected African countries: number of millionaires (2024)



According to the 2024 Africa Wealth Report, Africa's high-net-worth individuals (HNWI) own $2.5 trillion worth of liquid investable wealth.[150] This sum is comprised of the liquid assets of 135,200 HNWI with a liquid investable wealth of $1 million or more living within Africa, 342 centi-millionaires worth $100 million or more, and 21 billionaires. This $2.5 trillion of investable wealth exceeds the $1.6-$1.9 trillion needed to fulfil Africa's NDCs.[151]

Over the next decade, the number of millionaires in Africa is projected to increase by 65%, to just over 223,000.[152] However, the portion of this wealth invested within their own continent remains limited. One of the few exceptions is Aliko Dangote's huge investment in his own country, Nigeria, to build an oil and gas refinery, amounting to over $25 billion within the last seven years.[153]

Aliko Dangote's investment in Nigeria's refinery capabilities amounts to $25 billion since 2017

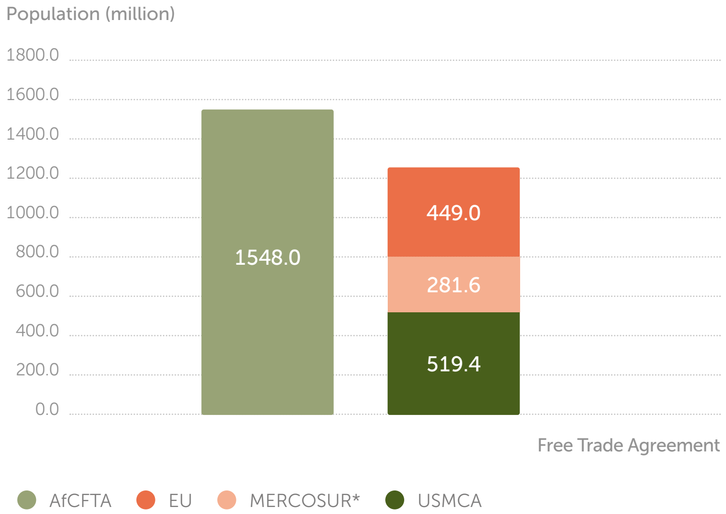
According to the 2024 Wealth Report, Africa's HNWI own $2.5 trillion worth of liquid investable wealth[149]

ACCELERATING AFRICA'S CONTINENTAL INTEGRATION IS KEY TO LEVERAGING ITS POTENTIAL

Once properly implemented, the AfCFTA has the potential to propel Africa into a new financial era

Bringing together the 54 countries[154] of Africa and the eight RECs, with a potential market of more than 1.4 billion people, the AfCFTA surpasses the EU single market, the US-Mexico-Canada Agreement (USMCA) and MERCOSUR combined.

Selected free trade agreements: total population (2025)



* Venezuela is currently suspended from MERCOSUR.

Source: MIF based on AU Commission (2025), EU (2025), MERCOSUR (2025), Office of the US Trade Representative (2025) and UNDESA (2024)

The AfCFTA is expected to increase Africa's economy to $29 trillion by 2050.

Eliminating import duties could boost intra-Africa trade by 52.3% and eliminating average tariff barriers of 6.1% could double this volume.[155] Fully implementing the AfCFTA Agreement could also boost intra-Africa FDI by 68%.[156]

The AfCFTA can emulate the trajectory of the EU which began in 1951 as the European Coal and Steel Community (ECSC) built on harmonising coal and steel trade. Africa's critical mineral countries could work towards integrating their industries to become a cohesive bloc of critical mineral countries.[157]

Algeria, Egypt, Morocco and South Africa currently export about 56% of their domestic automotive production outside Africa

Unlocking business sectors with the AfCFTA

Given full operationalisation of the AfCFTA, potential investment gains have been identified in four high-potential sectors in Africa.[158]

Automotive: Across the continent, there is an average annual demand for 2.4 million motor cars and 300,000 commercial vehicles. In 2021, the automotive industry in Africa was valued at $30.4 billion and is predicted to grow to $42 billion by 2027 – an almost 40% increase in value. The AfCFTA unlocks several opportunities for African and global businesses in the automotive industry through the enhancement of a more competitive market for local assembly and sourcing and market opportunities for electric vehicles and motor vehicles.

Agriculture: Intra-African trade in agriculture is expected to increase by 574% by 2030 if tariffs are eliminated under the AfCFTA. As much as 80% of food production on the continent is from smallholder farmers. In particular, the fish and meat industries have great potential for investment. The majority of demand for both fish and meat is met by local production that is not traded and only 16% and 10% of demand, respectively, is met by imports.

Pharmaceuticals: The pharmaceutical industry is projected to grow at 5.1% compound annual growth rate (CAGR) in 2022–2027 in Africa. The AfCFTA will help increase intra-African trade in pharmaceuticals, which is currently extremely low (only 3% of demand is met by intra-African trade), leading to more resilient health supply chains.[160]

Packaged medicines and medical instruments make up the largest import shares for the continent (65% and 12%, respectively, of the $17 billion worth of pharmaceutical imports). Total demand for all packaged medicines in Africa is around $18 billion annually, of which roughly 61% is imported and 36% is locally produced and not traded.[161]

Transport and logistics: The AfCFTA is projected to increase intra-African freight demand by 28%, with demand for almost 2 million trucks, 100,000 rail wagons, 250 aircraft and more than 100 vessels by 2030.[162] The majority of intra-African exports are transported over land (60% of automotive exports, 56% of pharmaceutical exports and 60% of agro-processing product exports).[163] Maritime trade is projected to increase from 58 million to 132 million tonnes by 2030 with the implementation of AfCFTA.[164]

To fully realise these gains, African countries need to implement the AfCFTA Agreement and its protocols.[165]

Phase 1	Phase 2
Protocol on Trade in Goods	Protocol on Intellectual Property Rights
Protocol on Trade in Services	Protocol on Investment
Protocol on Dispute Settlement Mechanism	Protocol on Competition Policy
Protocol on Customs and Trade Facilitation	Protocol on Digital Trade Protocol on Women and Youth in Trade

Morocco and South Africa are leading in the automotive sector, making up 80% of African exports[159]

Intra-African trade in agriculture is expected to increase by 574% by 2030 if tariffs are eliminated under the AfCFTA

Only 3% of the demand for packaged medicine is met by intra-African trade

To date, it remains impossible to identify exact implementation and ratification dates for the AU protocols

Five key tools for the AfCFTA

Five operational tools have been created to help stakeholders adjust to new dynamics under the trade agreement.[166]

1. **The AfCFTA Guided Trade Initiative**: This has facilitated the start of actual trade under the trade preferences in eight countries for 96 products. It offers an opportunity for interested countries and companies to gain experience in trading under the AfCFTA with direct support from the initiative, giving them a head start and competitive advantage.

2. **The Pan-African Payment and Settlement System (PAPSS)**: A centralised financial market infrastructure enabling the efficient and secure flow of money across African borders, developed by the AU scheme in collaboration with the Afreximbank.[167] It enables users to make near-instant payments in their local currency without needing to convert to a foreign currency or use a third-party institution.[168]

3. **The AfCFTA Adjustment Facility Fund**: The estimated requirement for uninterrupted implementation of the AfCFTA and elimination of the adjustment cost is $7.7 billion over the next six to ten years. The AfCFTA Adjustment Fund run by the AfCFTA Secretariat and Afreximbank is responsible for supporting African countries and the private sector to effectively participate in the new trading environment established under the AfCFTA.

4. **The AfCFTA Private-Sector Engagement Strategy**: The AfCFTA Secretariat has developed an engagement plan to guide its efforts in collaborating with the private sector and other important stakeholders to boost intra-Africa trade and production. This plan helps companies to better understand the overall continental strategy as well as the specific initiatives and policy recommendations.

5. **The Rules of Origin Manual and E-Tariff Book**: The AfCFTA Rules of Origin Manual and E-Tariff Book sets out guidelines on the operationalisation of Annex 2 on Rules of Origin to accord tariff preferences to goods that meet the origin rules and are traded among the AfCFTA state parties.[171]

As of 2025, the Pan-African Payment and Settlement Systen network consists of 15 central banks, 52 commercial banks and 12 switches[169]

The resources required for the Adjustment Fund over the next 5-10 years are estimated at $10 billion, with $1 billion committed from Afreximbank[170]

FFD4 outcomes: achievements and shortfalls

Following the UN Financing for Development (FFD4) conferences hosted in Sevilla, Spain, the outcomes have been reviewed as a mixed bag. While some progress was made, it has largely been seen as falling short of significantly addressing Africa's needs and demands.

The achievements of the conference are mostly covered under the Seville Plan for Action which is split into three key areas: debt challenges, catalysing investment and financial structures reform.

Achievements

Fairer Debt Relief & Management

1. Commitment to address high debt premium of borrowing countries in Africa through capacity building to engage effectively with financial market actors, including credit rating agencies.
2. Call to operationalise the Debt Sustainability Support Service under the Small Island Developing States (SIDS) Center of Excellence.
3. Launch of the Debt-for-Development Swaps Hub by Spain and the World Bank to provide technical and financial assistance to countries eyeing debt swaps for food security and climate change adaptation.
4. Italy's pledge to convert €230 million of African debt into development investments.
5. Launch of the Debt Suspension Clause Alliance, backed by Spain, Canada, France, and the UK, to provide sovereign borrowers with temporary relief on debt payments during crises.
6. Establishment of the Sevilla Forum on Debt to coordinate debt management and restructuring.

Collective Investment Mobilisation Mechanisms

1. Development partners pledged to collectively double Domestic Resource Mobilisation (DRM) support to developing countries by 2030.
2. Brazil and Spain committed to fairer taxation efforts targeting wealth, particularly high-net-worth individuals.
3. The Scaling Capital for Sustainable Development (SCALED) platform will expand blended finance and local currency lending landscape.
4. New technical assistance hubs will support project preparation and delivery.
5. Initiative by the Global Solidarity Levies Task Force For People and the Planet, co-chaired by Barbados, France and Kenya, to tax private jets and premium flights to fund the SDGs.

Rebalancing the Financial Architecture

1. Country-led financing platforms will align funding with national development plans.
2. The UK–Bridgetown Coalition will expand access to disaster-related financing tools.
3. Acknowledgement of Africa-led initiatives such as the African Credit Rating Agency, the AfCFTA, diaspora bonds, and green finance.

Improved African Representation in Global Financial Governance

1. Realignment of IMF quotas share to enhance developing countries' voice and better reflect members' relative positions in the world economy.
2. Expansion of IFIs executive boards to developing countries - with the creation of a 25th chair at the IMF Executive Board dedicated to Sub-Saharan Africa.
3. Enhancement of geographical representation in IMF senior management, including creating a potential additional IMF Deputy Managing Director.

General shortfalls

1. The commitments made under the Sevilla Platform for Action and the Compromiso de Sevilla are voluntary and lack enforceable mechanisms or progress-tracking systems.
2. No binding commitments ratified on key issues: no mandated debt cancellation, no fossil fuel subsidy phase-outs, no specific climate finance targets.
3. Lack of progress on sovereign debt restructuring.
4. Limited high-level political engagement from Western countries - with only President Macron of France attending from the G7 and the US backing out.
5. Civil society organisations felt marginalised, citing limited access, accreditation difficulties, and restricted participation despite high turnout.

What is left outstanding for Africa?

1. The Sevilla Commitment pledges to triple multilateral lending capacity and reallocate IMF Special Drawing Rights (SDRs) - yet only Spain has currently committed 50% of its SDRs.
2. While acknowledging illicit financial flows and tax capacity as key challenges, the Sevilla Commitment falls short of endorsing the creation of an intergovernmental UN tax body. This is a central point for Africa as the continent aims to rebalance power away from OECD-dominated countries.
3. There is still an urgent need for a UN-backed debt resolution mechanism, with crisis-triggered suspension clauses, and enforceable cancellation tools.
4. No shift toward non-debt-based climate financing (e.g. grants and debt-for-climate swaps).
5. The commitment references the promotion of inclusive industrialisation yet it does not address the problem of private capital flowing into short-term, low-impact ventures.
6. No scrutiny directed towards existing trade and investment agreements that create hurdles and constrain Africa's policy (e.g. CBAM).
7. Not enough structural proposals for digital infrastructure and statistical capacity (e.g. digital value chains, data ownership or reform of global intellectual property rules), risking Africa remains a provider rather than a key contributor to the global digital future.

Claver Gatete, Executive Secretary of the UN Economic Commission for Africa on the ECA's five priority actions for Africa going forward from FFD4:

1. Scale innovative financing instruments.
2. Support the Sustainable Debt Coalition, which ECA serves as Secretariat.
3. Strengthen country platforms and policy coherence to build investor confidence.
4. Unlock blended finance at scale.
5. Deepen domestic financial markets and improve sovereign credit ratings.

“

For Africa, this is not a theoretical discussion. It's a matter of survival, transformation, and sovereignty over our development trajectory.

Claver Gatete, Executive Secretary, UN Economic Commission for Africa

H.E. Mahmoud Ali Youssouf, Chairperson of the African Union Commission, on the AU's priorities:

H.E. Mahmoud Ali Youssouf urged world leaders and investors to align capital flows with Africa's development priorities and reshape the financial architecture to serve all nations equitably.

“

We must align capital with our development priorities and build a twenty-first-century financial architecture that benefits everyone.

H.E. Mahmoud Ali Youssouf, Chairperson, African Union Commission

He highlighted the mismatch between Africa's vast resources and the global financial frameworks that often fail to channel sufficient investment to the continent.

He stressed that the private sector and foreign direct investment (FDI) are not simply supportive of development but are “catalysts for inclusive growth, job creation, and the green transition.”

Highlighting the transformative role of the African Continental Free Trade Area (AfCFTA), he called on international partners to step up their backing for the AfCFTA by boosting FDI and supporting local value chains.

The 2025 IGW consensus:

Africa’s ownership, responsibility and accountability are paramount

This chapter outlines the key consensus reached during the 2025 Ibrahim Governance Weekend: *Financing the Africa We Want* must be driven by African ownership, autonomy, and accountability. It calls for the continent to define its own financial priorities, mobilise and manage its resources more effectively, reshape partnerships on its terms, and advance its development through deeper regional integration.

Five overarching pillars emerged from the discussions, setting out a shared vision for how Africa can lead its own financial agenda:

1. Build interest-based and symmetrical alliances
2. Capitalise on the world's demand
3. Shift the investment narrative
4. Go at scale through continental integration
5. Ensure governance, peace and security – and take full ownership

#MIFMarrakech
1-3 June 2025

2025 Ibrahim Forum Programme | Financing The Africa We Want

09:00-09:05 | Welcome: Dr Mo Ibrahim, Founder & Chair, Mo Ibrahim Foundation

09:05-09:15 | Opening keynote: *Aid is a thing of the past*, Dr Ngozi Okonjo-Iweala, Director-General, World Trade Organization

09:15-10:15 | Session 1 – Delivering *The Africa We Want*: amplifying Africa's priorities

This opening session will lay out Africa's priorities – *The Africa We Want* – such as infrastructure development, regional integration, access to energy for all, digitalisation, adaptation to climate change, universal healthcare and jobs for youth.

Panellists:
Nardos Bekele-Thomas, CEO, African Union Development Agency
H.E. Nadia Fettah Alaoui, Minister of Economy and Finance, Kingdom of Morocco
Joe Sadallah Lemaron, MIF Now Generation Network member
Prof. Carlos Lopes, Professor, Nelson Mandela School of Public Governance at University of Cape Town
H.E. Lerato Dorothy Mataboge, Commissioner for Infrastructure and Energy, African Union
Prof. Yemi Osinbajo, Immediate Past Vice-President of Nigeria, MIF Council member
Moderated by: Larry Madowo, International Correspondent, CNN

10:15-11:00 | Mo *In conversation with...* H.E. Moussa Faki Mahamat, former Chairperson, African Union Commission, MIF Council member

11:30-12:30 | Session 2 – Africa's domestic resources and assets: maximising revenue from within

This session will explore the ways and means available to maximise Africa's domestic resources. These include: drying up capital flight, strengthening tax systems, mobilising remittances, sovereign wealth and pension funds, upgrading local value chains and monetising carbon and biodiversity credits.

Panellists:
Yvonne Ike, Managing Director and Head of Sub-Saharan Africa, Bank of America
Dr David Ndii, Chair, President of Kenya's Council of Economic Advisers
Pascal Saint-Amans, Co-Chair, Africa-Europe Foundation Working Group on Illicit Financial Flows
Dr Vera Songwe, Founder & Chair, Liquidity and Sustainability Facility, MIF Council member
Moderated by: Masood Ahmed, President Emeritus, Center for Global Development, MIF Council member

14:00-15:00 | Session 3 – Smarter money: making global finance work for Africa

This session will address the current shortcomings of the multilateral financial system and its expected reboot. It will focus on pending issues such as debt restructuring, SDR reallocation mechanisms, innovative concessional and blended financial tools and risk guarantee mechanisms.

Panellists:
Serge Ekué, President, West African Development Bank
Arturo Franco, Director of the Group Strategy Office, World Bank
Dr Heike Harmgart, Managing Director for Sub-Saharan Africa, European Bank for Reconstruction and Development
Mark Malloch-Brown, former Deputy Secretary-General, United Nations, MIF Council member
H.E. Ryad Mezzour, Minister of Industry and Trade, Kingdom of Morocco
Samaila Zubairu, President & CEO, Africa Finance Corporation
Moderated by: Prof. Ngaire Woods, Dean, Blavatnik School of Government at Oxford University, MIF Council member

15:30-16:30 | Session 4 – Africa's investment pitch: attracting private capital

This session will aim to uncover the mismatch between high returns and limited private investment volume on the continent, outlining both the opportunities and hurdles to overcome – what works, what does not, and how to make Africa a more attractive and predictable investment destination.

Panellists:
Marie Diron, Managing Director for Sovereign Risk, Moody's Ratings
Alain Ebobissé, CEO, Africa50
Tarik Senhaji, CEO, Casablanca Stock Exchange
Ho Sung Song, President & CEO, Kia Corporation
Moderated by: Abdelmalek Alaoui, Founder & CEO, Guepard Group

16:30-17:15 | Mo *In conversation with...* H.E. David Lammy, Secretary of State for Foreign, Commonwealth and Development Affairs, United Kingdom

17:15 | Closing

The 2025 Ibrahim Governance Weekend (IGW) consensus | Africa's ownership, responsibility and accountability are paramount

In the wake of an ever-evolving international and multilateral financial system which for so long has underserved the African continent, and at the beginning of the post-ODA era, the overarching consensus from the 2025 IGW (1-3 June 2025, Marrakech, Morocco) was that the continent must now lead and own its financial agenda, if it intends to continue its course to further develop and achieve the goals set out by the AU's Agenda 2063 as well as the UN Sustainable Development Goals.

Financing the Africa We Want requires the continent taking accountability to implement its priorities within its financial agenda. This involves setting the terms of engagement with international partners, particularly in trade, as the demand for the Africa's resources grows. It involves rebalancing global institutions by leading the reform and embracing new frameworks created and led by Africa for Africa. It involves taking charge of Africa's narrative within and beyond the continent to boost intra-African relations and attract investment from across the world. All of these imply an acceleration of the implementation of Africa's regional integration through the AfCFTA.

The following takeaways and recommendations outline these points, supplemented with key quotes from our speakers during the IGW.

“

The world as we know it has changed. For aid, trade and development. We are not likely to return to the familiar status quo. These shifts present Africa with obvious challenges. But they also contain opportunities for the continent to move forward. We have more work today. However, we cannot seize the opportunities without a fundamental shift in our mindset.

Dr Ngozi Okonjo-Iweala, Director-General, World Trade Organization

> We need to wake up very quickly, we need to understand that the world is changing, and the news reminds us of that every day. We need to take matters into our own hands. Whether that is peace or security or the model of democracy or the management of the state. All of that needs to be devised by ourselves.
>
> *H.E. Moussa Faki Mahamat, former Chairperson, African Union Commission, MIF Council member*

1. Build interest-based and symmetrical alliances: less pledges, better processes and mechanisms

Build interest-based alliances based on Africa's own goals and priorities

Embrace the post-ODA era: Rather than on additional pledges, partnerships with Africa must focus on capacity building, sharing expertise and information, updating processes and developing more efficient mechanisms.

> 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*

Adapt global frameworks and mechanisms to work better for Africa and developing countries

- Enlarge access to concessional and grant-based climate finance, with a stronger focus on adaptation, resilience and just energy transitions.
- Rather than repackaged financial pledges, reboot the processes to ensure Africa's fair and equitable access to development finance: Concerning debt, suspend debt payments for all countries applying to the G20 Common Framework; concerning SDR allocation mechanisms, facilitate on-lending.
- Review decision-making structures in the global financial architecture and amend them to better represent Africa and developing countries, for example by adding an Africa chair to the IMF board or a population coefficient for IMF quotas.

"

We need cheap, concessional money but not overpriced and expensive recipes. [...] So please, if we have our internal resources, with maturity and responsibility, let us use it for the right purpose. [...] International regulation has to fit reality and not just be political topics.

H.E. Nadia Fettah Alaoui, Minister of Finance and Economy, Kingdom of Morocco

Strengthen bilateral relations in the wake of weakening multilateralism

"

Each and every country has to defend its own paradigm and interest. A situation in which bilateralism would supersede multilateralism could be a good thing for Africa. Our common market would definitely be boosted, enhanced. [...] We need to make sure that when we ship goods from China to Africa, like today, it would be a little more complicated than shipping goods from Mombasa to Lagos.

Serge Ekué, President, West African Development Bank

2. Capitalise on the world's demand

Shift from a raw export model to a diversified, value-adding industrial economy

Support Africa's shift from raw commodity extraction to industrial value addition by integrating the continent more equitably into global value chains. This requires local and international partners to adapt trade and investment frameworks to incentivise local manufacturing, knowledge and technology transfer across key sectors such as agriculture, mining and energy.

> From an African perspective, we need financing to propel the economy that will help us generate 20 million youth jobs or 30 million jobs. In the mining sector we may be able to get earnings, but the critical issue is in minerals, which does not create [many] jobs, and the illicit financing outflow is primarily in extractive industries in minerals, oil and gas, so we need to strengthen our own domestic enterprises.
>
> *Dr Arkebe Oqubay, British Academy Global Professor, SOAS University of London*

3. Shift the investment narrative

Proactively advertise Africa as a viable frontier market

- African countries can counter flawed risk perceptions through increased transparency and stronger communication around low default rates and high investment returns.
- Partner countries could amend and reframe their negative perceptions of Africa's investment potential, economic growth and expanding markets.

> Success brings success. We need to create successful examples of infrastructure projects that work, talk more about it and pull these together to achieve scale. We need to talk more about our success as opposed to lamenting what does not work.
>
> *Alain Ebobissé, CEO, Africa50*

Develop new benchmarking tools and work on better representation through existing ones, e.g. credit ratings

- Enhance existing credit rating frameworks through data sharing, limiting the influence of analyst opinion and de-monopolising the CRA landscape, e.g. by establishing and enabling the African Credit Rating Agency.
- Engage with emerging market bond indices to simplify understanding capital benefits on the continent for investors.

Engage African investors in their own continent's development

- Create more projects supported by African capital to drive trust. Before taking issue with a lack of international private capital, this domestic resource should be mobilised first. If Africa wants to attract more global private capital, African investors should pave the way.
- Introduce the originate-to-distribute financial model within African DFIs.

“

Trust is the currency of our markets. Why are we making so much effort attracting foreign capital when African investors are under-engaged and mobilised?!

Tarik Senhaji, CEO, Casablanca Stock Exchange

4. Go at scale with continental integration

Strengthen Africa as a global partner through greater regional value chains and intra-Africa trade

Support the acceleration of continental integration (e.g. the AfCFTA) to upscale market size, boost intra-continental trade and tackle the persistent challenges in vital supply and transformation chains (cooling infrastructure, access to electricity and waste management).

Accelerate regional integration to enhance intra-African investment

- Leverage the potential of a unified continental market and create a more attractive and scalable investment landscape.
- Integrate operations within African development banks – e.g. pool balance sheets and jointly mitigate risks in order to consolidate small, fragmented initiatives into larger projects, which generally attract more investments and lead to faster decision-making.

“

We are working on an 800km railway line between Zambia and Angola. Maybe we are not going to be able to use steel from Africa, but the next railway line we are going to build has to be built with steel from Africa. [...] It cannot be that we are importing aluminium from China, we have to transform the bauxite in Africa into aluminium to unleash the opportunity that we have. [...] We can do this by ensuring African capital is available to finance this.

Samaila Zubairu, President and CEO, Africa Finance Corporation

5. Ensuring governance, peace and security as prerequisites to any sustainable development

Ensure Africa's future competitiveness through transparent, stable and socially inclusive resource governance

- Global cooperation on fairer trade deals and joint ventures to ensure Africa's ownership in critical green technology value chains (e.g. electric vehicles, batteries and renewables).
- Promote natural resource governance to improve domestic revenue mobilisation and increase investment attractiveness. For example, improve transparency around contracts and partnerships, as well as create robust environmental and labour standards across industries.
- Support the adequate monetisation of Africa's natural assets through climate finance tools such as voluntary carbon markets and biodiversity credits.

You have to take responsibility, take responsibility for your resources, take responsibility for your wealth and make better use of your wealth. But to do that, from my point of view, you have to have confidence in your own institutions.

H.E. Pedro Pires, Former President of Cabo Verde, MIF Laureate

One of the biggest mistakes that we are making, even as we run on critical minerals, is the mining companies' tax exemptions. In 2025, mining laws on the African continent should no longer say that we are only going to start paying taxes when we start becoming profitable. Across the world, mining laws now say we start revenue sharing on day one. There is a rush to the continent today to find critical minerals, and everybody is trying to do a new mining law that says 'I am only going to be profitable in 20 years; in the meantime, I will pay 15% taxes to Canada and Africa stays poor.' We need to stop that, and it is easy, it is possible, and it is doable. As we move forward in this mineral age, we must do that as a necessity. The African Mining Vision that was recently put out by the African Union has a template of the new legal framework for mining critical minerals on this continent and we must please adopt that.

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

I think there is a real window of opportunity here because everybody is now rushing to put in place the new laws for critical minerals. In three years' time, we will have signed a bunch of agreements and then it is going to be very hard to change the framework, so this is urgent and doable, and we cannot afford to wait on it.

Masood Ahmed, President Emeritus, Center for Global Development, MIF Council member

Build transparent and rule of law-based states that earn investor and citizen trust

- Institutionalise open budget systems by using digital platforms to ensure public access to government spending.
- Create independent financial monitoring bodies with the relevant capacities to track revenue use and procurement, and enforcement powers.
- Strengthen Africa-led initiatives such as African Governance Architecture (AGA) and Africa Peer Review Mechanism (APRM) to further track compliance and adherence.

“

It cannot be a top-down decision. People need to be involved and know that the money raised by taxing sugar, for example, will be used for health. We need to involve the population in management.

Dr Jean Kaseya, Director-General, Africa Centres for Disease Control and Prevention

Secure the continent: Make peace the foundation for prosperity

Turn fragile regions into investment-ready zones, e.g. by establishing AU-led compacts for peace and development in conflict affected regions (the Sahel, Horn of Africa and Great Lakes).

“

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.

Dr Mo Ibrahim, Founder and Chair, Mo Ibrahim Foundation

Introduction: setting the scene

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Chapter 02. Monetising Africa's natural assets

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Acronyms

ACC	Agricultural Commercialization Cluster
ACMI	Africa Carbon Markets Initiative
AELP	African Exchange Linkage Project
AfCFTA	Africa Continental Free Trade Area
AfDB	African Development Bank
AfSEM	Africa Single Energy Market
AGHA	Africa Green Hydrogen Alliance
AIDA	Accelerated Industrial Development for Africa
AMDC	Africa Minerals Development Centre
AML	Anti-Money Laundering
AMV	Africa Mining Vision
AOFSA	Asset Owners of South Africa
ASEA	African Securities Exchanges Association
ASIF	Africa Sovereign Investors Forum
ASTGS	Agricultural Sector Transformation and Growth Strategy
ATAP	Africa Tax Administration Forum
ATI	Agricultural Transformation Institute
AuM	Assets under Management
BEPS	Base Erosion and Profit Shifting
BIAT	Boosting Intra-African Trade
BoP	Balance of Payment
BRVM	Bourse Regionale des Valeurs Mobilieres
BVMAC	Bourse des Valeurs Mobilieres de L'Afrique Centrale
CAADP	Comprehensive African Agricultural Development Programme
CAGR	Compound Annual Growth Rate
CEMAC	Central African Economic and Monetary Union
CGD	Center for Global Development
COMESA	Common Market for Eastern and Southern Africa
CPI	Climate Policy Initiative
CRA	Credit Rating Agency
CRAR	Credit Rating Agencies Regulation
CSE	Casablanca Stock Exchange
DAC	Development Assistance Committee
DBRS	Dominion Bond Rating Service
DRM	Domestic Resource Mitigation
DSSI	Debt Service Suspension Initiative
ECA	Export Credit Agency
ECOWAS	Economic Community of West African States
EFM	External Financing Mechanisms
EGX	Egyptian Exchange
EMDE	Emerging Market and Developing Economy
ESMA	European Securities and Markets Authority
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FONSIS	Fonds Souverain d'Investissements Strategiques
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GEAPP	Global Energy Alliance for People and Planet
GHI	Global Horizontal Irradiation
GNI	Gross National Income
HNWI	High-Net-Worth Individual
ICAR	International Centre for Asset Recovery
IFC	International Finance Corporation
IFF	Illicit Financial Flow
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IOA	Investment Opportunity Area
IPO	International Public Offering
IUU	Illegal, Unreported and Unregulated
JBIC	Japanese Bank for International Cooperation
JSE	Johannesburg Stock Exchange
KEPFIC	Kenya Pension Funds Investment Consortium
LACA	Latin American and the Caribbean
LIA	Libyan Investment Authority
LTWP	Lake Turkana Wind Project
MDB	Multilateral Development Bank
MERCOSUR	Mercado Comun del Sur
MIGA	Multilateral Investment Guarantee Agency

MNE	Multinational Enterprise
NDCs	Nationally Determined Contributions
NHIS	National Health Insurance Scheme
NISA	Nigeria Implementation Science Alliance
NSE	Nairobi Securities Exchange
NSIA	Nigeria Sovereign Investment Authority
OCP	Office Cherifin des Phosphates
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPEBAB	The Benin Organization for the Promotion of Organic Farming
PAFTRAC	Pan-African Private Sector Trade & Investment Committee
PAPSS	Pan-African Payment and Settlement System
PCM	Private Capital Mobilisation
PIDA	Programme for Infrastructure Development in Africa
PPP	Public Private Partnership
PRI	Political Risk Insurance
REC	Regional Economic Community
ROI	Return on Investment
SAATM	Single Africa Air Transport Market
SDRs	Special Drawing Rights
SEZ	Special Economic Zone
SME	Small and Medium-sized Enterprises
SSC	Social Security Contributions
STYIP	Second Ten Year Implementation Plan
SWF	Sovereign Wealth Fund
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TAZCO	Agroecological Transition in Cotton Growing Areas
TIWB	Tax Inspectors Without Borders
UNCTAD	UN Trade & Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNODC	United Nations Office on Drugs and Crime
USAID	United States Agency for International Development
USGS	United States Geological Survey
USMCA	United States-Mexico-Canada-Agreement
VCM	Voluntary Carbon Market
WAEMU	West African Economic and Monetary Union
ZSE	Zimbabwe Stock Exchange

This Facts & Figures report puts together the main data-driven facts and figures about the 'Financing The Africa We Want' theme. The focus of the report is to provide a mapping of the domestic financial resources and assets that can be tapped into for Africa's development. This report was prepared to inform the discussions at the 2025 Ibrahim Governance Weekend (IGW), to be held in Marrakech, Morocco, from 1-3 June 2025.

This research publication does not intend, by any means, to be exhaustive. The topics and data selected are those that MIF finds the most relevant.

This report makes use of the latest available data from a wide range of sources. A reference list containing all the sources used for this document is provided at the end of the report. Sources used are not always the primary data sources.

Each graph is accompanied by their respective data source. Where necessary, additional notes on the data used are also provided throughout the report.

Data included in the report was correct at source as of the date indicated in the reference. In some cases, the numbers may not add up to the total due to rounding.

This report provides comparisons of regional performance. Data was grouped using UNDESA Regions: Africa, Asia, Europe, Latin America and the Caribbean, North America and Oceania. In some cases, other regions are used, e.g. Sub-Saharan Africa, reflecting a choice made at source.

African averages are, in most cases, taken directly from source. If they have been calculated for the purpose of this report, they are unweighted. As not all sources provide data for the 54 African countries, some averages may not include data from all countries. Please see the sources for full details.

The population data in this report includes calculations using the medium variant projections available in the UNDESA's World Population Prospects 2024 database. Years 2025 and 2100 are highlighted to capture current and future trends.

The SDG financing gap cited in AU & OECD (2023) of $194 billion annually is calculated at source based on the OECD's Global Outlook on Financing for Sustainable Development 2023, due to the availability of data for African countries. Based on original projections conducted by UNCTAD in 2015, the source report assumes a $200 billion annual sustainable financing gap for Africa until 2030 in a scenario where financing conditions remain constant.

The additional $330 billion annually needed to achieve Agenda 2063's STYIP as cited in AU (2024) are calculated at source using a model-based approach including DRM, FDI, ODA and concessional financing, public-private partnerships, sustainable debt financing and remittances.

Figures represented to assess Africa's climate finance needs are based on the second report of the Standing Committee on Finance, presented at the 29th session of the COP of the UNFCCC, held in Baku between 11-22 November 2024. The reasons for choosing this report are its timeliness and the leading position the UNFCCC has in global climate governance.

Africa's SWF AuM differ according to source: while Global SWF (2025) reports $128 billion over 15 countries. Missing country and/or AuM data was supplemented with data from the SWFI (2025), bringing the total to $148.3 billion. For visualisations, data from Global SWF was preferred because of timeliness, more regular updates and better open source availability.

The lack of OECD data for many African countries does not imply that these do not have pension funds. The latest year available for OECD pension fund data was 2022, covering $205.9 billion over 13 African countries. Four additional countries have data available for 2017-2021, raising the total of African pension fund assets to $217.3 billion over 17 countries. Total African pension funds likely exceed this as, according to the International Social Security Administration (2019), 50 out of 54 African countries have pension programmes in place.

To assess Africa's agricultural potential, we use two indicators: arable land (% of land area) and arable land (hectares). The source for the arable land data (% of land area and hectares) in this chapter is FAO, which refers to arable land as land under temporary crops, temporary meadows or for pasture, land under market or kitchen gardens, and land temporarily fallow. Land that is in the process of shifting cultivation is not included. The data is also not meant to indicate the amount of land that is potentially cultivable. As a result, it is assumed that this is land that is currently under cultivation excluding land that is uncultivated.

As in previous MIF reports, the definition of youth used for analysis in this report is that of the AU (ages 15-34).

Economics research and fiscal policymaking has long been concerned with the interplay between taxation and economic growth, and hence optimal taxation rates. When it comes to the desired tax-to-GDP threshold, the report mentions two:

- The OECD suggests a tax-to-GDP ratio of 15% as efficient for enhancing economic growth through higher public spending on human capital (e.g. health and education), promoting economic stability and reducing inequality.
- A recent revision of the 15% ratio suggests a slightly lower threshold of 13% for inclusive growth as measured by the prosperity gap i.e. the average factor by which and individual's income must be multiplied to get to an income of $25 per day, the typical poverty line in high-income countries.

Credit ratings for African countries are correct as of 30 April 2025 and were taken directly from the websites of the respective agencies, namely Moody's, Fitch and S&P Global.

ODA data sourced from the OECD Creditor Reporting System database is reported with a year lag. Preliminary data for the previous year, covering only aggregate levels, is reported in April of the current year. Detailed data for the previous year, including geographic and sectoral breakdown, is released at the end of the current year. For this reason, the last data year in this report for the data collected from this dataset is 2023. Preliminary 2024 data mentioned in the report has been taken from the OECD's Detailed Summary Note "Preliminary official development assistance levels in 2024", published in 16 April 2025.

Due to the publication time of this report, all GDP data is based on the IMF WEO (October 2024). There is one exception to this: GDP growth projections were updated after the IMF Spring Meetings in April 2025 and, hence, are based on the IMF WEO (April 2025).

Unless stated otherwise, population statistics are taken from the 2024 revision of the World Population Prospects from UNDESA. For population projections, mid-year medium variant estimates are used.

Dollars ($) are US dollars unless indicated otherwise.

MIF welcomes all stylistic or data-related suggestions. If you would like to get in touch, please do so before 30 June 2025 via research@moibrahimfoundation.org.

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