Introduction

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For the past six years, La Découverte and the Agence Française de Développement (AFD) have published an annual edition of *L'Économie africaine*, aiming to provide an accessible macroeconomic analysis of the African continent while identifying key challenges and highlighting emerging sustainable development solutions. From its inception, *L'Économie africaine* has adopted an "All Africa" perspective, avoiding a horizontal segmentation of the continent and seeking to report on developments across Africa as a whole. This comprehensive approach allows for a rediscovery of Africa in all its dimensions, enabling a better understanding of both the challenges common to the entire continent and the diversity of the situations and transformations taking place there.

This sixth edition comes at a time when geopolitical issues are more than ever disrupting Africa's development dynamics. The resurgence of violence, intra- and inter-state conflicts, and proxy wars testify to the shifting of geopolitical tectonic plates, driven by zones of high tension. In a world of multiple fault lines, responses to systemic challenges such as climate change, biodiversity loss, and rapid technological advancements are becoming ever more complex. These challenges are not only testing the system of international governance but also reshaping cooperation at the local level. For in order to ensure humanity's survival, the global order that was previously built around a peace based on fossil fuel dependence is now striving to achieve a decarbonized peace. Aligning development trajectories with climate objectives and social justice requires robust policy frameworks and a broad coalition of stakeholders from government, civil society, and the worlds of finance, business, and research, in order to integrate security with sustainability.

2025 is an anniversary year for multilateralism, coinciding with the tenth anniversary of the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), the Paris Agreement on climate change, and the UN's third International Conference on Financing for Development in Addis Ababa. A decade after the 2015 consensus, it is evident that successful African transitions require substantial national investment, bolstered by targeted international financing to address vulnerabilities and safeguard the commons. It is no coincidence that the fifth Finance in Common Summit (FiCS), which brings together the world's 530 public development banks, will be held in Cape Town, South Africa, in February. A leading power of the Global South and holder of the G20 presidency this year, South Africa intends to put the pulling power of the USD 23 trillion under management by these public development banks at the heart of the reform of the international financial architecture. Integrating Africa's roughly 100 public development banks—which account for 1% of global assets but 20% of the world's public banks—more effectively into the financial system is crucial in order to rapidly implement effective public policies to address the continent's demographic, economic, and security challenges.

Indeed, while most African economies demonstrate remarkable resilience despite being highly vulnerable to exogenous shocks, the need for investment remains immense. As Julia Brouillard and Françoise Rivière show in Chapter I, it is crucial for the continent to embark on a structural transformation that will bring lasting prosperity and enable greater mobilization of domestic resources, which could then be supplemented by financial investment from abroad.

Africa's role in the international community is a central issue that Alain Antil explores in Chapter II, which offers a historical perspective from the precolonial period to the present. Antil shows that in 2015, we entered a new phase of international relations, one characterized by sluggish growth, a return to high levels of public debt, and a worsening security situation. This period is also defined by intensifying competition among global powers. In the past, sub-Saharan African countries had benefited from the growing number of international partners, which gave them greater room for maneuver. Now, increasing competition among geopolitical powers appears to be encroaching on the region and exacerbating internal imbalances, as demonstrated by the dynamics of the "return of Russia."

Seen from this perspective, Africa is often referred to as the "continent of conflict." But is this characterization accurate? In Chapter III, Niagalé

Bagayoko and Élodie Riche examine whether there are specific factors that make the continent particularly prone to violence and explore the nature of the conflicts that have taken place there over the past thirty years. They analyze the extensive internationalization of conflict management, discuss the wide variety of operations that have been conducted there, and analyze the security-development nexus.

In a global context characterized by a decline of democratic universalism and the erosion of democratic practices, what developments are unfolding on the African continent? In Chapter IV, Pierre-Arnaud Barthel, Laurent Duarte, Souleymane Kouyaté, and Olivier Lechien offer an overview of democratic trends in Africa's major regions. This chapter summarizes regional dynamics and showcases several experiments in what Achille Mbembe calls "substantive democracy" that illustrate the innovative capacities of a continent whose population is growing so quickly that most Africans are still too young to vote!

The last two chapters discuss the factors driving the structural transformation of African economies. In Chapter V, Jean Alain Goudiaby, Linda Zanfini, and Rigas Arvanitis highlight the role of research in addressing sustainable development challenges. They discuss the complex relationship between science and society, as well as the fragility of research systems in most African countries, where funding comes mainly from abroad. African research remains focused on applied research, on topics selected by international partners, at the expense of fundamental research.

Finally, in Chapter VI, Paulin Melatagia Yonta explores the challenges and opportunities that artificial intelligence (AI) presents for the continent. To turn these opportunities into successes, it will be crucial to address certain challenges that will be discussed at the major AI summit in Paris in February, such as safeguarding the ability of individuals to control their personal data and the risks of job market restructuring resulting from AI. African states are establishing administrative frameworks designed to respond to these challenges, and African universities are training a growing number of engineers and researchers specialized in AI to address Africa-specific issues. The promotion of African languages in the digital realm will be an essential lever for Africa to develop and implement its own approach to this disruptive technology.

As usual, this edition concludes with a prospective chronology and statistics, prepared by Fatima Badaoui and Vincent Joguet, listing the key African events of 2025, along with the continent's major economic and social data.

This edition focuses on what happens when geopolitics invites itself to the table of macroeconomic analysis. It presents the insights of experts who are closely connected to the actors and regions in question. I would like to express my gratitude to the authors, who, year after year, contribute an original and in-depth perspective on the African continent

I / Major macroeconomic trends in Africa

Julia Brouillard (EBRD) and Françoise Rivière (AFD)

Most African economies have demonstrated remarkable resilience despite deep-rooted structural challenges and vulnerability to overlapping exogenous shocks over the past four years. Nevertheless, this series of shocks has undermined the economic and social progress achieved since the COVID-19 pandemic, and relatively high growth rates have not been enough to offset demographic growth, nor have they led to structural transformation in most African countries.

Like other countries around the world, and despite a recent uptick in revenues, African countries have little fiscal space, a situation that is aggravated by high debt service obligations. Domestic resources alone are insufficient to finance the key areas of sustainable development in African economies. As a result, the international financial system has a crucial role to play.

This chapter addresses the following questions: What are the main trends in African economies? Are there significant differences between regions? What new and persistent challenges are they facing? What sources of financing and what levers do they have at their disposal?

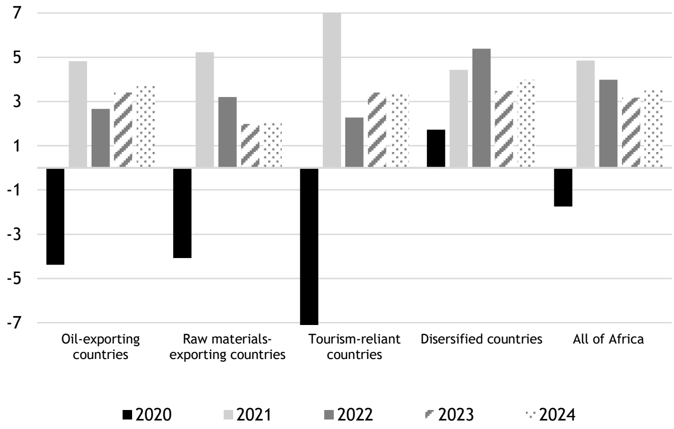
Resilient African growth, persistent socioeconomic challenges

Resilient in the face of recent shocks, the African economy contains divergent growth trajectories

Several factors are impeding growth at the global level: persistently high food and energy prices driven by the ongoing effects of Russia's invasion of Ukraine and conflicts in the Middle East; weak global demand, which is impacting export performance; and climate change and extreme weather events, which are adversely affecting agricultural productivity and power generation. Despite these challenges, the African economy has proved resilient in 2024, as illustrated by the sustained increase in average gross domestic product (GDP) across the continent, with a relatively stable growth rate: +3.0% in 2024, compared to +3.3% in 2023. This resilience is the result, on the one hand, of rising private consumption and declining inflation, and, on the other, of the effectiveness of policies aimed at minimizing the impact of economic shocks and fostering a return to stronger growth. Almost half of African countries will have achieved higher growth in 2024 than in 2023. Sixteen countries, in fact, are projected to see GDP growth rates of above 5%. By the end of 2024, only two countries are expected to experience negative growth, whereas in 2023, seven countries grew at under 1% or even at negative rates [IMF, 2024a].

At the African level, divergent growth trajectories highlight the resilience of a number of countries and the vulnerability of others. These differences are partly due to variations in economic structure, reflecting the distinction—now a classic theme in economics—between resource-rich countries and those with more diversified economies. Resource-rich countries are more exposed to fluctuations in commodity prices, while more diversified economies generally experience more stable GDP growth. In 2024, Africa's structurally sound, diversified economies are projected to grow by 4%.

Figure 1. **Real GDP growth in Africa**



Source: IMF (2024a); AFD calculations.

In Benin, Côte d'Ivoire, and Ethiopia, GDP growth rates are expected to exceed 6%. Among the continent's diversified countries, however, South Africa stands out: It is projected to grow by just 1%, mainly because of logistical and energy supply challenges. For resource-exporting countries, the anticipated rebound in growth is largely driven by improved economic conditions, particularly higher crude oil prices. In 2024, oil-producing countries are expected to see growth of 3.7% (2.8% for Nigeria). Niger is expected to grow by 9.8% in 2024, the highest rate in the region, thanks in particular to the completion of gas and oil projects. Meanwhile, tourism-dependent countries are seeing growth stabilize at around 3.4%, as the catch-up effects of the post-pandemic recovery begin to subside. Driven by strong domestic demand and rising tourism revenues, Morocco's GDP growth exceeded all estimates, reaching 2.7%.

Box 1. The impact of conflicts on economic growth

As evidenced by the negative growth rates in Sudan and South Sudan in 2024 (-20.3% and -26.4%, respectively [IMF, 2024a]), conflicts clearly have an impact on economic growth, albeit to varying degrees. Research has focused on quantifying how conflicts impact economic growth.

An International Monetary Fund (IMF) study that analyzed data from 67 countries and 273 conflicts between 1989 and 2022 found that countries experiencing conflict see annual growth rates that are, on average, 2.5 percentage points lower than those of countries not affected by conflict [IMF, 2024c]. This trend is especially pronounced in countries that export raw materials, many of which have faced high-intensity conflicts, such as the Central African Republic, Liberia, the Democratic Republic of the Congo, and Sierra Leone.

Furthermore, the duration of a conflict has a significant impact on GDP: real GDP per capita is 12% lower five years after the conflict began, if it continues.

According to the same study, the effect of conflicts on growth depends on the quality of a country's institutions and its fundamental budgetary conditions at the time the conflict began. An increase in conflict intensity is accompanied by a decline in growth of approximately 1.5 percentage points in countries with relatively strong institutions and of 3 percentage points in countries with weaker institutions. Likewise, countries with higher budget deficits or debt levels—and therefore less fiscal space to repair the damage caused by the conflict—experience a steeper decline in growth.

Structural issues remain a major challenge for African development

In the short term, inflation continues to erode the economic gains made across the continent in recent years. In 2023, the IMF estimated median inflation for emerging and developing countries at 6%. In Africa, inflation remains relatively high, increasing from 23.5% in 2023 to 24% in 2024 [IMF, 2024a]. This reflects the persistence of high food prices and imbalances between supply and demand in national and global food markets. The structural nature of the current wave of high inflation undermines the effectiveness of conventional monetary policy tools, such as raising key interest rates, and calls for a different approach. That said, the differences in 2024 inflation forecasts reflect a range of situations. Fifteen African countries are expected to see their inflation rates climb in 2024. Certain countries have succeeded in slowing inflation in 2023 and are projected to see only modest increases in 2024, while others are facing rising inflation caused by economic vulnerabilities, currency devaluations, and the adoption of inflation-accelerating policies (Box 2).

Box 2. Inflation and national specificities

Fifteen African countries are expected to experience an acceleration in inflation in 2024. However, this increase reflects a wide range of national macroeconomic policies. Here are a few examples:

In Egypt, inflation is projected to rise from 24.39% in 2023 to 33.3% in 2024 [IMF, 2024a], as global factors driving inflation are compounded by the devaluation of the Egyptian pound and a challenging economic environment. However, following the reforms implemented in 2023 and the approval of the new IMF program in 2024, inflation is expected to stabilize by the end of 2024. In Angola, inflation fell from 21.4% in 2022 to 13.6% in 2023, but it is expected to rise again in 2024 to 28.3%. The National Bank of Angola raised its base interest rate to 18% in November 2023, then to 19% in March 2024, and increased the reserve requirement ratio for the national currency. However, food prices, which account for 68.8% of the country's consumer price index [AfDB, 2024], will account for much of the acceleration in inflation projected for 2024.

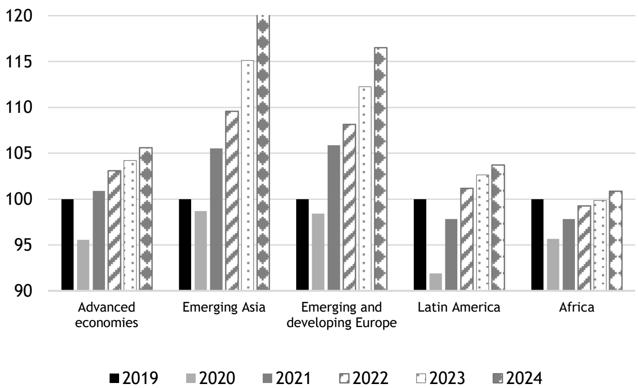
According to the latest IMF estimates, inflation in Nigeria is expected to rise from 24.7% in 2023 to 32.5% in 2024. This increase is the result of rising fuel prices (+167% between May and December 2023) and the depreciation of the naira.

In South Sudan, inflation is projected to reach 120.6% in 2024, compared to 40.2% in 2023, primarily as a result of the government's monetization of the budget deficit (the money supply increased by 47% in 2021–2022).

In Guinea, inflation, though moderate, is expected to rise to 11% in 2024, up from 10.5% in 2022 and 7.8% in 2023. The increase is partly due to food insecurity linked to rising prices following the war in Ukraine, as well as the explosion of the main fuel depot in Conakry in December 2023, which caused significant human and material losses and exacerbated food insecurity. In Burkina Faso, the inflation rate dropped between 2022 and 2023, from 13.8% to 0.7%, largely as a result of improved food supplies and a contractionary monetary policy that was part of an IMF program implemented in September 2023. In 2024, however, inflation is expected to rise slightly, to 2.1%, though this is not a cause for concern at this stage.

Across the continent, population growth is outpacing economic growth, leading to an imbalance between the needs of the population and economic capacities. In the medium term, therefore, growth in GDP per capita is a major challenge for Africa's development and for improving local living standards. From 1980 to 2020, real (i.e., inflation-adjusted) GDP grew at an average annual rate of 3.3%. Over the same period, however, real GDP per capita grew by only 0.9%. African economies are dominated by traditional sectors: Agriculture and raw materials exploitation remain the main drivers of growth and employment. Since the 1990s, however, the continent has been undergoing a structural transformation. Economic activity and employment have been shifting from agriculture to less productive sectors, such as trade and retail services, rather than to a more competitive manufacturing industry. In 2020, the agricultural sector accounted for 46% of jobs (down from 57% in 1991), the service sector 40% (up from 30% in 1991) and the industrial sector 14% (compared to 13% in 1991) [World Bank, 2024].

Figure 2. **Growth of GDP per capita in the world's major regions**



Source: IMF (2024a); AFD calculations.

Will African growth rebound in 2025?

Despite national, regional, and global challenges, the IMF projects that Africa's economic growth will recover in 2025, with a 4.2% increase in real GDP [IMF, 2024a]. It is indeed plausible that the factors currently weighing on global growth, including geopolitical instability, may subside and allow the continent's average growth rate to increase somewhat. Prospects for growth are most promising in East Africa, where Djibouti, Ethiopia, Rwanda, and Uganda are projected to achieve over 6% GDP growth. By contrast, growth in the Gulf of Guinea and Southern Africa is expected to slow. In 2024 and 2025, Africa is forecast to record the world's second-highest regional growth performance, trailing only Asia, whose 2024 growth rate is 3.2% higher than the global average.

Macroeconomic stabilization will require ongoing structural reforms, even in Africa's most dynamic economies. For example, in South Africa, where growth has stagnated since 2022, resolving the energy crisis is imperative. In Nigeria, the government is implementing a comprehensive reform package aimed at accelerating economic growth by developing the private sector, addressing distortions in the foreign exchange market, enhancing oil production, promoting economic diversification, and increasing public revenue. An ambitious program is likewise underway in Egypt to bolster the private sector's role in the economy while stabilizing the exchange rate and controlling inflation. Other countries, such as Côte d'Ivoire, Ghana, and Sierra Leone, have also launched significant reforms to reduce their budget deficits.

Nevertheless, the African continent remains highly vulnerable, with economic growth exposed to numerous risks. Inflationary pressures and the risk of further increases in commodity prices are persistent. Heightened global geopolitical tensions, coupled with a prolonged slowdown in international trade and investment, could hinder economic recovery. The proliferation of regional conflicts and political instability across the continent is likely to weigh heavily on the economic and macroeconomic conditions of affected countries and regions. Additionally, recurrent climate shocks, particularly in the Horn of Africa and the Sahel, are straining already-limited resources and risk exacerbating social tensions. With immense needs and increasingly constrained financing options, addressing the challenge of financing economic growth remains a critical priority in the medium and long term.

Financing the economy, a challenge for the entire continent

Financing Africa's development, a global objective and growing needs

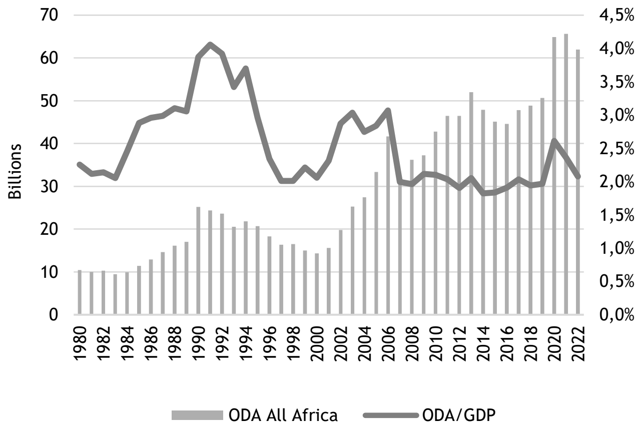
In terms of income disparities, Africa is the second most unequal region in the world, after Latin America and the Caribbean. Reducing inequality and poverty is therefore a top priority for the continent. Without measures to reverse poverty trends, nearly 9 in 10 extremely poor people will live in Africa by 2030. Currently, more than 600 million people in Africa lack access to electricity, and more than 600,000 die each year from air pollution caused by using charcoal for cooking [AfDB, 2024].

Though a low emitter of greenhouse gases, Africa is disproportionately exposed to the effects of climate change. Between 2010 and 2019, the continent (excluding the North African sub-region) contributed just 5% of global greenhouse gas emissions. In comparison, 38% came from East Asia and the Pacific, 19% from Europe and Central Asia, and 15% from North America. In the short term, the costs associated with climate change are both human and economic. Between 2000 and 2022, natural disasters affected 407.5 million Africans (resulting in 53,610 deaths and 52,205 injuries), and 4.2 million people became homeless [ECA, 2023]. The continent experienced numerous natural disasters in 2023, including cyclones in Malawi and Mozambique and droughts and floods in the Horn of Africa, the Congo Basin, and parts of Central Africa. The medium- and long-term economic consequences are enormous. Between 1986 and 2018, climate change reduced GDP per capita growth in Africa by 5% to 15% per year [AfDB, 2024]. Under high warming scenarios, this reduction could range from 16% to 64% by 2030, with countries in West and East Africa particularly exposed. In order to prevent disasters and adapt infrastructure to climate change, it is therefore imperative to finance measures in a variety of sectors, including energy, agriculture, water, and health. But according to the Climate Policy Initiative, achieving Africa's climate goals as outlined in its Nationally Determined Contributions (NDCs) will require USD 2.8 trillion between 2020 and 2030 [CPI, 2022]. Currently, however, the estimated shortfall stands at nearly USD 2.5 trillion, requiring an annual investment of at least USD 250 billion, or roughly 10% of Africa's GDP [Bermingham, 2024].

Financing sources must be diversified, but this will come with additional costs

External financial flows, such as foreign direct investment (FDI), official development assistance (ODA), remittances, and net portfolio investment, are insufficient to meet the continent's financing needs. In 2022, these flows fell by 19.4%, dropping from USD 217.1 billion in 2021 to 174.9 billion. While the absolute value of ODA has steadily risen since the 1980s, its share of Africa's GDP has diminished, accounting for only about 2% in 2022 (Figure 3). Member countries of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) aim to allocate 0.7% of their gross national income (GNI) to ODA. By the end of 2023, however, only a few advanced economies had met this target, with an average contribution of around 0.4% of GNI (France contributed approximately 0.55%).

Figure 3: **Official development assistance**



Source: IMF [2024a]; AFD calculations.

FDI is a critical source of financing, especially for infrastructure and manufacturing development. However, Africa attracts only a small share of global flows: In 2021, it received just 2% of global FDI flows, representing 2.1% of its GDP. Most FDI is concentrated in energy, manufacturing, the extractive industries, and construction, rather than health, roads, or water infrastructure. Nonetheless, despite the fact that the level of FDI in Africa barely changed in 2022 (-1%), Africa's FDI performance was far stronger than that of developing countries as a whole, where FDI flows fell by 9% in 2023 [UNCTAD, 2024]. The number of greenfield projects (i.e., entirely new projects) has grown, particularly in Morocco, Kenya, and Nigeria.

Box 3. SDRs: A lever for financing African economies?

On May 17, 2024, the IMF's Executive Board approved the use of special drawing rights (SDRs) by member countries for the acquisition of specific financial instruments—notably "hybrid" capital instruments—issued by multilateral and regional development banks, including the African Development Bank (AfDB). This decision makes available a potential windfall of USD 20 billion for participating countries.

The move was initiated by AfDB governors, who had requested this mechanism as early as May 2022 during Annual Meetings in Accra, Ghana. They advocated for IMF SDRs to be channeled through multilateral development banks. Issuing hybrid capital backed by SDRs will allow these banks to expand their financial resources, thereby enabling them to extend new loans to help address critical global challenges, such as climate change and food security. This new instrument offers the opportunity to lend at least $4 for every $1 equivalent of SDRs through the AfDB, the Inter-American Development Bank, and other multilateral development banks. The IMF last made a general SDR allocation to its members in 2021, issuing the equivalent of USD 650 billion to help countries cope with the COVID-19 pandemic.

New sources of financing for the transition have recently emerged, but they remain insufficient to address current and future needs. Beyond its traditional programs, the IMF introduced the **Resilience and Sustainability Facility** in October 2022 for eligible countries—primarily low-income nations—to finance initiatives on climate change and pandemic preparedness. The IMF is also pursuing reforms on its special drawing rights (SDRs).

Over the past decade, Africa's sources of financing have diversified away from concessional finance, turning instead toward China and private creditors. While this has made more financing options available, it has also led to an increase in the average cost of resources (Box 3). Tightening global financial conditions (rising interest rates, stricter credit standards, and heightened risk premiums) have driven up the cost of borrowing since 2022 and made market-based finance less accessible (Box 4). Average sovereign debt financing gaps in Africa have surged to three times the emerging market average since the start of the tightening cycle.

Box 4: The financing of African countries on financial markets

The financing of African countries on international markets is a relatively recent development. Between 2000 and 2021, 23 African countries issued more than 125 Eurobonds (bonds that enable governments to borrow in a currency other than their own, typically USD) totaling more than USD 1.51 trillion [AfDB, 2024]. Several African countries, including South Africa, Côte d'Ivoire, Morocco, Nigeria, Uganda, Tunisia, and Zimbabwe, made their debuts on international capital markets during the 2000s. However, the bulk of Eurobond issuances began between 2009 and 2014. During this period, favorable global financial conditions and the quest for positive real returns—bolstered by improving macroeconomic conditions in Africa, largely driven by the debt relief initiatives under the Heavily Indebted Poor Countries (HIPC) program—helped facilitate increased volumes of financing for African countries. However, the decline in oil prices between 2014 and 2016, coupled with widening primary budget deficits in oil-rich countries, further heightened financing needs.

This led some countries, such as Angola and Cameroon, to issue their first Eurobonds in 2012 and 2015, respectively.

More recently, the tightening of global financial conditions and rising inflation since the COVID-19 pandemic have had a significant impact on the financing of African countries on international markets. No Eurobonds were issued between April 2022 and the end of 2023, as borrowing costs surged [Châtelain et al., 2024]. However, the first quarter of 2024 marked a return to Eurobond markets for several African countries, with successful issuances by Benin, Côte d'Ivoire, and Kenya. These issuances were primarily intended to refinance Eurobonds maturing in 2024, albeit at higher interest rates than previous issuances. For instance, in February 2024, Kenya issued a new USD 1.5 billion Eurobond to buy back a USD 2 billion bond maturing in June 2024, but at a significantly higher nominal interest rate [AfDB, 2024]. This is one example of how the cost of external financing has risen since the COVID-19 pandemic.

As of June 2024, 21 African countries were classified as in debt distress or at high risk of debt distress, according to the IMF's Debt Sustainability Framework. Although financial markets began to open up again in early 2024, the debt-to-GDP ratio in Africa has more than doubled over the past decade, driven by rising financing costs, increased spending related to the COVID-19 pandemic, and climate shocks. According to the AfDB, public debt as a share of GDP rose from 31% in 2010 to 67% in 2023. In the short term, African countries are allocating a growing proportion of their budgets to servicing public debt. Sub-Saharan Africa faced substantial repayments of external public debt in 2024, including **USD 5.9 billion in Eurobonds** [IMF, 2024b], with an additional **USD 6.2 billion** set to mature in 2025, not to mention significant repayments of bank loans. In the medium term, the combination of high debt levels and high financing costs is forcing African governments to cut essential public spending and reallocate funds intended for development projects to debt servicing, jeopardizing growth prospects for future generations.

In search of new sources of financing: What role should the private sector play?

Mechanisms for involving the private sector in Africa's development

The private sector remains an underutilized driver of investment and economic growth in Africa. The high levels of public debt across the continent, combined with the uncertainty surrounding international aid, limit the degree to which growth can be fostered through large-scale public investment programs. To achieve a robust recovery and avoid economic stagnation in African countries, international financial institutions are increasingly emphasizing the role of the private sector in driving economic development. Mobilizing private financing to support inclusive growth is now central to the development models advocated by numerous international institutions and initiatives, such as the Compact with Africa [AfDB, IMF and WBG, 2017]. At its core, this approach involves diversifying sources of financing. According to the IMF, by the end of the decade, the private sector could contribute additional infrastructure financing equivalent to 3% of sub-Saharan Africa's GDP each year [Devine et al., 2021]. This translates to approximately USD 50 billion per year (based on 2020 GDP figures) and represents nearly a quarter of the region's average private investment rate, which currently stands at 13% of GDP.

While the private sector plays a central role in the direct financing of development, it also plays a key role in the financing of public resources through taxation. As emphasized in the Addis Ababa Action Agenda (2015), the mobilization of domestic resources is essential for achieving the goals of the 2030 Agenda for Sustainable Development and the African Union's Agenda 2063. However, there are two major obstacles standing in the way: corruption and informality. According to AfDB estimates, corruption costs Africa USD 148 billion per year. Above all, the very high rate of informality in the private sector—estimated at 36% of GDP and 70% of employment in sub-Saharan Africa (Ohnsorge and Yu, 2022)—limits the tax base available to African governments and, as a result, their fiscal capacities. Total central government revenue as a percentage of GDP was estimated at only 18% for Africa in 2021 [AfDB, 2023].

The private sector is not currently in a position to drive African development

In 2020, private investment accounted for 13% of GDP across African countries, on average [Devine et al., 2021]. The data available on this subject is limited, as few African nations report the share of private investment in their statistics. Furthermore, the situation varies widely across the continent. In 2022, for example, the ratio of private investment to GDP was 7.4% in Sierra Leone, 16.5% in Côte d'Ivoire, and 28.4% in Senegal. Compared to other regions, the private sector currently plays a small role in the financing and provision of infrastructure in Africa. 95% of infrastructure projects are handled by public entities, such as national administrations and state-owned enterprises (Devine et al., 2021). Over the last ten years, following the collapse of commodity prices, the number of such projects involving private sector participation has declined sharply.

At the international level, private sector investment in African economies remains limited, largely because of the perceived risks of investing in Africa, particularly monetary and institutional risks. Representatives for multinational corporations interviewed by the OECD (2023) cite political instability and lack of regulatory capacity as major deterrents and note that sudden changes in these areas have forced them to withdraw investments in the past. These companies emphasize the need for greater transparency in African investment regulations. A substantial share of FDI in Africa goes to certain countries that either offer a wealth of natural resources (such as Gabon and the Republic of the Congo) or boast some combination of political stability, larger domestic markets, a relatively favorable investment climate, and better communications and energy infrastructure (such as Kenya, Ethiopia, and Côte d'Ivoire). At the national level, the business climate is a critical factor in private sector development. Here, too, conditions vary widely across the continent. According to the World Bank's Rule of Law indicator, which measures the perceived effectiveness of legal frameworks and compliance with rules, Somalia, Sudan, and South Sudan score below 2/100 (with 100 the best possible score). Meanwhile, Rwanda, Namibia, and Mauritius rank among the highest on the continent, with scores above 50/100.

International financial institutions continue to play a pivotal role in fostering private sector development and building trust among international actors. The International Finance Corporation, a World Bank institution focused on private sector development, has been operating in Africa for years, but the fact that the European Bank for Reconstruction and Development

(EBRD) expanded to North Africa (Morocco, Tunisia, Egypt) in 2011 and plans to expand to six sub-Saharan African countries in 2025 confirms that the development of Africa's private sector is being prioritized.

Conclusion

Although African economies have proven relatively resilient, their financing in the short, medium, and long term remains a crucial challenge. Given the shortfalls in traditional sources of financing, such as domestic revenues and international donors, it will be essential to mobilize new resources and develop innovative financing mechanisms. In this regard, we must consider the (still too limited) role of the private sector in Africa, as well as the policies and measures that should be implemented to encourage its development and expand its role in financing African economies. These issues and their relationship to the international financial architecture will be a central focus of the UN's fourth International Conference on Financing for Development, which will be held in July 2025 in Spain, ten years after the previous one in Addis Ababa.

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