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New Partnership for Africa's Development: progress in implementation and international support: New Partnership for Africa's Development: progress in implementation and international support

Biennial report on the review of the implementation of commitments made towards Africa's development

Report of the Secretary-General*

Summary

The present report is submitted pursuant to General Assembly resolution [66/293](#), through which the General Assembly established the United Nations monitoring mechanism to review commitments made towards Africa's development and requested the Secretary-General to submit a biennial report to review progress on the implementation of such commitments. The report is primarily focused on financing for development and energy access, two areas that are critical for accelerating the implementation of commitments made towards Africa's development, in line with the achievement of the Sustainable Development Goals.

Following a recommendation of the Office of Internal Oversight Services, the Office of the Special Adviser on Africa has designed a new structure for the delivery of its monitoring mandate, which is presented in the report.

* The present report was submitted for processing after the deadline for technical reasons beyond the control of the submitting office.



I. Introduction

1. The present report is submitted pursuant to resolution [66/293](#), through which the General Assembly established the United Nations monitoring mechanism to review commitments made towards Africa's development and requested the Secretary-General to submit a biennial report to review progress on the implementation of such commitments.

2. Through its resolution [76/236](#), the General Assembly endorsed the evaluation by the Office of Internal Oversight Services of United Nations support for the New Partnership for Africa's Development (see [A/76/16](#) and [E/AC.51/2021/4](#)). In the evaluation, the Office of Internal Oversight Services suggested that a focus on gaps and challenges was preventing the implementation of commitments to inform decision-making and recommended establishing a dedicated intergovernmental forum under the auspices of the General Assembly for the periodic review of commitments.¹

3. In implementing that resolution, the Office of the Special Adviser on Africa devised a new structure, differentiating the three components of the monitoring mechanism: (a) monitoring, through a permanently available data platform; (b) reporting, through the biennial reports and other analytical products; and (c) accountability, through the multi-stakeholder dialogue under the auspices of the General Assembly.

Methodology for the review of commitments

4. In its resolution [66/293](#), the General Assembly established five criteria to guide the development of the methodology to review commitments made towards Africa's development. First, the monitoring mechanism should assess multilateral commitments grounded on the principles of mutual accountability and partnership. Second, the main objective of the review should be to assess outcome and impact. Third, it should build on existing monitoring mechanisms, within existing structures. Fourth, it should be coherent with other processes. Fifth, the review could follow a cluster-based approach.

5. Taking into consideration these criteria, the new methodology links the monitoring mechanism to the 2030 Agenda for Sustainable Development. Through its resolution [70/1](#), the General Assembly adopted the 2030 Agenda as a comprehensive, far-reaching and people-centred set of universal and transformative Sustainable Development Goals and targets, accepted by all countries and applicable to all. The resolution acknowledged the outcomes of all major United Nations conferences and summits, including the challenges and commitments resulting from them, and underscored the need for a new approach to ensure their implementation, represented by the goals and targets of the 2030 Agenda.

6. The adoption of the Sustainable Development Goals as the framework for the assessment of commitments made towards Africa's development fulfils the five criteria established by the General Assembly. First, it ensures the highest level of mutual accountability at the multilateral level as the overarching universal objectives to which all other commitments contribute. Second, it constitutes a results-based approach, assessing the impacts against targets that have been universally agreed. Third, the data platform of the monitoring mechanism builds on the Global Sustainable Development Goal Indicators Database of the Statistics Division, the Sustainable Development Goal

¹ Through its resolution [76/297](#), the General Assembly requested the President of the General Assembly to organize and preside over an interactive multi-stakeholder dialogue to discuss the main findings and recommendations contained in the report of the Secretary-General on the review of the implementation of commitments made towards Africa's development during the resumed seventy-seventh session.

portal of the Economic Commission for Africa, and other databases on financial commitments and other factors that affect progress towards the agreed goals.² Fourth, the new methodology takes a complementary approach to the mechanisms used as primary sources of data. In particular, the report assumes the assessment of existing mechanisms on actual progress towards the goals and complements them by identifying the specific challenges that have prevented or limited progress, analysing the impact thereof and proposing corrective measures. This analysis constitutes the core focus of the biennial report and provides the necessary data and information to enable the adoption of action-oriented decisions through the multi-stakeholder dialogue.

7. The new methodology adopts a cluster-based approach to facilitate an in-depth assessment of commitments made towards Africa's development in the biennial reviews. Commitments are organized in six cluster areas, aligned with the 2030 Agenda and Agenda 2063: The Africa We Want: (a) financing for development; (b) the peace, security and development nexus; (c) governance and human capital; (d) science, technology and innovation; (e) industrialization and free trade; and (f) energy and climate action.³ In order to enable a more in-depth analysis of challenges faced in the implementation of commitments, each biennial report will focus on specific cluster areas.

8. The present report focuses on the cluster of financing for development and the subcluster of energy access within the cluster of energy and climate action. Both areas were selected because of their critical importance. Financing for development is a game changer on the path to Africa's development. Success in the implementation of commitments, as reflected in the Sustainable Development Goals, is directly linked to the mobilization of the resources needed to undertake massive development investments in order to achieve transformative change in Africa. These investments are needed, inter alia, to untap the potential of energy as the driver of sustainable development in Africa.⁴ From health and nutrition to education, economic growth and industrialization, all efforts to achieve the Sustainable Development Goals require universal, affordable and sustainable energy access as a precondition for inclusive sustainable development.

II. Financing for development

9. The Addis Ababa Action Agenda of the Third International Conference on Financing for Development provides an overall financing framework for the 2030 Agenda, detailing the commitments included in Goal 17. With seven years of implementation left, the initial optimism that accompanied the adoption of the Addis Ababa Action Agenda is quickly fading, as it becomes clear that targets are increasingly unlikely to be met. The scorecard on the implementation of the Addis Ababa Action Agenda points to very slow progress across all priority areas. Against the backdrop of the intersecting and cascading global crises, the financing gap for Africa's development has widened considerably. This gap will likely reverse the progress made towards achieving the Goals. Intensified efforts are needed across the seven areas of the Addis Ababa Action Agenda to put the 2030 Agenda back on track.

² Ibrahim Index of African Governance, human development index, human capital index, Corruption Perceptions Index, Fragile States Index, Regulatory Indicators for Sustainable Energy score, Afrobarometer survey results, Country Policy and Institutional Assessment, Globalization Index of the Swiss Economic Institute and Global Innovation Index.

³ The General Assembly endorsed these cluster areas as the strategic framework for approaching the United Nations support for Agenda 2063 (see General Assembly resolution [76/236](#) in relation to [A/76/16](#)).

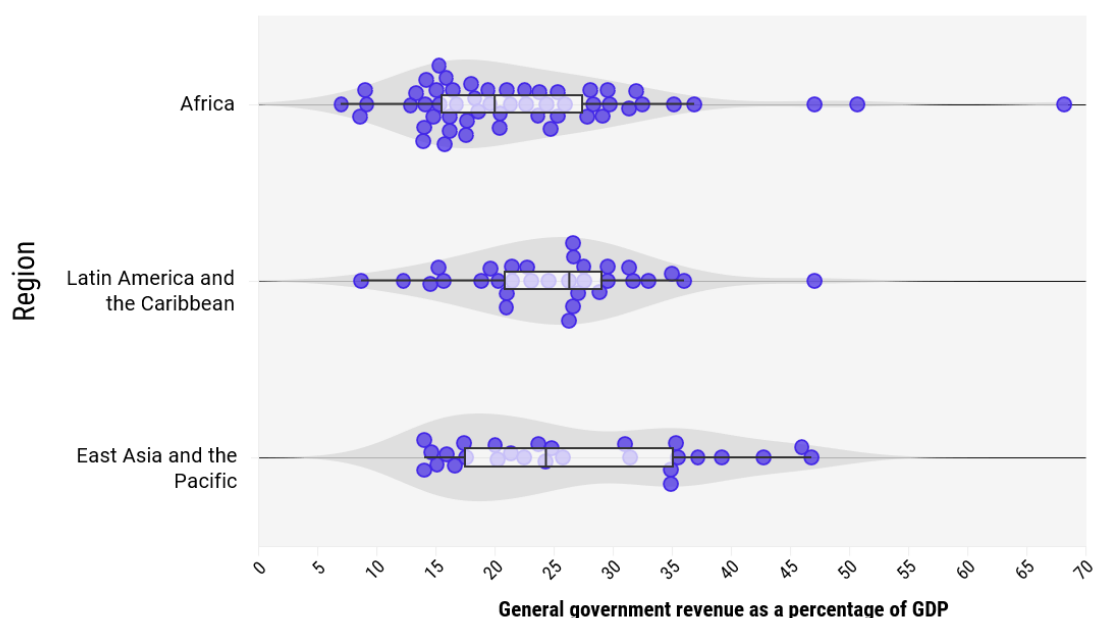
⁴ The General Assembly endorsed energy as a driver of sustainable development in Africa (see General Assembly resolution [77/254](#) in relation to [A/77/16](#)).

A. Domestic public resources

10. The Addis Ababa Action Agenda underlined the importance of domestic public resources in financing sustainable development and included a commitment to strengthening revenue administration through modernized, progressive tax systems, improved tax policy and more efficient tax collection.⁵ Despite African countries' efforts to mobilize increased revenue, that commitment has not been fulfilled. Many countries continue to register low tax revenues owing to weak tax administration systems and high levels of illicit financial flows.

Figure I

Indicator 17.1.1: general government revenue as a percentage of gross domestic product (GDP), 2021



Source: Statistics Division, Global Sustainable Development Goal Indicators Database.

11. Domestic revenue mobilization in Africa remained low compared with other regions, averaging 16.3 per cent in 2020, despite the steady increase since 2010 (see figure I). There is significant variation in the structure of domestic sources of funding in Africa. Many African countries have a low level of diversification, in particular those that rely on revenues from extractive sectors and indirect taxation.

12. There is considerable variation in tax collection efforts across the continent: Seychelles and Tunisia had the highest tax-to-gross domestic product (GDP) ratios, at 32 per cent, followed by Morocco and South Africa, which registered 28 per cent and 25 per cent, respectively. By contrast, countries such as the Congo, the Democratic Republic of the Congo, Equatorial Guinea, the Niger and Nigeria recorded tax rates below 10 per cent of GDP.⁶

13. Even though the average share of the budget funded by domestic taxes climbed from 59 per cent in 2010 to 65 per cent in 2019, it fell to 57.24 per cent in 2020 (see

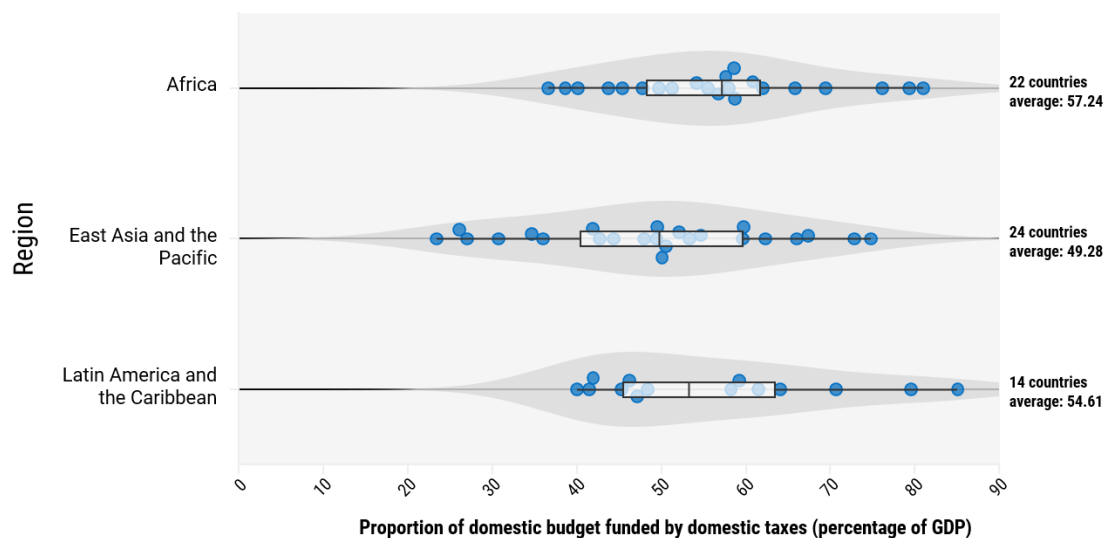
⁵ General Assembly resolution 69/313, para. 23, and Sustainable Development Goal 17.1.

⁶ Organisation for Economic Co-operation and Development (OECD), *Revenue Statistics in Africa 2022* (Paris, 2022).

figure II). This decrease may be explained by the added downward pressure exerted by the coronavirus disease (COVID-19) pandemic on the budgets. At the subregional level, the performance of Central Africa was markedly lower than it was for other subregions.

Figure II

Indicator 17.1.2: proportion of domestic budget funded by domestic taxes (percentage of GDP), 2020



Source: Statistics Division, Global Sustainable Development Goal Indicators Database.

14. One of the significant challenges African countries face in mobilizing increased domestic revenue is the high cost of tax collection. This cost is strongly correlated with the efficiency of revenue administration and domestic tax revenue mobilization (see figure III). Countries that have invested in digitalizing their revenue administration manage to collect more taxes. For example, Angola increased its customs revenue by 44 per cent compared with that collected in 2018 after the first year of deploying the Automated System for Customs Data software.⁷ This underscores the urgency for African countries of embracing digital technologies to boost their domestic revenue mobilization capacity.

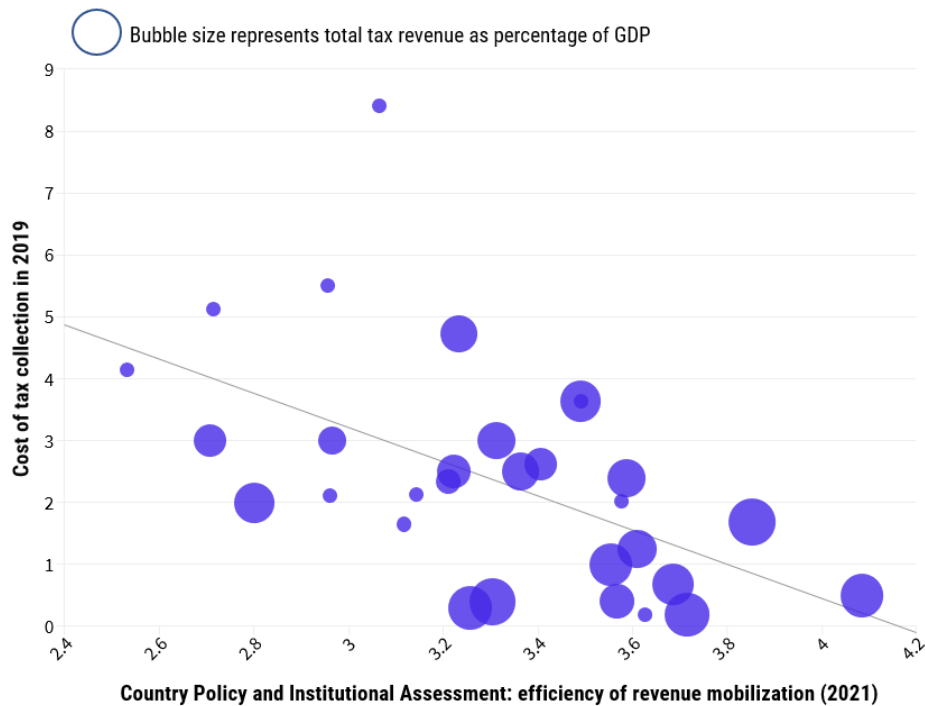
15. Reducing opportunities for tax avoidance, enhancing disclosure and transparency and fighting illicit financial flows, including by strengthening national regulation and increasing international tax cooperation, are also specific commitments in the Addis Ababa Action Agenda.⁸ Illicit financial flows are the major factor behind the financial paradox in Africa – a continent that is rich in financial resources, yet is in debt distress. Over the period 1970 to 2018, Africa lost approximately \$2.1 trillion to illicit financial flows. The challenges posed by African countries' limited control over illicit financial flows contribute to the continent's liquidity crisis, which has been further exacerbated by an unfair global financial system that has not protected the continent sufficiently from today's multiple crises. Illicit financial flows have far-reaching consequences for African countries, including reduced capital accumulation and

⁷ The Automated System for Customs Data, implemented by the United Nations Conference on Trade and Development (UNCTAD), focuses on reforming, streamlining and automating customs clearance processes.

⁸ General Assembly resolution 69/313, annex, para. 23, and Sustainable Development Goal target 16.4.

lower economic output. By curbing illicit financial flows, African countries could increase their average tax revenues by 2.5 percentage points of GDP (see [A/76/888](#)).

Figure III
Correlation between the cost of tax collection and efficiency in revenue mobilization



Source: Organisation for Economic Co-operation and Development (OECD), *Revenue Statistics in Africa 2022*; Country Policy and Institutional Assessment; Office of the Special Adviser on Africa.

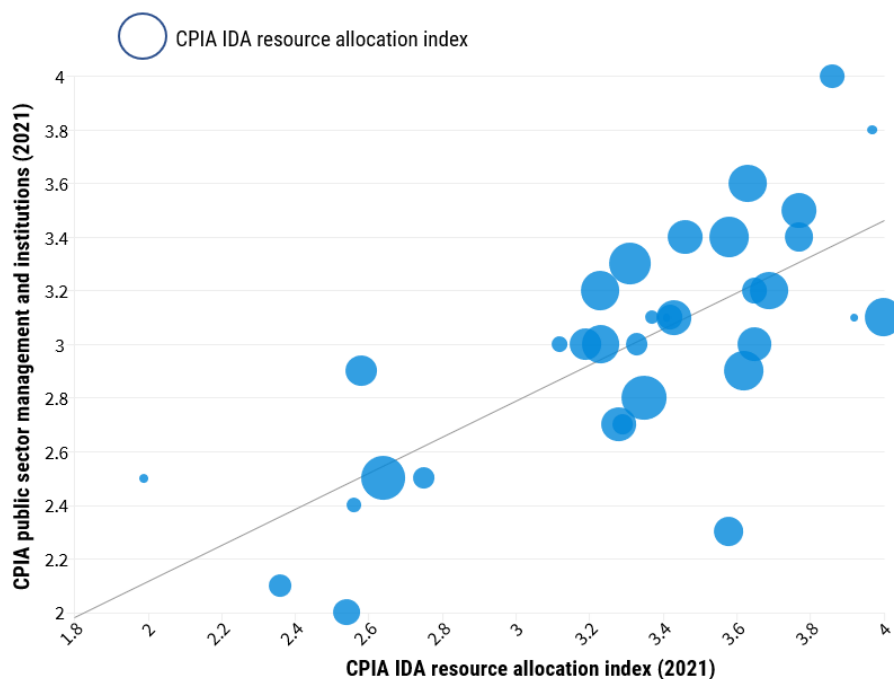
16. Following the proposal for global tax reform set out in Our Common Agenda (see [A/75/982](#)), the adoption of resolution [77/244](#) and the scheduling of intergovernmental discussions during the seventy-eighth session of the General Assembly represent steps towards establishing a framework for international tax collaboration. It is estimated that by implementing article 12B (income from automated digital services) of the United Nations Model Double Taxation Convention between Developed and Developing Countries, African countries could generate between \$0.4 billion and \$1.4 billion in revenues.⁹

17. Domestic public resource mobilization is not only about increasing tax revenues, but is also about ensuring that funds are appropriately allocated and spent efficiently. Africa loses an average of \$70 billion annually because of public spending inefficiency (see [A/76/888](#)). Strong public institutions are critical to improving resource allocation and increasing public spending efficiency in Africa, as there is a

⁹ Vladimir Starkov and Alexis Jin, “A tough call? Comparing tax revenues to be raised by developing countries from the Amount A and the UN Model Treaty article 12B regimes”, Research Paper, No. 156 (Geneva, South Centre, 2022).

strong positive correlation between the quality of public institutions¹⁰ and the public spending inefficiency score (see figure IV).

Figure IV
Correlation between Country Policy and Institutional Assessment indicators on public sector management institutions and resource allocation, 2021



Source: Country Policy and Institutional Assessment 2022, and Office of the Special Adviser on Africa.

B. Domestic and international private business and finance

Domestic private financial resources

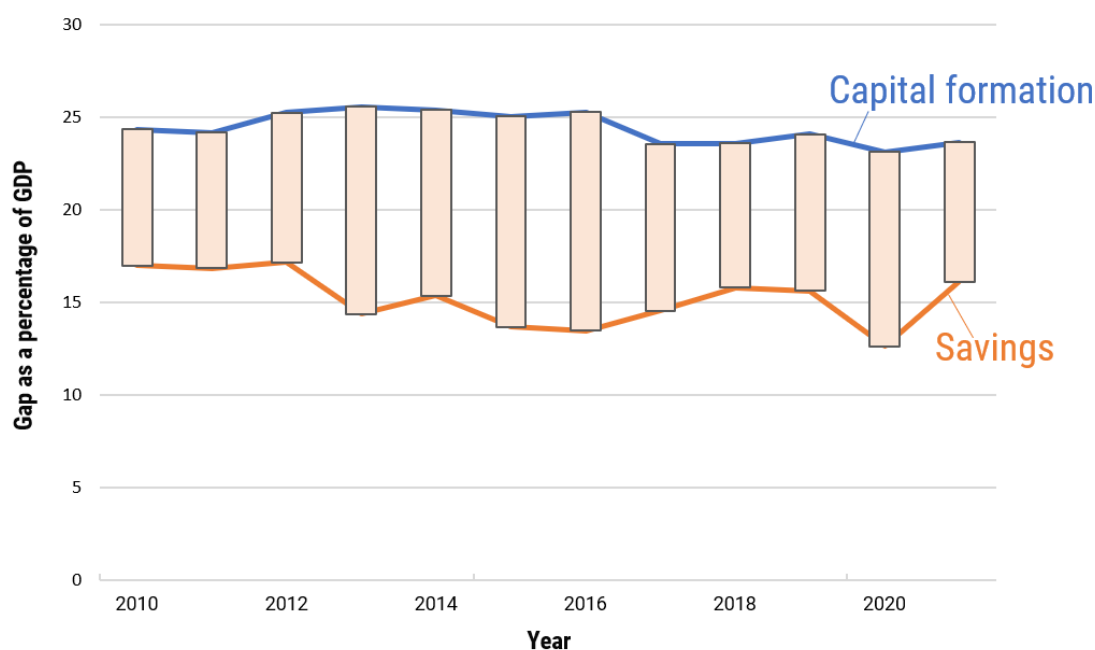
18. In the Addis Ababa Action Agenda, recognizing the crucial importance of financial markets for mobilizing savings and directing them towards investment, Member States pledged to support developing countries to build their domestic capital markets (resolution 69/313, annex, para. 44). Through mobilizing savings and channelling them to business and investment in productive sectors, thereby creating jobs and income, the financial sector boosts economic development. However, this commitment has not been implemented. The financial sector in Africa remains underdeveloped, which represents a major hindrance to the continent's economic growth and development (see figure V). Lack of investment, reflected in low gross capital formation averaging 24.5 per cent of GDP between 2010 and 2021, stunts the building of critical infrastructure and the growth of African businesses, making it difficult for the private sector to create jobs and compete internationally. Furthermore, despite substantial growth in assets and profitability, banks do not lend substantially to small and medium-sized enterprises. Although the ratio of domestic credit to the private sector by banks increased from 20 per cent in 2010 to 25 per cent in 2021, this

¹⁰ Assessed as: (a) public sector management and institutions, and (b) resource allocation, using the Country Policy and Institutional Assessment indicators.

percentage is still negligible compared with other regions. The absence of well-functioning capital markets also limits the ability of firms to raise long-term capital and discourages investment in the real economy. African stock markets, excluding those in Egypt and South Africa, face challenges, including illiquidity, fragmentation and weak regulatory environments. These shortcomings undermine the capacity of African countries to attract domestic funds, such as pension funds to finance public debt through domestic treasury bonds, which would in turn contribute to building domestic capital markets.

Figure V

Africa's savings-investment gap as a percentage of GDP, 2010–2021



Source: World Bank development indicators.

19. Estimates suggest that African pension funds have grown substantially, with assets forecasted to reach between \$1.6 trillion and \$1.9 trillion by 2025, compared with \$676 billion in 2017.¹¹ However, the participation of these pension funds in financing infrastructure development is minimal compared with their participation in other regions, at around 1 per cent on average.¹² Pension funds could be leveraged to reduce the infrastructure financing gap by at least 30 per cent (A/76/888, para. 51). The challenge is the development of diversified local investable assets and products that meet the long-term liability requirements of institutional investors, as reflected in the overreliance on government securities.

20. Since commercial banks in Africa do not provide long-term financing for productive sectors owing to the short nature of their liabilities, national development banks are well suited to fill this void by financing small and medium-sized enterprises and industrial transformation, as underscored by the Addis Ababa Action Agenda (resolution 69/313, annex, para. 43). National development banks in Africa hold only 1 per cent of the global financial sector's assets, however, which is significantly below the 13 per cent for the Americas, 28 per cent for Europe and 58 per cent for

¹¹ PwC, "Asset and wealth management revolution: the power to shape the future", 2020.

¹² OECD, "Annual survey of large pension funds and public pension reserve funds" (Paris, 2021).

East Asia and the Pacific.¹³ These funding constraints severely limit the ability of national development banks to play a meaningful role in financing development in Africa. The primary reasons for underperformance are low bank assets, limited asset diversity, difficulties in generating internal capital, high levels of non-performing loans and low efficiency reflected in the high cost-to-income ratios.¹⁴

21. As outlined in the Sustainable Development Goal stimulus, multilateral development banks can also play a key role in scaling up affordable long-term financing for development, including by strengthening their capital bases, making better use of existing capital and improving the terms of lending by using longer terms (30–50 years), lower interest rates and state-contingent clauses and by scaling up lending in local currencies. Recent initiatives aimed at supporting the re-channelling of special drawing rights (SDRs) through multilateral development banks, such as the proposal put forth by the African Development Bank, constitute a step in the right direction.

Foreign private financial resources

22. Recognizing the critical role of remittances, in the Addis Ababa Action Agenda Member States reaffirmed the commitment to further reduce average remittance costs to below 3 per cent and transfer costs by corridor to below 5 per cent by 2030.¹⁵ In 2022, Africa received \$100 billion in remittance flows, representing 5.5 per cent of its GDP (see figure VI). However, the cost of sending money to Africa remains the highest globally, averaging 7.84 per cent in the second quarter of 2022. Remittance costs of specific corridors varied widely, from the almost 20 per cent fee in Namibia to 3.2 per cent in Mali. With regard to the means of transfer, bank transfers can cost more than 23 per cent, while mobile money transfers are the cheapest at less than 5 per cent. Research suggests that reducing transfer costs could double the volume of remittance flows.¹⁶

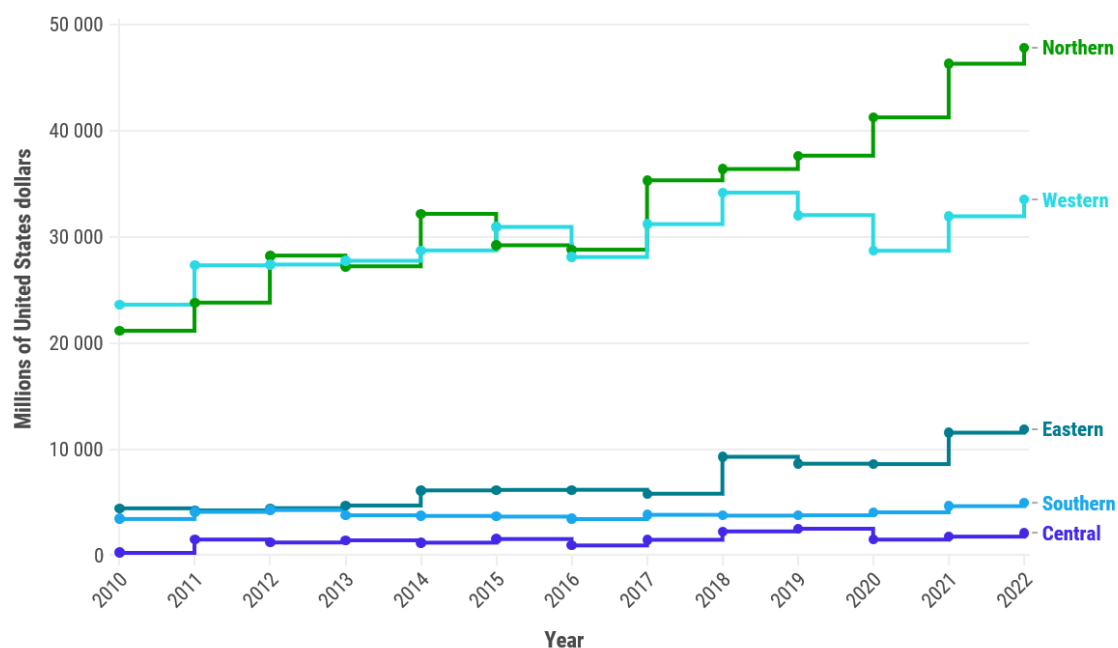
¹³ Economic Commission for Africa, “Assessing the effectiveness of national development banks in Africa” (Addis Ababa, 2022).

¹⁴ Ibid.

¹⁵ Resolution 69/313, annex, para. 40, and target 10.c.

¹⁶ Junaid Ahmed, Mazhar Mughal and Inmaculada Martínez-Zarzoso, “Sending money home: transaction cost and remittances to developing countries”, Discussion Papers, No. 387 (Göttingen, Germany, University of Göttingen, 2020).

Figure VI
Remittance inflows: trends by African subregion
 (Millions of United States dollars)



Source: Global Knowledge Partnership on Migration and Development remittances data.

23. Foreign direct investment (FDI) is an important source of capital, technology and knowledge transfer for many developing countries, including in Africa. In this respect, the international community committed to addressing the challenges hindering FDI.¹⁷ In 2021, Africa received \$83 billion in FDI, more than double the amount in 2020. However, this represented only 5 per cent of global FDI, substantially below the rates for East Asia and the Pacific and Latin America and the Caribbean (26 per cent and 13 per cent, respectively). Some African countries, notably Egypt, Mozambique and South Africa, attracted significant FDI, especially for natural resource extraction.

24. The disparities in FDI flows between Africa and other regions and among African countries highlight the need to address the challenges limiting investment in the continent. The retraction of FDI flows by 20 per cent on average between 2009 and 2019, despite generous tax incentives offered by 65 per cent of sub-Saharan African countries,¹⁸ points to the inefficiency of tax incentives as a tool to attract FDI. Furthermore, in 2019, such tax incentives resulted in forgone revenues of \$46 billion (A/76/888, para. 33). By contrast, a stable investment climate and solid national institutions appear to be significant factors influencing investment decisions.¹⁹ However, according to the Country Policy and Institutional Assessment index, African countries are lagging behind on almost all indicators.

¹⁷ Resolution 69/313, annex, paras. 45 and 46, and targets 10.b and 17.5.

¹⁸ Maria Andersen, Benjamin Kett and Erik Uexkull, "Corporate tax incentives and FDI in developing countries", in *Global Investment Competitiveness Report 2017/2018: Foreign Investor Perspectives and Policy Implications* (Washington, D.C., World Bank, 2018).

¹⁹ Emmanuel Cleeve, "How effective are fiscal incentives to attract FDI to sub-Saharan Africa?" *The Journal of Developing Areas*, vol. 42, No. 1 (2008).

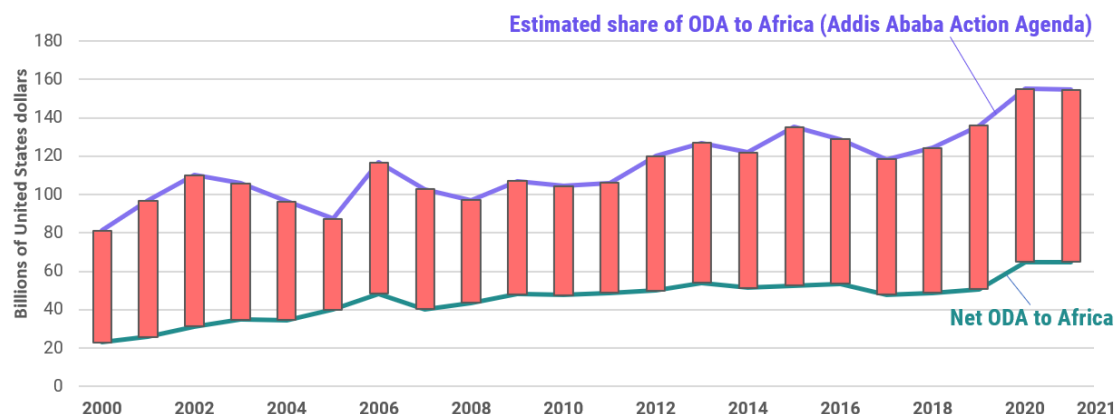
C. International development cooperation

25. Developed countries committed to allocating 0.7 per cent of their gross national income as official development assistance (ODA) and 0.15 to 0.20 per cent to the least developed countries.²⁰ They have not delivered on this commitment. Between 2000 and 2021, ODA to developing countries as a percentage of gross national income averaged 0.29 per cent. During the same period, the average proportion of ODA disbursed to the least developed countries was 0.06 per cent of the gross national income of Development Assistance Committee members, significantly below the Sustainable Development Goal target. Even though the share of ODA to least developed countries in Africa increased slightly, it remained relatively stagnant at 23 per cent between 2000 and 2021.

26. While ODA constitutes a relatively small component (5 per cent) of Africa's financing for development, it could play a crucial role in supporting the achievement of goal 20 of Agenda 2063, under which African countries committed to taking full responsibility for financing their development. However, from a sectoral perspective, throughout the past decade, the distribution between sectors has remained virtually unchanged, with a substantial share going to social services (47 per cent), humanitarian aid and economic infrastructure (15 per cent, respectively). ODA support for critical areas that have a multiplying effect on Africa's development is remarkably low. For instance, in 2021, ODA support for domestic resource mobilization in Africa was around 0.24 per cent of total ODA to Africa, amounting to \$165 million.²¹ These resources are insufficient to support African countries' efforts to strengthen and modernize sectors that would act as multipliers, such as tax systems.

Figure VII
Gap in ODA delivery to Africa, 2000–2021

(Billions of United States dollars)



Source: OECD database.

D. International trade as an engine for development

27. As part of their Addis Ababa Action Agenda commitments, Member States pledged, inter alia, to promote an equitable multilateral trading system and to improve market access for products from the least developed countries.²² However, the current

²⁰ Resolution 69/313, annex, para. 51, and target 17.2.

²¹ OECD database.

²² Resolution 69/313, annex, para. 85, and targets 17.10, 17.11 and 17.12.

international trade mechanisms have failed to share benefits, resulting instead in growing inequalities.²³ Over the past decade, Africa's share of global exports decreased from 3.4 per cent to 2.2 per cent. In 2020, the least developed countries' share of global exports remained at less than 1 per cent, similar to the level in 2010. The nature of most African economies, which are not diversified and are externally oriented and rely heavily on importing food and capital goods and on exporting primary commodities, continues to be a chronic challenge.

28. In 2021, intra-African trade increased by 18.2 per cent, a strong recovery after experiencing a 7.3 per cent decline in 2020 owing to international trade restrictions. This recovery was mainly attributed to strong global demand and improved commodity terms of trade. Intra-African trade represents only 14.5 per cent of Africa's trade, which is a very low percentage compared with other regions.²⁴ The implementation of the African Continental Free Trade Area is expected to increase intra-African trade by 50 per cent by 2030, which could lift 30 million people out of extreme poverty.²⁵ Beyond tariff elimination, most of the benefits of the African Continental Free Trade Area are expected to come from reducing non-tariff barriers, which could generate around \$20 billion.²⁶ Customs authorities play a critical role in maximizing these benefits by enforcing rules of origin, facilitating intra-African trade and conducting efficient processes. In this respect, digital solutions are instrumental to enhancing efficiency by reducing processing time and associated costs and by increasing transparency and the trackability of traded goods. For example, in the Gambia, the implementation of the Automated System for Customs Data reduced customs release times by 50 per cent between 2017 and 2021, and in Djibouti, it contributed to a 95 per cent increase in customs revenue between 2012 and 2021.

E. Debt and debt sustainability

29. The Addis Ababa Action Agenda includes a commitment to support developing countries in attaining long-term debt sustainability, including through debt financing, debt relief and debt restructuring, as well as to lend in a way that does not undermine a country's debt sustainability (resolution 69/313, paras. 94 and 97). However, debt sustainability in Africa has remained elusive owing to external shocks that continue to trigger debt distress in African countries, and structural inequities embedded in the global debt architecture that exacerbate unsustainable debt burdens in the region.

30. As during previous international crises, African countries find themselves squeezed by both increasing debt-servicing costs and decreasing international reserves, once again highlighting the unfairness of the international financial and debt system. The current crises have created three dangerous risks: (a) the increasing cost of borrowing; (b) the disruption of value chains; and (c) spiralling inflation due to oil and food prices. The combination of those three risks has increased the cost of debt servicing and decreased both export and budget revenues. As a result, debt service/export revenue and debt service/budget revenue ratios, which are critical to debt sustainability, have been negatively affected. Repayment assumptions at the time of debt contracting have changed dramatically, long before the public investments financed with the debt could generate the expected cash flows, making it almost impossible to service that debt. This difficulty has closed new financing and

²³ UNCTAD, "The spirit of Speightstown: from inequality and vulnerability to prosperity for all" (TD/541/Add.1).

²⁴ African Export-Import Bank, *African Trade Report 2022: Leveraging the Power of Culture and Creative Industries for Accelerated Structural Transformation in the AfCFTA Era* (Cairo, 2022).

²⁵ Ibid.

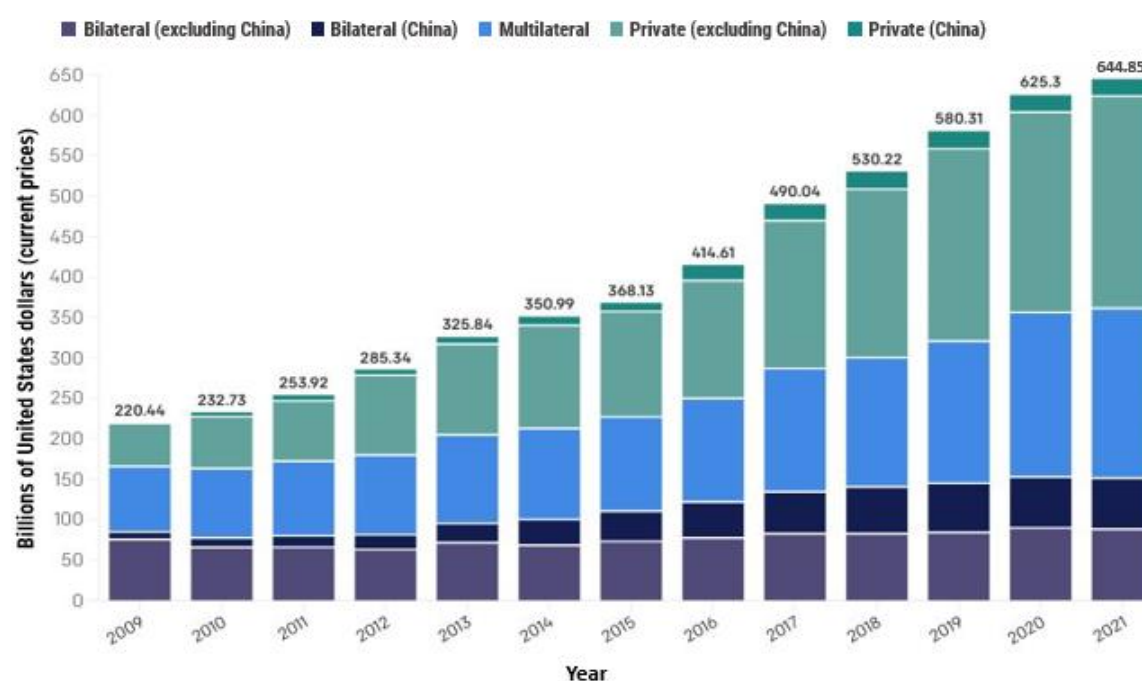
²⁶ UNCTAD, "Creative economy programme". Available at <https://unctad.org/topic/trade-analysis/creative-economy-programme>.

refinancing windows and pushed African countries into debt distress. For example, in 2022, the refinancing costs of Eurobonds doubled, increasing by approximately 600 basis points (6 per cent) and, for some borrowers, by 1,800 basis points (18 per cent). The increase of 600 basis points is estimated to have resulted in an additional \$8.4 billion in interest costs annually, equivalent to 0.1 per cent of Africa's GDP. As a result, from \$19.6 billion worth of Eurobonds issued by African countries in 2021, in 2022, only Angola, Nigeria and South Africa could issue Eurobonds. The increase in debt-servicing costs also minimizes the impact of international cooperation. For example, in 2020 and 2021, African countries paid \$285.61 billion for debt servicing, more than twice the amount they received in ODA (\$149.26 billion) in the same years.

Figure VIII

Total debt owed by African countries: public and publicly guaranteed long-term debt outstanding and disbursed, 2009–2021

(Billions of United States dollars)



Source: World Bank, International Debt Statistics database.

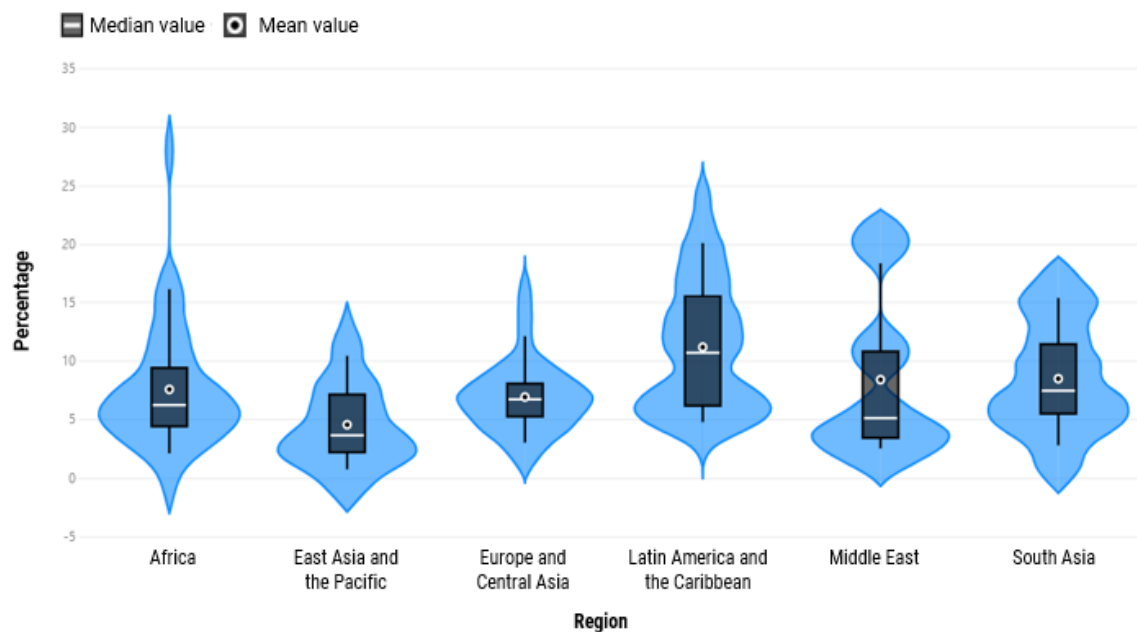
Target 17.4 at stake: the risks of short-term debt relief/suspension without debt restructuring

31. Over the past 40 years, Africa has undergone approximately 320 sovereign debt restructurings without achieving debt sustainability. Traditional lenders, namely multilateral development banks and high-income creditors, have been the main counterparts in restructuring debt. More recently, African countries have again benefited from debt relief and debt suspension initiatives to help them cope with the devastating socioeconomic impacts of the COVID-19 pandemic. To address the impact of the crisis on debt servicing and to free up resources for African countries to deal with the emergency, in May 2020, the Group of 20 launched the Debt Service Suspension Initiative. When the initiative expired in June 2021, it was replaced by the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative. The Common Framework for Debt Treatments was designed to deliver a sustainable solution to lower income countries' debt vulnerabilities and to ensure the

broad participation of creditors and fair burden-sharing. However, as designed and implemented, it neither guarantees alignment with the long-term sustainability requirement of Sustainable Development Goal target 17.4, nor does it apply to countries that are not eligible for loans from the International Development Association, including middle-income countries in urgent need of debt relief. Furthermore, the Common Framework has not managed to successfully involve private creditors and non-Paris Club members. Only four African countries have submitted requests (Chad, Ethiopia, Ghana and Zambia), none of which have seen a reduction in their debt under the framework. Beneficiary countries have also faced reputational costs associated with the credit risk perception of external debt restructuring, which has discouraged many from applying for the Common Framework, as sovereign downgrades can have an impact on borrowing costs and access to capital markets. In addition, the mechanism's slow pace has created the perception that it is ineffective at ensuring the stability of the international financial system.

Figure IX

Debt service as a proportion of exports of goods and services, 2020 or nearest available year



Source: Statistics Division, Global SDG Indicators Database.

32. The failure to achieve the commitment to support developing countries in attaining long-term debt sustainability has been caused primarily by the deficit in global governance to deal with debt distress and ensure global financial sustainability. The change in Africa's creditor composition because of the emergence of new bilateral creditors, namely China, and the increased participation of private commercial lenders both suggest the need to restructure the Paris Club framework and provide an opportunity to promote a new approach that is more aligned with the Sustainable Development Goals – one that adopts debt sustainability as the driving force. Robust domestic resource mobilization systems, as the cornerstone of predictable cash flows, should be part of the equation. Such systems can bring sustainability to the process by addressing challenges in public financial management. Furthermore, they are a tool to de-risk countries' profiles by helping them to address the reputational costs associated with the credit risk perception of external debt restructuring and the resulting impact on countries' borrowing costs and access to capital markets. The international community, including international financial institutions, can contribute to debt sustainability by

supporting speedy and coordinated external debt restructuring, providing appropriate technical assistance and facilitating the participation of private sector creditors through timely information-sharing regarding the capacity of countries to service their debts under proposed restructuring agreements. As outlined in the Sustainable Development Goal stimulus, there is also a need to improve multilateral debt relief initiatives with an expansion of eligibility, to incentivize private creditors' participation in official debt restructuring and to improve debt contracts by incorporating state-contingent clauses. These efforts should ultimately lead to a permanent mechanism to effectively address sovereign debt distress for all countries in need, including vulnerable middle-income countries.

F. Addressing systemic issues

33. The Addis Ababa Action Agenda includes the commitment to build a stronger and more inclusive global economic governance architecture (resolution 69/313, paras. 103 and 107). The need for such reform is increasingly pressing amid lingering global economic and climate crises. Despite some progress made between 2005 and 2015 in terms of the representation of developing countries, Africa is underrepresented in international financial organizations, as the distribution of voting shares has remained unchanged and major developed economies still hold significant power in decision-making boards with de facto veto powers (see A/77/223).

34. The unprecedented release of \$650 billion in special drawing rights (SDRs) in 2021 in response to the COVID-19 pandemic provided countries with quick access to additional funding. However, the global financial safety network system reproduced the imbalances in the international financial architecture. Most African countries were excluded from the major crisis finance elements, such as new regional funds or central bank currency swaps. Based on current quotas, developed countries received about \$420 billion, or 66 per cent of the total, while Africa's share of \$33 billion of SDRs represented only 5 per cent of the total SDR allocation. At the same time, Group of Seven countries only used about 6 per cent of their SDRs, which means that \$266 billion worth of SDRs could potentially be reallocated to developing countries, including those in Africa, to bridge the important financing needs associated with the pandemic. Expenditures relating to the pandemic are projected to reach \$285 billion through 2025 (see A/76/888). The Group of 20 goal of recycling \$100 billion worth of SDRs to vulnerable countries constitutes a step in that direction. As of February 2023, around \$87 billion had been pledged by Group of 20 countries. However, the actual amount of SDRs redirected to developing countries remains low, while a lack of transparency around the issue continues to obscure the exact figures.

G. Science, technology and innovation

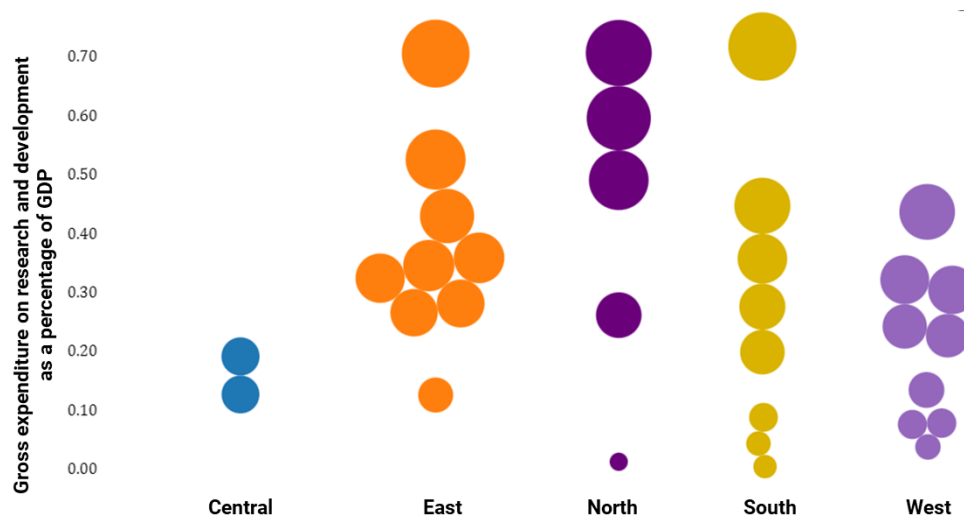
35. Science, technology and innovation can play an important role in transforming economies and achieving the Sustainable Development Goals. Member States committed in the Addis Ababa Action Agenda to pursuing measures that incentivize the creation of new technologies and promoting research and innovation (resolution 69/313, annex, para. 116). In line with this commitment, African countries have increased their domestic investments in research and development.²⁷ Gross expenditure on research and development as a percentage of GDP has increased, although it is still below the African Union target of 1 per cent (see figure X). At the

²⁷ The African Academy of Sciences, *Africa Beyond 2030, Article: Leveraging Knowledge and Innovation to Secure Sustainable Development Goals* (Nairobi, 2018).

country level, in 2020, South Africa had the largest expenditure on research and development as a share of GDP in Africa, at 0.85 per cent.

Figure X

Gross expenditure on research and development in Africa as a percentage of GDP, 2020 or nearest available year



Source: Statistics Division, Global SDG Indicators Database.

36. The Addis Ababa Action Agenda included commitments to promote information and communications technology infrastructure, including rapid universal and affordable access to the Internet (resolution 69/313, annex, para. 114). In the past 10 years, Africa’s total inbound international Internet bandwidth capacity expanded by a factor of more than 50 and the operational fibre-optic network increased almost fourfold.²⁸ Similarly, Internet users per 100 inhabitants (target 17.8) increased from 11.1 in 2011 to 38.7 in 2020. However, poor literacy, digital skills and local content remain key barriers to mobile Internet adoption and use. These barriers disproportionately affect people living in rural areas and women.

37. The Addis Ababa Action Agenda underscores the importance of full and equal access to formal financial services for all (resolution 69/313, annex, para. 39). Digital technologies used to support banking and financial services provide an immense opportunity to promote financial inclusion. By easing market frictions and reducing the costs of financial services, such technologies have broadened access to finance for previously excluded or underserved populations. Investment in this sector in Africa increased from \$400 million to over \$2 billion between 2017 and 2021,²⁹ and revenue in this sector could achieve \$30.3 billion by 2025, eight times higher than its 2020 value.³⁰

III. Affordable, reliable, sustainable and modern energy for all

38. Sustainable Development Goal 7 includes a commitment to ensure access to affordable, reliable, sustainable and modern energy for all, and recognizes that access

²⁸ African Union Commission and OECD, *Africa’s Development Dynamics 2022: Regional Value Chains for a Sustainable Recovery* (Paris, OECD, 2022).

²⁹ *Rethinking the Foundations of Export Diversification in Africa: The Catalytic Role of Business and Financial Services* (United Nations publication, 2022).

³⁰ McKinsey & Company, “Fintech in Africa: the end of the beginning”, 30 August 2022.

to energy is a cross-cutting issue that is linked to success in achieving many other Goals. Reliable energy is one of the bedrocks of the structural transformation of economies, food security, digitalization, mechanization of productive sectors and industrialization. For Africa, the lack of adequate, affordable, reliable access to electricity undermines sustainable economic growth, jobs and investment. To compound the problem, the energy sector requires significant upfront investments to generate energy, optimize transmission and ensure efficient utilization, as well as to enhance resilient infrastructure. Investments could be targeted towards large-scale renewable energy integration to leapfrog African economies' energy demand to clean, resilient and sustainable energy supplies.

A. Why Goal 7 is critical for Africa: drivers of energy demand

39. Population growth is one of the main drivers of energy demand in Africa. Africa is the second most populous continent, with a population of over 1.38 billion people in 2022.³¹ With a forecasted population of 1.8 billion by 2040, demand for energy is estimated to grow by 6 per cent annually until 2040. According to the Infrastructure Consortium for Africa, "meeting this demand will require power generation capacity to increase from the current 124 gigawatts to 700 gigawatts by 2040".³² Furthermore, Africa's working-age population is expected to grow by close to 70 per cent, or approximately 450 million people by 2035. Without adequate access to energy, fewer than one quarter of the new jobs needed will be created in the next 20 years.³³

40. The continent also has one of the highest rates of urbanization in the world, with the urban population expected to increase from around 500 million in 2010 to over 1.3 billion by 2050.³⁴ Urbanization requires a significant amount of energy for transportation, heating and cooling, lighting and other activities. Furthermore, urban residents tend to consume more energy than those in rural areas.³⁵

41. Energy demand for industrialization ranges from electricity demand to the fuel sources for various industrial processes, freight and transportation. In 2020, energy demand for productive industrial uses accounted for two thirds of global energy consumption. Africa represents only 3 per cent of global industrial energy consumption. Within the continent, this figure becomes even starker. Countries in North and Southern Africa, which have the highest electricity access rates, not surprisingly represent 40 per cent and 10 per cent of Africa's industrial value-added manufacturing, respectively. North and Southern Africa represent 15 per cent and 5 per cent of the African population, respectively.

42. While climate change is a global phenomenon, African countries stand to lose more than the rest of the world. The impacts of climate change on Africa are already materializing in the form of severe drought, flooding, desertification, changes in precipitation and crop output. The projections of the Sixth Assessment Report of the

³¹ United Nations Population Fund, World Population Dashboard. Available at www.unfpa.org/data/world-population-dashboard.

³² The Infrastructure Consortium for Africa, "Energy". Available at www.icafrica.org/en/topics-programmes/energy/.

³³ World Economic Forum, *The Africa Competitiveness Report 2017* (Geneva, 2017).

³⁴ OECD and Sahel and West Africa Club secretariat, *Africa's Urbanisation Dynamics 2020: Africapolis, Mapping a New Urban Geography* (Paris, OECD, 2020).

³⁵ International Energy Agency, *Africa Energy Outlook 2019* (Paris, 2019).

Intergovernmental Panel on Climate Change suggest that warming scenarios will have devastating effects on Africa's crop production and food security.³⁶

43. Africans will experience severe adverse, direct effects from climate change owing to the continent's high dependence on rainfed agriculture and the current limited capacity of several countries to adapt. Severe droughts affect water availability, which is critical to both food and energy production. For example, 85 to 88 per cent of freshwater resources are used in the agricultural sector, and worldwide, 90 per cent of power generation is water-intensive. Addressing the food-water-energy-ecosystem nexus, coupled with improved access to local and regional markets, water-efficient irrigation systems, innovative cooling systems, energy-efficient transportation and access to clean cooking fuels, will help to build livelihood resilience and meet rising food and energy demand.

44. Economically, the Intergovernmental Panel on Climate Change estimates that for every 2°C of warming above pre-industrial levels, Africa loses approximately 5 per cent of its GDP, with a direct impact on infrastructure.³⁷ Furthermore, estimates indicate that GDP exposure in African nations vulnerable to extreme climate patterns is projected to grow from \$895 billion in 2018 to about \$1.4 trillion in 2023 – nearly half of the continent's GDP.³⁸

B. Assessment of African countries' progress on Goal 7 targets and indicators

45. Overall, Africa has the lowest proportion of population with access to electricity in the world (indicator 7.1.1), with around 580 million people without access to electricity,³⁹ accounting for 80 per cent of the global population without access to electricity. However, the challenges in relation to energy access across the continent vary greatly. While countries in North Africa have an almost 100 per cent rate of access to electricity, the average rate of access for the population in the rest of the continent is only 46 per cent. In some countries, such as Chad and South Sudan, the rate of access is below 10 per cent. Similarly, 26 African countries have an access rate to clean cooking fuels that is less than 10 per cent, while 5 countries have an access rate of over 80 per cent. In terms of progress towards Goal 7, 85 per cent (46 out of 54) of countries face major challenges and 13 per cent face significant challenges in achieving Goal 7 by 2030.

46. The lack of access to electricity is particularly acute in rural areas of Africa, where the World Bank estimates that only around 22 per cent of the population has access to electricity.⁴⁰ In urban areas, the access rate is higher at around 73 per cent. This divide is also observed in the gender gap in electricity access, with women being disproportionately affected by the lack of access to electricity in Africa.⁴¹ Between 2010 and 2020, African countries were among the fastest in the world in terms of increasing electrification. However, in most cases, this was due to the low starting

³⁶ Christopher H. Trisos and others, "Africa", in *Climate Change 2022: Impacts, Adaptation and Vulnerability*. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, H-O Pörtner and others, eds. (Cambridge, United Kingdom, Cambridge University Press, 2022).

³⁷ Intergovernmental Panel on Climate Change, Working Group II – Impacts, Adaptation and Vulnerability, "Fact sheet – Africa", October 2022.

³⁸ Ngozi Okonjo-Iweala, "Africa can play a leading role in the fight against climate change", 8 January 2020.

³⁹ International Energy Agency (IEA), *Africa Energy Outlook 2022* (Paris, 2022).

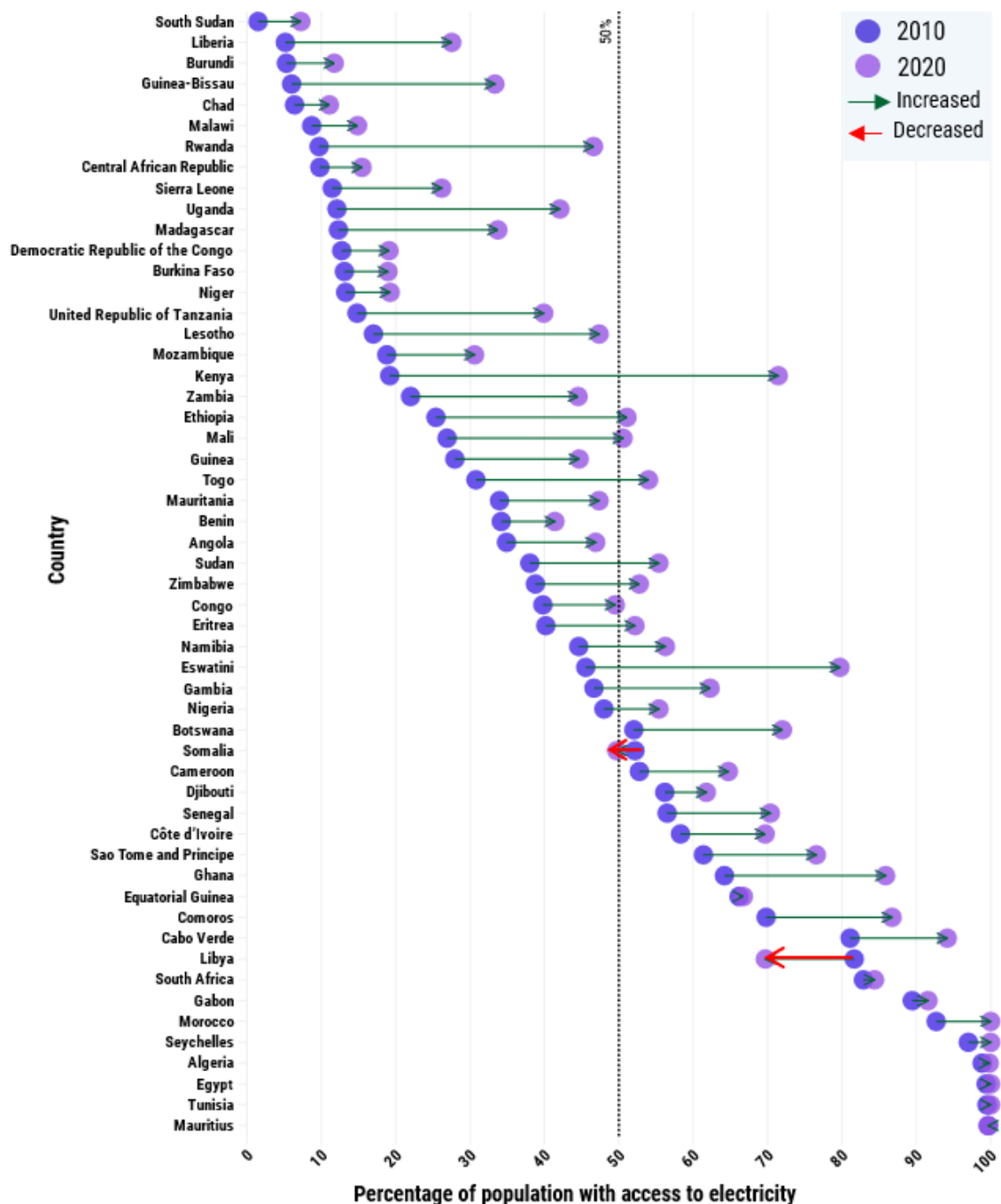
⁴⁰ World Bank data on access to electricity and gross domestic product, 2020.

⁴¹ World Bank, "Chapter 1: access to electricity", in *Tracking SDG 7: The Energy Progress Report 2022* (Washington, D.C., 2022).

point, with access to electricity, in most cases, below 50 per cent of the population (see figure XI).

Figure XI

Indicator 7.1.1: the proportion of population with access to electricity, 2010–2020



Source: Statistics Division, Global Sustainable Development Goal Indicators Database.

47. In recent years, Ghana, Kenya and Rwanda have shown the most rapid increase in access, with an annual average gain of 5 per cent between 2018 and 2020.⁴²

⁴² Ibid.

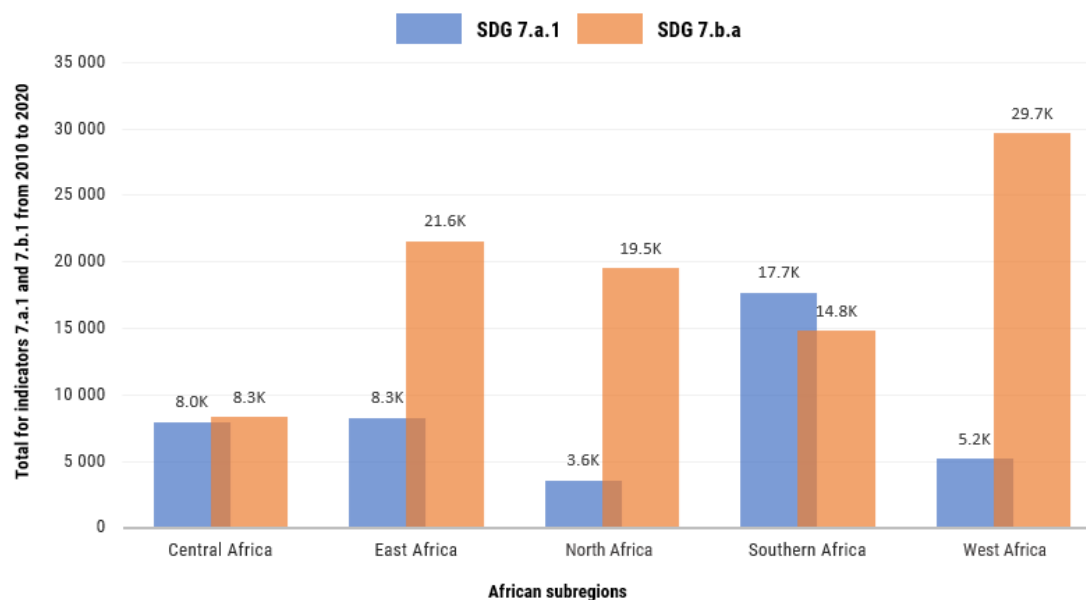
Improvements in access can be attributed to, inter alia, ambitious policy targets for universal electricity access, enabling policy and regulations for private sector participation and deployment of off-grid renewable energy solutions, such as solar home systems, mini-grids and community-based micro-hydropower systems.⁴³

48. With regard to progress on indicator 7.1.2, African countries have some of the lowest rates of access to clean cooking fuels in the world. Furthermore, current investment in clean cooking fuels outside of North Africa represents only about 3 per cent of the capital expenditure required to reach full access (IEA, 2021, p. 179).

49. Target 7.2 and indicators 7.a.1 and 7.b.1 refer, respectively, to the increase in the share of renewable energy in the energy mix, international financial flows to support renewable energy production, and installed renewable energy capacity. In 2020, renewable energy made up 9 per cent of Africa's energy generation fuel mix, with hydropower dominating this share at 6.8 per cent. The continent has seen significant growth in renewable energy installations in recent years. Installed hydropower, solar and wind capacities increased by 25 per cent, 13 per cent and 11 per cent, respectively, between 2019 and 2020. Overall, Africa's total installed renewable energy capacity from solar, wind and hydropower has increased by 24 GW since 2013. Nevertheless, renewable energy still accounts for only a small fraction of total energy consumption in most African countries.⁴⁴ This consumption is concentrated in some subregions more than others. Based on available data, Southern and North Africa dominate Africa's share of renewable energy capacity (see figure XII).

Figure XII

Renewable energy capacity and international flows by subregion, 2010–2020



Source: Statistics Division, Global Sustainable Development Goal Indicators Database.

50. Except for Southern Africa, installed renewable energy capacity (watts per capita) in the other African subregions remained relatively the same between 2000 and 2020, despite the relative increase in international financial flows. This can be

⁴³ IEA, *Africa Energy Outlook 2019* (Paris, 2019).

⁴⁴ PwC, "Africa energy review 2021", November 2021.

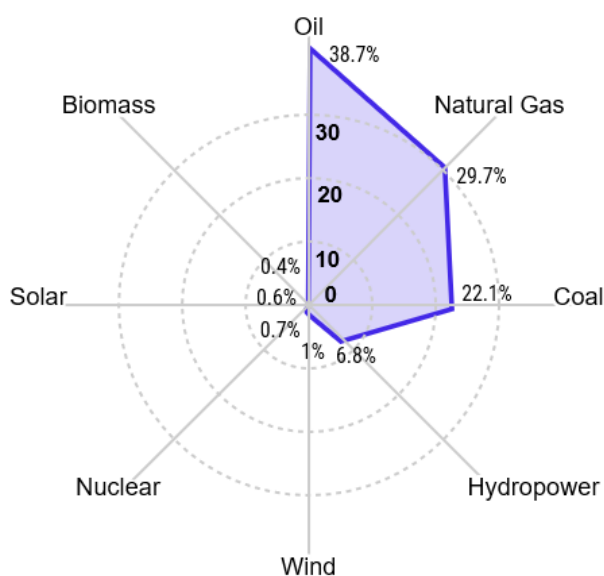
explained by the fact that financing may not always go towards the installation of physical infrastructure. Population density also plays a factor in watt per capita calculations, which could explain the lower rates for East, West and North Africa, home to three of the most populous countries, namely Egypt, Ethiopia and Nigeria.

C. Factors affecting Africa's energy production capacity: analysis of drivers of Africa's progress on Goal 7

51. African countries have very different starting points when it comes to electricity access and resource availability. This is one reason why they cannot be overly reliant on a single source of power generation. Instead, African countries need highly differentiated strategies to develop their resources and design unique, balanced energy mixes with better interconnections and power pools to achieve the Goal 7 targets. Financing remains one of the critical challenges in achieving the Goal 7 targets. Public sector investment has been a critical driver of infrastructure development in Africa. By contrast, private sector investment has to be scaled up significantly to reach a level that is proportionate to the continent's actual energy needs.

52. The continent's power generation is currently dominated by oil and gas, followed by coal and, to a lesser extent, renewable energy sources, such as hydropower, solar power, biomass energy and wind power (see figure XIII). Renewable energy generation is dominated by hydropower. Generation capacity and trends between 2010 and 2020 varied widely by subregion. For both renewable and non-renewable power generation, a large percentage of Africa's installed capacity is concentrated in North and Southern Africa. Even when power generation potential exists, several factors, including institutional capacity, security risks, access to financing, de-risking and promoting private sector investment, and geographical features, affect whether that potential can be harnessed and scaled up.

Figure XIII
Africa's energy mix, 2021



Source: PwC data, "Africa energy review 2021", 2021.

First driver: population density and grid penetration

53. Population density and electrification rates can be positively correlated. As population density increases, electrification rates tend to increase as well. In general, densely populated areas tend to have higher electrification rates owing to the economies of scale associated with providing electricity to larger numbers of people in a concentrated area. While Africa is the second most populous continent, 90 per cent of the population is concentrated in less than 21 per cent of the land surface.⁴⁵ Africa's population density varies widely, but overall, the continent has an average population density of around 46 people per km², which is lower than the global average of around 60.1 people per km².⁴⁶

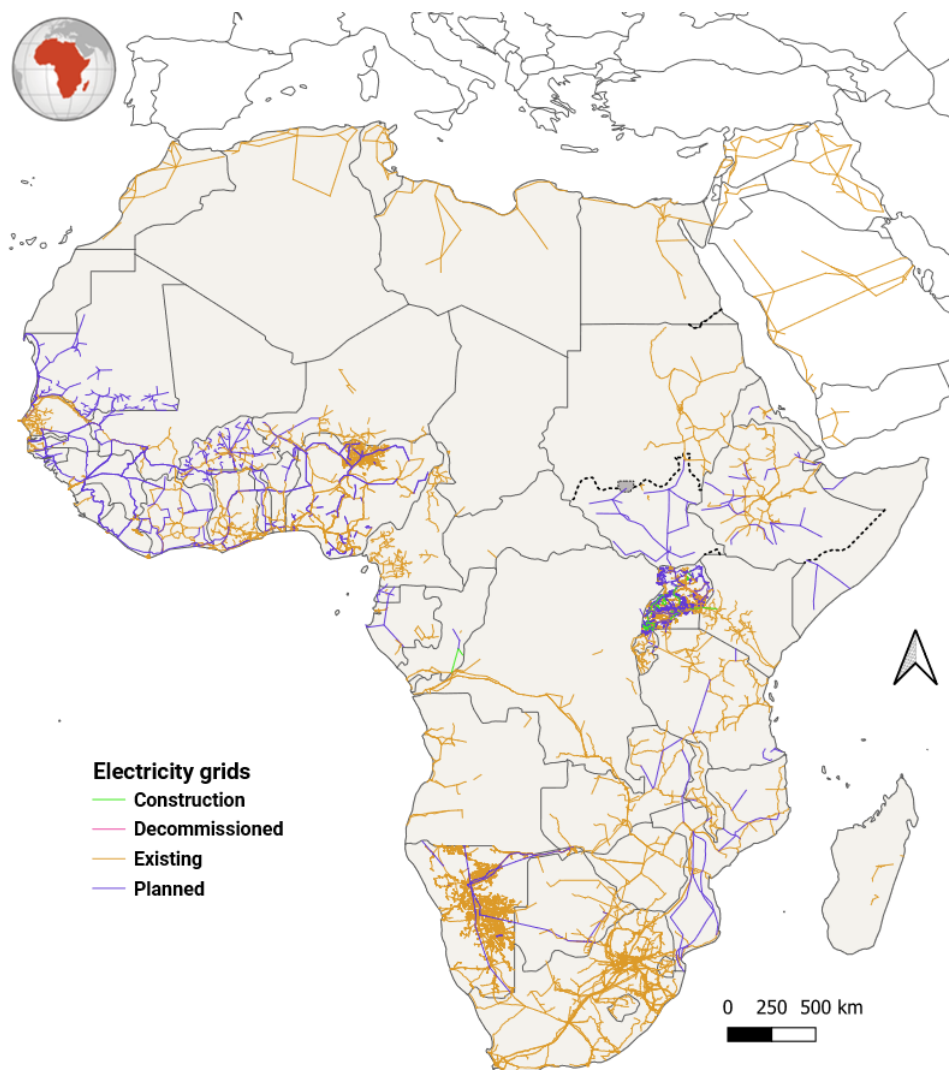
54. Africa's energy grid penetration illustrates this issue. In general, Africa has one of the lowest grid penetration rates with few interconnections (see figure XIV). Grid penetration has an impact on cost, which is especially true for Africa's small island nations, which typically operate isolated electricity grids, and for countries that operate smaller grids.⁴⁷ For instance, Cabo Verde has the highest cost of electricity in Africa at \$0.307/kWh, followed by Rwanda, which operates a small grid, at \$0.239/kWh.

⁴⁵ Catherine Linard and others, "Population distribution, settlement patterns and accessibility across Africa in 2010", *PLoS One*, vol. 7, No. 2 (2012).

⁴⁶ Department of Economic and Social Affairs, population data set.

⁴⁷ IEA, *Africa Energy Outlook 2022*.

Figure XIV
Africa's grid penetration rate



Source: World Bank, Africa Electricity Grids Explorer.

Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations. Final boundary between the Republic of the Sudan and the Republic of South Sudan has not yet been determined. Final status of the Abyei area is not yet determined.

Second driver: impact of regulations, planning and incentives on achieving Goal 7⁴⁸

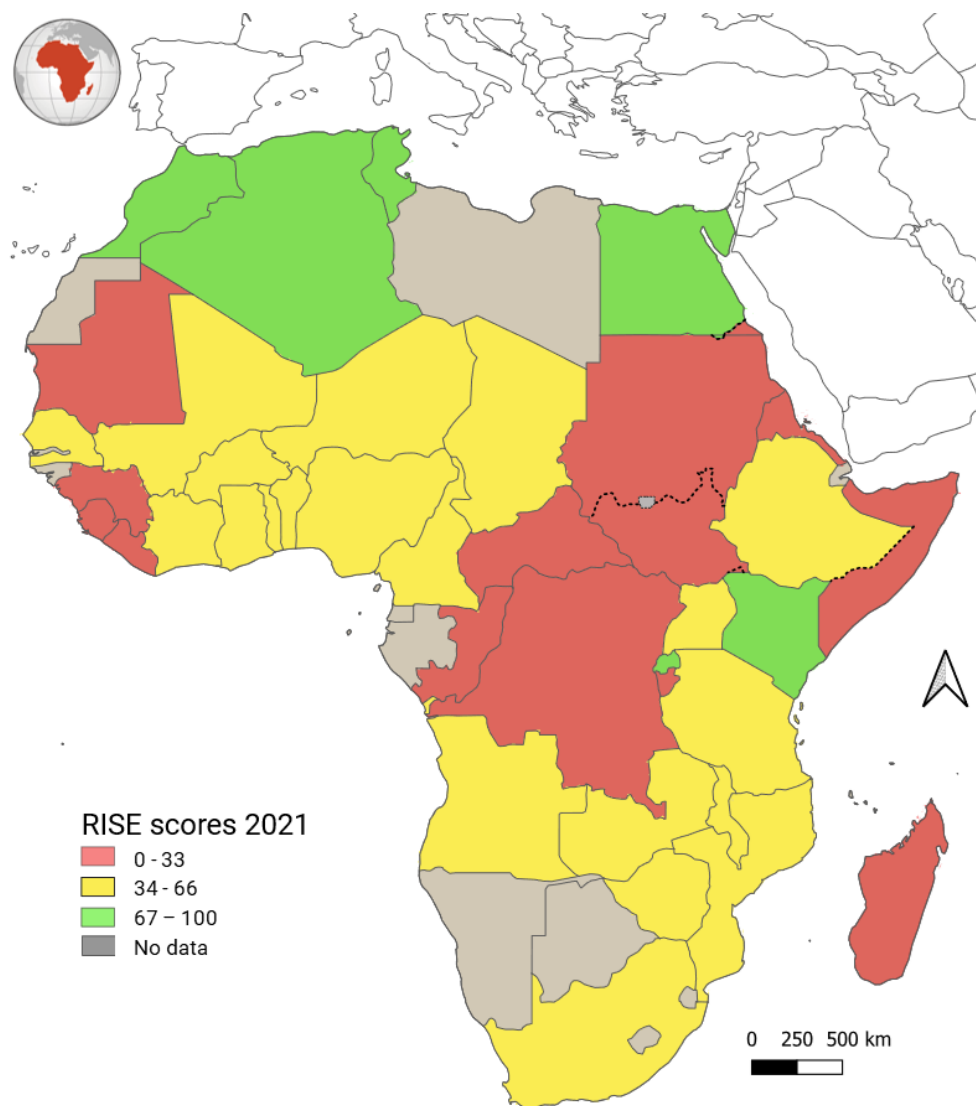
55. Strong and credible institutions to make and implement energy regulations and policies are another key piece of achieving Goal 7 and attracting private sector investment. The Regulatory Indicators for Sustainable Energy were developed by the World Bank and the Energy Sector Management Assistance Programme as a tool to measure energy regulatory environments in various countries globally. The Regulatory Indicators for Sustainable Energy tool assigns countries a regulatory

⁴⁸ Economic Commission for Africa and RES4Africa Foundation, *Regulatory Review of the Electricity Market in Africa Towards Crowding-in Private Sector Investment: Methodology* (Addis Ababa, Economic Commission for Africa, 2021).

readiness score from 0 to 100 based on their average score on electricity access, clean cooking, energy efficiency and renewable energy indicators. While the region has made considerable progress overall, with its average increasing over 30 points since 2010, it still remains almost 20 points behind the global average (42 per cent versus 60 per cent, respectively) (see figure XV).

Figure XV

Regulatory Indicators for Sustainable Energy scores, 2021



Source: World Bank and Energy Sector Management Assistance Programme, Regulatory Indicators for Sustainable Energy, 2021.

Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations. Final boundary between the Republic of the Sudan and the Republic of South Sudan has not yet been determined. Final status of the Abyei area is not yet determined.

D. Supply-side and demand-side considerations

56. Even when there is infrastructure and installed capacity for electrification, it is sometimes not distributed equally or equitably. Most of the factors that influence

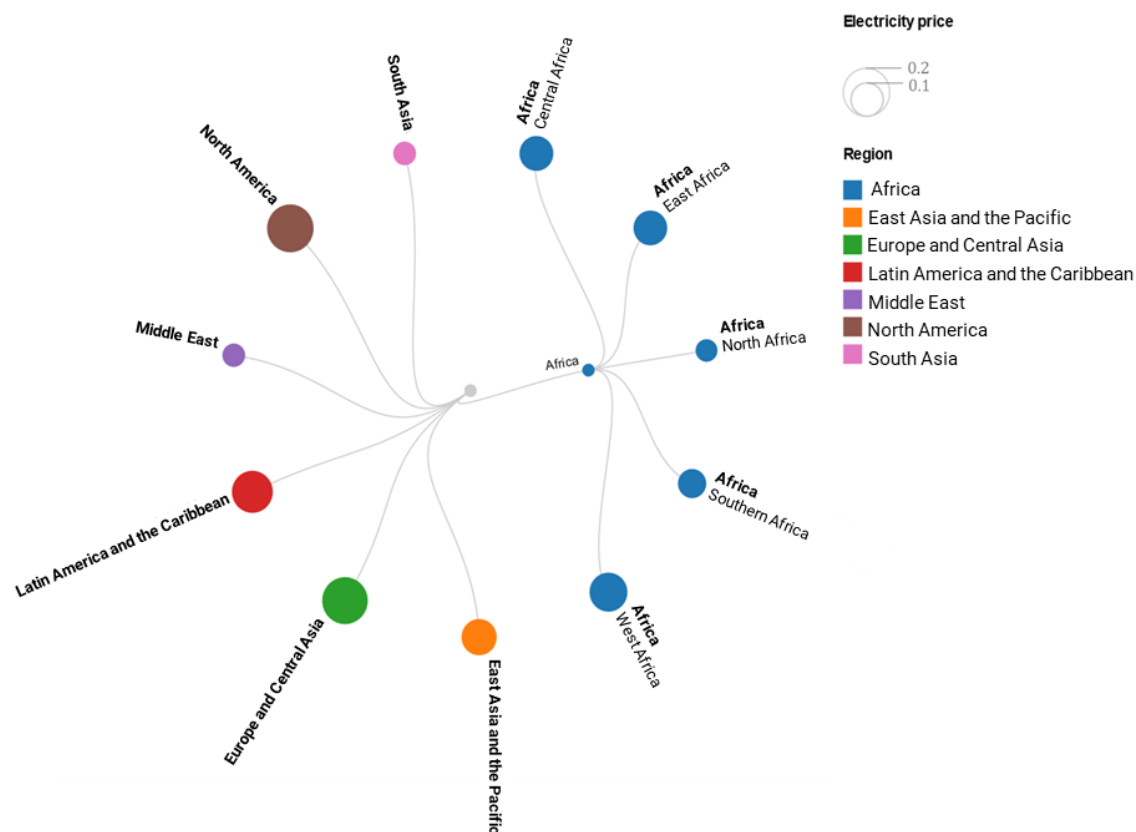
power supply and demand can have overlapping elements, and, in some cases, supply factors, such as cost-reflective electricity tariffs, can affect population take-up rates. The electricity access rate is defined as the proportion of the population living under an electricity grid, and the take-up rate is defined as the proportion of the population living under an electricity grid that is connected. In general, low access rates indicate supply-side problems, while low take-up rates point to demand-side barriers to access.⁴⁹

Affordability

57. The cost of energy per kWh varies widely across African countries and is based on several factors, including the energy source used, the availability of a well-maintained and reliable energy infrastructure, the high cost of fuel imports and competition in the electricity market. While earning power in Africa is considerably lower than in other regions of the world, the cost of energy rates in three out of the five African subregions is on par with other regions of the world, making energy much more expensive in comparative terms (see figure XVI). As a result, even if energy is available in theory, it is not accessible for most of the population.

Figure XVI

Electricity prices per kWh for households in African subregions compared with other regions of the world, 2022



Source: https://www.globalpetrolprices.com/electricity_prices.

⁴⁹ Moussa P. Blimpo, Agneiszka Postepska and Yanbin Xu, "Why is household electricity uptake low in Sub-Saharan Africa?", *World Development*, vol. 133 (September 2020).

Take-up rates

58. Take-up rates are high in only a few countries, mostly countries in North Africa, and in Cabo Verde, Cameroon, Gabon, Ghana, Mauritius, Seychelles and South Africa.⁵⁰ Understanding low take-up rates is essential for understanding the demand side of electricity, especially given that most off-grid communities are rural and poorer. Consequently, take-up rates would be even lower in such areas if they were covered.⁵¹

59. An extensive analysis of demand-side barriers, assessing both affordability issues and preferences for alternatives, indicated that around 60 per cent of the African population cannot afford to pay full cost-recovery tariffs or extend consumption beyond the absolute minimum subsistence level.⁵² Furthermore, Africa, except in the North Africa subregion, has the highest number of countries with connection charges above \$100 per customer and correspondingly low rates of electrification.⁵³ High upfront connection charges are symptoms of deep-rooted issues in the sector, including the tariff structure and low consumption levels.⁵⁴

Grid reliability

60. Many African countries have ageing grid infrastructure that is unreliable and prone to failure. Reliable electricity is critical for many firms to operate profitably and with high productivity. The difference between having a connection and having a reliable power supply is illustrated by the striking gaps between connection and reliable service in many countries. For example, in Nigeria, 65 per cent of respondents were connected to the grid, but only 14 per cent reported having electricity that worked most or all of the time. Other countries, such as Cameroon (82 per cent connected, 43 per cent reliable) and the Sudan (62 per cent connected, 17 per cent reliable), showed similar results.⁵⁵

Strength and financial viability of utilities

61. Energy utilities are the primary stakeholders in achieving the Goal 7 commitments. On the supply side, energy utilities are responsible for generating electricity from different fuel sources, transmitting generated electricity across long distances through high-voltage lines to distribution stations and distributing electricity to customers at the appropriate voltage. On the demand side, they are responsible for maintaining reliable service, tracking usage and collecting tariffs. A World Bank study including 39 African countries found that only two of the utilities in the study fully recovered their supply costs before considering system expansion. Utilities in 11 countries had quasi-fiscal deficits that exceeded 100 per cent of the cash they collected. Furthermore, the study found that 20 countries were not covering operational expenses and only 5 countries were covering half or more of their capital expenditures.⁵⁶

⁵⁰ Afrobarometer, 2022. Available at <https://www.afrobarometer.org/publication/sdg-7-summary-scorecard-affordable-and-clean-energy/>.

⁵¹ Blimpo, Postepska and Xu, "Why is household electricity uptake low in Sub-Saharan Africa?"

⁵² Sudeshna Banerjee and others, *Access, affordability, and alternatives: Modern infrastructure services in Africa*, background paper no. 2 (Washington, D.C., World Bank, 2008); Vivien Foster and Cecilia Briceño-Garmendia, eds., *Africa's Infrastructure: A Time for Transformation* (Washington, D.C., World Bank, 2010).

⁵³ Raluca Golumbeanu and Douglas Barnes, "Connection Charges and Electricity Access in Sub-Saharan Africa", Policy Research Working Paper, No. 6511 (Washington, D.C., World Bank, 2013).

⁵⁴ Moussa P. Blimpo and Malcolm Cosgrove-Davies, *Electricity Access in Sub-Saharan Africa: Uptake, Reliability, and Complementary Factors for Economic Impact* (Washington, D.C., World Bank, Africa Development Forum, 2019).

⁵⁵ Carolyn Logan and Kangwook Han, "Can Africa leapfrog to electricity?", Afrobarometer, 2022.

⁵⁶ World Bank, *Making Power Affordable for Africa and Viable for Its Utilities* (Washington, D.C., 2017).

V. Conclusions and recommendations

62. Approaching the midpoint of the implementation of the 2030 Agenda, Africa is not on track. The COVID-19 pandemic and the ongoing food, energy and financial crises have reversed development gains and increased the vulnerability of African countries. However, the limited delivery in the implementation of commitments reflects unaddressed challenges that predate these crises.

63. Against this background, it is critical for Member States to be able to count on reliable data and evidence-based tools to identify and assess challenges that hamper the implementation of commitments and to support the adoption of informed decisions. The new methodology adopted for the United Nations monitoring mechanism to review commitments made towards Africa's development fulfils these requirements. Its alignment with the Sustainable Development Goals ensures a focus on globally agreed results and complements existing efforts to advance in the implementation of the 2030 Agenda. The cluster-based approach enables the prioritization of areas critical to Africa's development, starting with financing for development and energy access.

64. Despite the consensus that accompanied the adoption of the Addis Ababa Action Agenda, little progress has been made to tackle its main areas of action. It is especially crucial to reform the unfair international financial architecture that is not fit for purpose and remains crisis-prone and unequal. At the regional and country levels, domestic resource mobilization is fundamental, including efforts to ensure that funds are invested in the areas vital to achieving the Sustainable Development Goals, as articulated in the Sustainable Development Goal stimulus. Sustainable and effective financing will only be achieved if all actors commit to raising their level of ambition, while pursuing longer term reforms to ensure that the international financial architecture can deliver on the Goals.

65. Accelerating progress on Goal 7 is indispensable to advancement in all areas of development in Africa, acting as a catalyst for progress on all the other Goals through human capital development and industrialization. While progress has been made, a substantial percentage of the African population continues to live without direct access to energy, and investments are not effectively addressing deficiencies.

66. Collective action is critical to overcome the challenges that have been adversely affecting the delivery of commitments made towards Africa's development. To this end, I recommend that the General Assembly endorse the following short- and medium- to long-term actions:

Domestic resource mobilization and public financial management

(a) **Enhance revenue collection and spending effectiveness through the broadening of the tax base, capacity development and digitalization of the public budget and expenditures;**

(b) **Digitalize tax and customs authorities, reinforce national regulatory mechanisms and enhance international cooperation to tackle illicit financial flows;**

(c) **Promote mobile transfers to reduce remittance costs to the 3 per cent target, and channel remittances and diaspora finance towards development investments;**

(d) **Leverage domestic resource mobilization systems as de-risking tools to increase foreign direct investment, with a view to enhancing the business climate and rationalizing tax incentives; diversify national economies and strengthen physical and institutional infrastructure;**

(e) Allocate at least 10 per cent of ODA flows to building domestic resource mobilization and country systems, and increase support for productive sectors;

(f) Mobilize internal cash flows through enhanced domestic resource mobilization systems to ensure the sustainability of debt management, grant immediate debt suspension to distressed countries and reform the international debt architecture, including through an effective sovereign debt workout mechanism;

International trade, systemic issues, science, technology and innovation

(g) Leverage the African Continental Free Trade Area to build the capacity of customs authorities to facilitate intra-African trade and enforce rules of origin, promote economic diversification and develop regional value chains;

(h) Reallocate unused special drawing rights to developing countries and reform the global financial architecture to end Africa's marginalization in global governance structures;

(i) Increase national gross expenditure on research and development to at least 1 per cent of GDP, promote financial inclusion through mobile banking and invest in information and communications technology infrastructure for mainstreaming science, technology and innovation;

Energy sector development

(j) Target subsidies to lower income households to ensure energy affordability, relocate energy technology manufacturing to Africa to reduce costs, invest in grid rehabilitation and efficiency for reliable electricity and address low-level household demand through mini-grids to achieve energy access for all;

(k) Balance renewable energy with other options, depending on country circumstances, and leverage Africa's natural resources for emerging technologies, such as green hydrogen;

(l) Establish realistic time frames and invest in priority sectors, such as industrial capacity, energy infrastructure and agriculture for effective energy policy, including through enforceable incentives and capable institutions to increase the private sector's share in power generation, transmission and distribution;

(m) Collect localized data, superimposing key factors such as land and water availability, temperature and wind variability and population density, to maximize renewable energy investments, and interconnect power supply through regional power pools to integrate reliable renewable energy into the continent's energy consumption;

(n) Strengthen the capacities and financial viability of African utilities so as to access debt and equity financing to build and maintain infrastructure and collect tariffs, and increase domestic resource mobilization efforts to enable energy infrastructure investments.