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**African
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**African Union (AU)
Domestic Resource
Mobilisation Strategy**

2024-2033

*Towards Self-Reliant and Sustainable
Financing for implementation of
Agenda 2063*

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African Union (AU) Domestic Resource Mobilisation Strategy, 2024-2033

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African Union Commission

Directorate of Partnerships Management and Resource Mobilisation (PMRM)

PO Box 3243, Addis Ababa, Ethiopia

Email: pmm-registry@africanunion.org

Website: <https://au.int>

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LIST OF Acronyms and Abbreviations

Acronym	Full Meaning
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AUC	African Union Commission
AUDA-NEPAD	African Union Development Agency – New Partnership for Africa’s Development
AU-ADF	African Union Agenda 2063 Development Fund
ATAF	African Tax Administration Forum
DFIs	Development finance institutions
DRM	Domestic resource mobilisation
FDI	Foreign direct investment
GDP	Gross domestic product
IFFs	Illicit financial flows
MSMEs	Micro, small and medium enterprises
ODA	Official development assistance
OECD	Organisation for Economic Cooperation and Development
PMRMD	Partnerships Management and Resource Mobilization Directorate
PPP	Public-private partnership
REC	Regional Economic Community
R&D	Research and development
SMEs	Small and medium enterprises
STYIP	Second Ten-Year Implementation Plan (of Agenda 2063)
UNCTAD	United Nations Conference on Trade and Development

FOREWORD



H.E. MAHMOUD ALI YOUSOUF
Chairperson, African Union Commission

Africa stands at a defining moment in its journey towards self-reliance, resilience and sustainable development. The adoption of the African Union Domestic Resource Mobilisation (DRM) Strategy 2024-2033 marks a historic step in our collective resolve to finance Africa's transformation through Africa's own resources.

For too long, the continent has relied on volatile and unpredictable external financing, leaving our development vulnerable to shifting global dynamics. This strategy offers a new pathway anchored in sovereignty, equity and accountability towards an Africa that funds its priorities on its own terms. By strengthening our tax and governance systems, unlocking domestic and diaspora capital, investing in innovation and future-oriented financing, and aligning our efforts to continental and regional priorities, this

strategy provides the framework to translate Agenda 2063 into tangible results.

I therefore call upon all Member States, Regional Economic Communities, AU organs, civil society, the private sector and development partners to rally behind this strategy. Its successful implementation will depend on collective action, discipline and unwavering political will. Together, we can ensure that by 2033, Africa has substantially reduced its dependency on aid and debt, and is instead financing its own growth, prosperity and integration.

Africa's future must not be funded by chance or charity. It must be funded by our choice.

ACKNOWLEDGEMENTS

The African Union Commission (AUC) wishes to express its sincere appreciation to all individuals and institutions that contributed to the development of the *Agenda 2063 Domestic Resource Mobilisation Strategy 2024-2033*.

Special gratitude is extended to the *Agenda 2063 Technical Working Group*, whose expertise and coordination ensured alignment of this strategy with the broader Agenda 2063 implementation framework.

The Commission extends its thanks to Member States, F15 Committee of Experts, Regional Economic Communities (RECs), AU Organs, specialised technical agencies and development partners for their

active engagement throughout the consultations and validation processes. Their continued collaboration and commitment demonstrate a shared vision for sustainable financing of Africa's development priorities. Deep appreciation also goes to the *Africa Finance Experts* for their analytical insights, technical guidance and recommendations that shaped the substance and direction of the strategy.

Finally, the African Union Commission expresses its appreciation to all stakeholders who remain dedicated to advancing the implementation of Agenda 2063 through strengthened domestic resource mobilisation and enhanced ownership of Africa's development agenda.

Africa's ambition for self-reliance, prosperity and continental integration, as enshrined in Agenda 2063, demands a radical transformation in how the continent finances its own development. With an estimated financing gap of over USD3.3-trillion to fully implement the Second Ten-Year Implementation Plan (STYIP), the continent can no longer afford dependence on external aid, debt and volatile financial inflows. The period 2019-2024 witnessed multiple shocks including the Covid-19 pandemic, geopolitical disruptions, the significant cuts in external aid, climate shocks and tightening global financial markets, all of which have underscored Africa's structural vulnerability. This is exacerbated by internal political instabilities, rising inflation, high cost of living and rising borrowing rates.

The **AU DRM Strategy 2024-2033** is a forward-looking approach to mobilise Africa's wealth from within, enhance financial sovereignty, and reshape the future of development finance across the African Union. The strategy is a decisive step towards an Africa that generates, governs and deploys its own resources for development. It also empowers the continent to reduce dependence on external financing (through African bonds, public-private partnerships (PPPs), corridor performances and regional value chains), strengthen resilience, assign accountability for results, and build sustainable and inclusive prosperity for current and future generations.

The strategy builds on Africa's existing strengths such as increasing digital penetration, growing middle-class, youthful and ambitious populations, human capital, expanding pension and insurance assets, and deepening regional integration under the African Continental Free Trade Area (AfCFTA). At its core, the strategy seeks to ensure that Africa's growth generates unified, coherent, sustained and African-led capital, which is governed and invested for Africa's development priorities.

The strategy is guided by transformative principles: Equity, Public Accountability, Service-Linked Legitimacy, Strategic Resource Use, Anti-Corruption, Sovereignty, Citizen Participation, Decentralisation, Sustainability and Developmental Impact. These principles underpin a reimagined financing paradigm that supports long-term development, resilience and autonomy.

The strategy also provides the overarching policy structure within which instruments such as the envisaged AU Agenda 2063 Development Fund (AU-ADF), the AfCFTA Adjustment Fund, and other continental financing vehicles shall be coordinated and strengthened.

The strategy is structured around four mutually reinforcing pillars:

Pillar 1:

Strengthen Domestic Revenue Systems and Institutional Governance: this pillar focuses on expanding and modernising tax and non-tax revenue systems at national and subnational levels. Key interventions include progressive tax reforms, digital tax administration, equity in revenue collection, optimisation of non-tax revenues, and improving public financial management, transparency and accountability. Tackling illicit financial flows, enhancing citizen trust and strengthening institutions are central to this pillar

Pillar 2:

Unlock and Channel Diaspora and Domestic Capital for Development: this pillar seeks to mobilise untapped and underutilised domestic and diaspora financial assets, such as household savings, pension and insurance funds, and remittances and diaspora capital. Key initiatives include financial inclusion, promoting diaspora bonds, pension reforms, capital market development, and crowding in institutional investors to finance infrastructure, SMEs and productive sectors across the continent

Pillar 3:

Drive Innovation and Future-Oriented Domestic Financing: this pillar aims to future-proof Africa's DRM systems by embedding innovation and sustainability in public finance. This includes blended finance, digital financial tools (e.g. fintech, crowdfunding), green and blue bonds, climate-smart investments, strategic investments in research and development (R&D), high-potential industries such as digital technology, renewable energy and advanced manufacturing (especially for high-expenditure industries such as defence) to spur the "Made in Africa Revolution" (Buy Africa-Build Africa)

Pillar 4:

Finance for Continental and Regional Transformation: this pillar focuses on aligning and pooling domestic resources for continental and transboundary priorities, with an emphasis on operationalising key instruments such as the AU-ADF, the AfCFTA Adjustment Fund and other continental financing vehicles

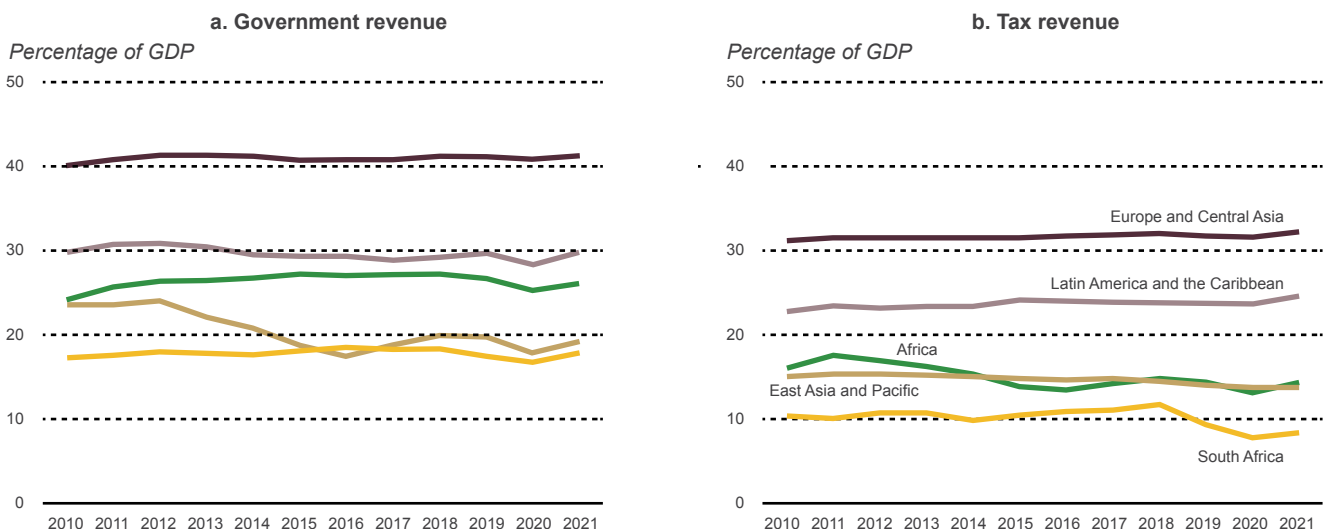
The strategy is accompanied by a Results Framework and Guide for Actions that translate the four pillars into tangible outcomes, with clear targets and timelines. The strategy outlines coordination arrangements to ensure coherence, collaboration and accountability across all stakeholders.

Africa stands at a pivotal moment in its development journey, one marked by opportunity, urgency and the need for structural transformation. The African Union's Agenda 2063 articulates a compelling vision of an integrated, prosperous and peaceful continent. Its STYIP 2024-2033 signals the ambition to fast-track inclusive growth, industrialisation and continental integration. Achieving these ambitions requires USD8.9-trillion over the next decade, signalling an estimated gap of **USD3.3-trillion** over the next decade¹. Traditionally, Africa's financial development deficits have been bridged by official development assistance (ODA), concessional loans and foreign direct investment (FDI). While these sources have been vital, they are increasingly becoming unpredictable in a dynamic global economy.

Since the Covid-19 pandemic, Africa has experienced slowed economic growth, declining aid flows and rising borrowing costs. The challenges have been further compounded by ongoing external shocks, including the crisis in Ukraine, climate shocks, emerging protectionist policies and rising commodity prices. These have further exposed Africa's vulnerabilities and underscored the need to envision a financing paradigm that prioritises self-reliance and resilience.

It is against this backdrop that the AU Strategy on **DRM** emerges as a strategic imperative, an anchor of sovereignty and self-determination. This strategy focuses on mobilising domestic and globally held capital, modernising tax and non-tax systems, strengthening public financial management, and applying digital knowledge for innovative and sustainable financing.

Over 75% of Africa's domestically generated revenue is from taxes (AfDB, 2024), yet the continent's **average tax-to-GDP ratio remains below 15%** (Figure 1), compared to over 20% in other developing regions (UNCTAD, 2019). Low revenue collection capacity is symptomatic of deeper structural constraints: **a large informal sector** (informal jobs exceed 80% in most countries), **underdeveloped capital markets, weak governance and accountability systems, and persistent illicit financial flows (IFFs)**. In addition, many African economies depend heavily on natural resource exports with little value addition. These issues not only suppress Africa's ability to generate internal wealth but also limit fiscal space for investment in development priorities such as education, health, green infrastructure and job creation.



Source: African Economic Outlook (AEO) 2024

Figure 1 Trends of total government and tax revenues for Africa compared to other continents.

¹ The Business as Usual and Push Scenario for the STYIP is estimated at USD5.6-trillion and USD8.9-trillion respectively.

A successful DRM strategy must therefore go beyond tax collection. It should:

- **Strengthen tax administration and broaden the tax base**
- **Curb IFFs and reduce leakages** in public finance through transparency and anti-corruption
- **Leverage untapped domestic and diaspora resources** such as pensions, remittances and natural resource rents
- **Utilise the informal sector** to expand the contribution of micro and small enterprises to the economy
- **Develop robust local capital markets** to facilitate domestic investment and reduce foreign dependence
- **Align national resources with regional and continental priorities**, harmonising fiscal policies and promoting intra-African investments

The **African Union DRM Strategy** serves as a pan-African response to these realities. It provides strategic coherence, policy alignment and institutional coordination to efforts aimed at mobilising internal resources. Importantly, the strategy does not replace instruments such as the AU-ADF; rather, it provides the enabling environment for coordination and strengthening these instruments.

1.1 Vision

A self-resourced Africa delivering on the Moonshots of the Agenda 2063 Second Ten-Year Implementation Plan.

1.2 Mission

To strengthen the capacity of Member States to mobilise, manage and leverage domestic resources efficiently, equitably and sustainably for inclusive development priorities.

1.3 Guiding Principles

Guiding Principles of Africa's Reimagined DRM Strategy

1. Equity, Justice and Redistribution

Domestic resource mobilisation must empower, not burden. The strategy promotes fair, progressive tax systems that prioritise taxing wealth over consumption and work. It seeks to reduce inequality by redistributing resources and protecting society's most vulnerable.

2. Transparency and Public Accountability

Trust is built when citizens can see and verify how public resources are raised and spent. DRM systems must incorporate transparent budgeting, real-time reporting, public audits and citizen oversight to ensure credibility and curb corruption.

3. Legitimacy Through Service Delivery

A DRM system is only as strong as its perceived legitimacy. Citizens must see clear public value from the taxes they pay – in schools, clinics, roads and water systems. Visible returns foster a culture of voluntary compliance and civic ownership.

4. Efficiency and Strategic Use of Resources

Africa must not just collect more – it must spend better. Public funds must be directed toward high-impact investments: education, healthcare, digital infrastructure and green industrialisation. Rigorous evaluation must guide all public spending.

5. Plugging Leakages Before Expanding Revenue

Expanding the tax base without first stopping leakages is counterproductive. DRM must begin with fighting corruption, ending illicit financial flows, renegotiating harmful contracts, and strengthening procurement and debt management.

6. Sovereignty and Contextual Fit

African countries must reclaim control over their revenue systems. No external template can replace locally rooted models shaped by each country's economy, political dynamics and development goals. Africa's DRM must reflect its diversity and agency.

7. Participation and Fiscal Democracy

Citizens must help shape what and how we tax. DRM must be inclusive, with deliberative platforms where civil society, women, youth, local leaders and informal sector actors can influence revenue priorities. Participation builds legitimacy.

8. Decentralisation and Local Empowerment

Municipalities and local governments must have real power to raise, retain and use revenue. Local development is stifled by over-centralised systems. DRM must reflect subsidiarity – where governance is closest to the people.

9. Sustainability and Future-Focused Planning

DRM must align with long-term transformation. This includes formalising the informal economy, investing in innovation and human capital, and creating stable, predictable revenue systems that can weather external shocks and fund national ambitions.

10. DRM as a Development Tool, Not Just a Fiscal Metric

This strategy rejects the idea of DRM as an accounting exercise. It must actively support structural transformation – building resilient industries, advancing green transitions, creating decent jobs and reducing import dependence.

1.4 Purpose and Aim

The AU DRM Strategy establishes a transformative, justice-driven and inclusive framework to empower Africa to finance its development ambitions from within, during the 2024-2033 decade of Agenda 2063. Grounded in equity and sovereignty, this strategy moves beyond technical reforms to become a bold political tool for fiscal democracy and structural transformation. The strategy's purpose is to create fair, accountable and participatory revenue systems that redistribute wealth, restore legitimacy and fund Africa's critical needs, such as education, health, digital infrastructure and green industrialisation. The strategy affirms that DRM must not burden the poor but shift the tax focus to wealth, property and extractives while rooting out corruption, illicit financial flows and waste.

The strategy aims for African countries to lead the financing of their development needs through progressive taxation, public value delivery and transparent, citizen-led financial governance. By 2033, African states should fund most of the infrastructure, human capital and regional integration projects through retained wealth, empowered local governments, empowered and productive informal sectors, and mobilised domestic capital. Guided by principles of redistribution, transparency, fiscal legitimacy, participation and context-specific sovereignty, this strategy positions DRM as a development engine – fueling inclusive growth, self-reliance and a just economic future for all Africans.

2

SITUATIONAL ANALYSIS

Africa's ambition for economic self-determination and sustainable development is fundamentally anchored in its ability to mobilise and manage domestic resources effectively. This capacity has become more critical in light of declining aid reliability, rising debt burdens, shifting global financial priorities, and recurring external shocks such as pandemics and geopolitical disruptions. The STYIP of

Agenda 2063 necessitates bold action by African Union (AU) Member States to close the financing gap – estimated at over USD300-billion annually – through enhanced DRM. This section synthesises the current state, enablers, barriers and institutional dynamics of DRM across Africa, highlighting both challenges and transformative opportunities.

2.1 Current State of Domestic Resource Mobilisation in Africa

Africa's average tax-to-GDP ratio remains low, hovering between 15-17%, compared to an Organisation for Economic Cooperation and Development (OECD) average of 34% and Latin America's 23%. The continent relies heavily on consumption taxes, while personal income and property taxes are underutilised. Non-tax revenues – such as royalties and fees – are often volatile and poorly administered. Additionally, sub-Saharan Africa's gross domestic savings rates average around 17-18% of GDP, far below East Asia's 30% or more. This limits the capacity for internal investment, especially given shallow banking systems and underdeveloped capital markets outside a few countries. Pension and insurance funds, critical for long-term finance, remain nascent.

As a result, governments often resort to external borrowing to finance infrastructure and public investment, perpetuating dependency. There are significant regional disparities. North African countries benefit from more diversified economies and stronger institutions. Southern Africa showcases mature tax authorities but struggles with non-tax mobilisation and subnational DRM. East Africa is leveraging digital tools to expand compliance, while West and Central Africa face volatility tied to commodity dependence. Federal structures such as Nigeria highlight the importance of subnational DRM systems, yet face constraints in enforcement, policy autonomy and valuation systems.

2.2 Trends in External Dependency

ODA and FDI remain significant but unreliable. Africa received approximately USD61-billion in ODA in 2023 – around 27% of global flows – but real aid per capita is declining. FDI is volatile, concentrated in extractive industries and insufficient to drive structural transformation. Meanwhile, rising debt is a growing concern: over 20 African countries are currently at high risk of debt distress. The region's debt-to-GDP ratio surged from 35% in 2010 to over 65% in 2022, fuelled by commercial borrowing amid declining concessional flows.

IFFs, estimated at USD88.6-billion annually, represent one of the most severe structural leakages, equating to the combined inflows of ODA and FDI. Trade mis-invoicing, corporate tax evasion and capital flight undermine domestic fiscal capacity. Without strong governance reforms and international cooperation to address IFFs, Africa will struggle to reverse capital losses and unlock its own development finance.

2.3 Enablers of Domestic Resource Mobilisation

Positive trends offer promise. Technological advances, especially mobile money and e-tax platforms, are revolutionising tax collection and financial inclusion. Rwanda, Kenya and Ghana have pioneered digital tax systems and property tax reforms. Nigeria's Integrated Tax Administration System and Sukuk bonds represent growing innovation in both administration and instrument diversification. Institutional reforms have gained traction through the African Tax Administration Forum (ATAF), The African Organisation of Supreme Audit Institutions and public financial management

initiatives such as the Integrated Financial Management Information System.

Regional cooperation is progressing through initiatives such as AfCFTA, which promotes formal trade, improved customs revenue and value chain expansion. Digital ID systems, especially in countries such as Tanzania and Nigeria, are enhancing traceability and improving taxpayer registration. These reforms, when scaled, can dramatically expand Africa's taxable economic space and deepen domestic capital markets.

2.4 Constraints and Structural Challenges

Despite progress, structural barriers persist:

- **Illicit Financial Flows:** Africa loses 3.7% of GDP to IFFs, draining scarce capital and weakening tax morale
- **Weak Tax Administration:** fragmented registries, outdated systems, arbitrary exemptions and low compliance weaken collection

- **Governance Deficits:** lack of transparency and politicised tax policies reduce voluntary compliance and institutional trust
- **Shallow Financial Markets:** savings rates below 20% of GDP, limited pension funds and small investor bases limit domestic investment
- **Undiversified Economies:** overreliance on commodities and informal agriculture narrows the taxable base and exposes countries to external shocks

2.5 Informal Economy and Financial Exclusion

The informal economy constitutes a substantial share of Africa's economic activity – accounting for up to 60% of GDP and 85% of employment in many countries. Despite its size, the sector remains largely outside the tax net and formal financial systems, with nearly half of African adults excluded from access to formal accounts. This reality underscores the need for specialised instruments that can (1) deepen understanding of the sector's dynamics, (2) build trust with informal operators, and (3) gradually enable their contribution to the broader, mainstream economy.

The process of formalisation and taxation of the informal section should first start with trust building by implementing policies that prioritise empowerment and inclusion. Incentives, microfinance, mobile platforms, remittance digitisation and fintech innovations can unlock household savings and channel them into productive use. Tailored compliance regimes, simplified tools and digital identity systems can provide pathways to participation without coercion. In this way, integration becomes voluntary, demand-driven and sustainable, positioning the informal sector not as a challenge to be controlled, but as a transformative opportunity for Africa's development.

2.6 Institutional and Policy Landscape

Africa's DRM ecosystem is becoming more structured but remains fragmented. At national levels, autonomous revenue authorities and fiscal reform programmes are operational, though unevenly resourced. RECs such as the West African Economic and Monetary Union and the East African Community promote tax harmonisation and fiscal convergence.

At the continental level, the AU and United Nations Economic Community for Africa (UNECA) provide overarching vision

through Agenda 2063 and policy platforms. ATAF and AfCFTA offer capacity-building and coordination mechanisms. However, a unified DRM coordination mechanism – potentially anchored by the AU – would foster better alignment, peer learning and data-driven benchmarking. This could be supported by a continental DRM dashboard and AU-REC coordination platform (e.g. Team Africa). Integration of DRM into national planning frameworks and the AU-ADF is essential to translate policy into investment impact.

2.7 SWOT Analysis of Africa's DRM Landscape

Strengths	Weaknesses
Rising political commitment	Weak institutional capacity
Digital innovation	High informality and low financial access
Regional cooperation frameworks	Illicit financial flows and governance gaps
Young population, growing middle class	Fragmented policy implementation
Opportunities	Threats
AfCFTA and trade formalisation	Debt distress and macroeconomic volatility
Fintech and mobile money growth	Resistance from vested interests
Green finance and diaspora bonds	Climate shocks and conflict risks

2.8 Implications for the DRM Strategy

The situational analysis confirms that Africa must pursue a multi-dimensional DRM strategy. A “one-size-fits-all” approach will not work; instead, the strategy must integrate tax reform, financial sector development, governance improvements, informal sector transition and regional cooperation. Key implications include:

- **Inclusivity:** DRM must be pro-poor and equity-sensitive; reforms should avoid over-burdening vulnerable populations
- **Institutional Strengthening:** investments in digital infrastructure, capacity building and accountability mechanisms are foundational
- **Continental Coordination:** Africa must establish common DRM positions and mechanisms to

engage multilaterals and harmonise regional tax frameworks

- **Governance Linkage:** strengthening public expenditure transparency and citizen engagement will reinforce the social contract
- **Innovation and Flexibility:** flexible instruments such as diaspora bonds, green finance and mobile-based savings must be leveraged to expand resource pools

Overall, the AU DRM Strategy must balance ambition with realism – anchoring Africa's financial sovereignty in institutions, innovation and inclusive growth.

The strategic pillars of the AU DRM Strategy serve as the operational backbone for advancing Africa's path towards resource sovereignty, structural transformation and sustainable development. Each of the four interdependent pillars represents a critical area of intervention, combining elements of public and private finance, governance reform and continental integration. Collectively, they provide a **coherent and integrated framework** to expand, optimise and safeguard Africa's domestic resource base – ensuring that resource mobilisation translates into inclusive growth, **resilience and long-term self-reliance**.

Pillar 1: Strengthen Domestic Revenue Systems and Institutional Governance

This pillar aims to build a robust public revenue system anchored on fair tax policies, efficient tax administration, and well governed and accountable institutions.

Mobilising more resources is not enough; how they are managed, allocated and perceived by the public matters just as much.

KEY RESULT AREAS:

- **Comprehensive Tax Policy Reform:** broaden the tax base; eliminate inefficient and distortionary tax incentives; promote voluntary tax compliance; and tax simplification
- **Modernised Tax and Customs Administration:** digitalisation of tax administration processes; and harmonisation and transparency of customs processes (ie. single window, identification, reporting, etc.)
- **Subnational Revenue Generation:** empower municipalities through capacity development; and optimise local taxes and fees.
- **Public Financial Management:** efficient budgeting and control; quality and priority of spending; fiscal discipline; and adherence to international reporting standards
- **Anti-Corruption and Transparency Measures:** strengthen supreme audit institutions; implement e-procurement; efficient asset declaration systems; implement an unexplained wealth framework; and ensure transparency in public spending
- **Combating Illicit Financial Flows:** customs reforms and tax treaty renegotiations; tackle trade

mispricing and transfer mispricing; address base erosion and profit shifting; and implement robust anti-money laundering/countering the financing of terrorism/countering the financing of proliferation (AML/CFT/CPF) systems

- **Citizen Engagement:** participatory and inclusive budgeting; citizens' budgets; access to online public expenditure tracking portals; and intentional engagement of youth and special interest groups
- **Governance Coordination:** inter-agency frameworks (public, private, civil society organisations, international partners); and DRM observatories for tracking progress

Impact Indicators:

- Enhanced revenue (increase in tax-to-GDP ratio)
- Improved ease of doing business
- Improved public trust
- Improved level of compliance on effectiveness of AML/CFT/CPF systems
- Improved coordination mechanisms

Pillar 2: Unlock and Channel Domestic and Diaspora Capital for Development

Africa is rich in domestic and globally held capital – household savings, pension funds, insurance assets, diaspora remittances and savings. Yet much of it remains underleveraged for productive investment. This pillar aims to activate that capital for national and continental development.

KEY RESULT AREAS:

- **Pension, Insurance and Investment Funds:** encourage and incentivise domestic institutional investors to invest in infrastructure and local development; promote and facilitate pension- and insurance fund investments in DFIs; increase the use of PPP and other appropriate instruments to enhance programme and investment de-risking; use, extend and increase pension coverage in the informal sector; and facilitate access to dormant bank accounts and unclaimed assets (deposit and consignment funds) and other residual assets, to be invested in economic development programmes
- **Capital Market and Financial Assets:** implement effective financial literacy and entrepreneurial development programmes to increase economic productivity and financial resources; develop and strengthen sovereign wealth funds; support and integrate stock and bond markets, enhance securities and capital market regulation and operations; promote alternative investment platforms for micro, small and medium enterprises (MSMEs) and strengthen cooperative savings mechanisms; promote the issuance of different types of bonds such as Islamic bonds (sukuk), green, social and impact bonds for sustainable programmes, blue bond for marine resources, local infrastructure bonds and community resource bonds; and promote regional stock exchanges linkages
- **Innovative Domestic Instruments:** expand and enhance the deployment of secure digital savings platforms and introduce inclusive national savings instruments such as retailing of financial products, and micro and fractional investments; promote and increase the implementation of different forms of PPPs for domestic, diaspora and foreign co-investors; promote appropriate application of natural capital accounting methodologies; and promote the generation, verification and dissemination of credible information platforms (data-driven business information bank) for improved economic performance
- **Diaspora Engagement:** operate diaspora investment desks, and convene investment forums and other sensitisation events, to enhance awareness and interest in investment options and opportunities; and create partnerships with diverse continental and historical diaspora communities with structural feedback mechanisms
- **Diaspora Remittances and Philanthropy:** develop and scale up remittance optimisation schemes, including remittance match funding, remitter micro-contributions, diaspora development funds, collective remittances, diaspora heritage funds and other forms of diaspora philanthropy; facilitate the reduction of remittance transfer costs, fees and charges, and the use of formal channels; and promote and provide fiscal and other incentives to increase remittances and philanthropy
- **Diaspora Savings and Investment:** facilitate increased inflows of diaspora resources to the African productive economy; enable and expand the portability of migrant and diaspora pension and social benefits through effective bilateral and multilateral agreements; develop and scale up innovative diaspora investment schemes including diaspora direct investment, local-currency diaspora-targeted bonds and foreign-currency diaspora bonds; partner with aligned diaspora impact investment funds; develop and implement remittance-related investment schemes and leverage remittances to improve sovereign credit rating; leverage remittance future flows for remittance securitisation; and facilitate the full implementation of an independent African Diaspora Finance Corporation
- **African Philanthropic Capital:** facilitate the creation of a pan-African philanthropic framework; enable increased flow of philanthropic capital for socioeconomic development by way of incentives; and encourage “African family social financing” to improve community development
- **Policy and Institutional Capacity:** develop and operationalise appropriate legal and institutional frameworks to accelerate domestic and diaspora resource mobilisation; strengthen policy and programme coordination and implementation at national, regional, diaspora and continental levels; and apply technology to facilitate and boost resource mobilisation, compliance, monitoring and accountability

Impact Indicators:

- Growth in domestic investment-to-GDP ratios
- Increased African pension assets invested locally
- Increased diaspora inflows for investment
- Increased ratio of domestic resources in national budget

Pillar 3: Drive Innovation and Future-Oriented Domestic Financing

Africa's development will hinge on how well it finances and fosters innovation. Pillar 3 addresses the structural need for new financing tools and institutional set-ups that promote green growth, industrialisation and technology.

KEY RESULT AREAS:

- **Innovation and Entrepreneurship Financing:** establish innovation funds and incubators, accelerators and centres of excellence; and fund MSMEs in tech, green energy, agriculture and creative industries
- **Blended Finance Instruments:** utilise guarantees, concessional capital and de-risking tools to crowd in private sector investment in priority sectors
- **Fintech and Digital Finance Integration:** expand crowdfunding platforms, blockchain applications for government finance and mobile-based bond issuance
- **Climate and Sustainability Finance:** develop national frameworks for green/blue bonds, carbon taxes and access to global climate funds (e.g. Green Climate Fund); and develop an AU-led climate credit trading platform and protocols for fair pricing

- **Strategic Public Investment:** direct tax revenues and natural resource rents toward centres of excellence, R&D hubs and industrial zones
- **Technological and Innovation Partnerships:** partner with the global south for learning and tech transfer in expanding domestic industries
- **Protection and Commercialisation of African Innovations:** create intellectual property commercialisation pipelines and R&D-to-market partnerships; and strengthen requisite national institutions
- **Natural Resource Innovation Trusts, smart contracts, R&D hubs**

Impact Indicators:

- Increase in blended finance volume leveraged
- Share of public and private capital invested in green/tech sectors
- Number of innovation hubs and start-ups supported through DRM-linked investments

Pillar 4: Finance Continental and Regional Transformation

Africa's development trajectory must transcend national boundaries to achieve economies of scale, integration and sustainable regional transformation. Pillar 4 ensures that domestically mobilised resources contribute directly to the implementation of Agenda 2063.

KEY RESULT AREAS:

- **AU-ADF:** mobilise, operationalise, capitalise and professionalise the AU-ADF to serve as a catalytic investment platform for regional infrastructure, industrialisation and flagship projects, to realise Africa's integration agenda
- **Harmonisation of Investment Policies:** standardize PPP frameworks, and border infrastructure and customs regulations, to attract capital
- **Intra-African Investment Promotion:** incentivise cross-border investments; and develop regional infrastructure bonds and regional stock listings, including increased intra-Africa trade volumes
- **Alignment of Fiscal Policies with Regional Goals:** standardise procurement laws and taxation frameworks with REC goals

Impact Indicators:

- Total value of regional projects financed by domestic capital
- AU-ADF disbursement and investment portfolio
- Regional economic corridors operationalised and jointly financed

These four strategic pillars form the bedrock of a modern, integrated and forward-looking African DRM framework. They retain the depth and ambition of the original six-pillar design while offering streamlined focus and operational alignment. With political commitment, institutional reforms and inclusive stakeholder engagement, this strategy will empower Africa to fund its development ambitions from within – on its own terms and for its own future.

Effective implementation of the AU DRM Strategy requires robust, integrated coordination mechanisms to ensure synergy among AU institutions, Member States, RECs, civil society, private sector actors and international partners. These mechanisms must avoid duplication, enable responsiveness to national and regional contexts, and maintain coherence with Agenda 2063's ambitions for a self-financed Africa that drives rapid socioeconomic transformation.

Role of the African Union Commission and Organs

The Partnerships Management and Resource Mobilisation Directorate (PMRMD) within the African Union Commission (AUC) serves as the central coordinator of the AU DRM Strategy, responsible for implementation oversight, stakeholder convening, advocacy and technical support. The PMRMD will report to the Ministerial Follow-up Committee on Agenda 2063.

Member States

Member States are the primary implementers of DRM strategy actions. Each should designate a national focal point (ideally within Ministries of Finance or Planning) to coordinate across agencies and liaise with the AUC. Member States are expected to integrate DRM priorities into national development plans, adopt key reforms, and submit annual progress reports using agreed benchmarks such as tax-to-GDP ratios and IFF reduction measures.

Regional Economic Communities

RECs play a vital intermediary role in aligning regional efforts with continental DRM objectives. They are encouraged to develop REC-level DRM strategies, appoint DRM focal points, and implement capacity-building activities in areas such as tax harmonisation, anti-IFF policies or digital financial systems. Coordination with AfCFTA, particularly on customs and trade-related DRM matters, is crucial.

Private Sector and Civil Society Coordination

Private sector actors, civil society and philanthropy are indispensable to DRM implementation. Mechanisms such as the annual Africa Domestic Finance Forum can convene public-private dialogues on DRM progress.

Networks such as the AfroChampions Initiative and Tax Justice Network Africa can contribute to innovation financing and independent monitoring. The Economic, Social and Cultural Council of the African Union provides a platform for broader civil society engagement, particularly in taxpayer education and public oversight.

Development Partners and International Coordination

While the AU DRM Strategy promotes African financial independence, development partners still play a supportive role. A DRM Partners Group, co-chaired by the AUC and a key partner (e.g. the African Development Bank (AfDB) or UN Development Programme) will coordinate technical assistance, capacity building and policy alignment. Initiatives from the International Monetary Fund, World Bank and OECD should align with continental priorities to prevent fragmented support and maximise efficiency.

Monitoring, Evaluation and Risk Management

Monitoring and evaluation is coordinated by the AUC with input from Member States and RECs. A comprehensive results framework with performance indicators (see Annexures) will guide implementation and reporting. Annual progress reports will be submitted to the AU Executive Council. Independent evaluations are planned for mid-term (2029) and end-term (2033). A Risk and Mitigation Taskforce will address political, economic or environmental risks that may hinder implementation. Adaptive coordination ensures responsiveness.

The coordination mechanisms define roles and ensure collaboration across all levels – continental, regional, national and community. Through inclusive engagement and clear governance, the AU DRM Strategy will advance Africa's financial sovereignty and accelerate progress toward Agenda 2063.

Implementing a strategy as multi-dimensional as the AU DRM Strategy inevitably comes with risks. It is critical to identify these potential risks up front and outline mitigation measures to address them, thereby increasing the likelihood of success. Below are some of the major risks and the corresponding strategies to mitigate them:

POLITICAL RESISTANCE OR LACK OF WILL

One risk is that necessary reforms (especially those that remove tax privileges or tackle corruption) may face resistance from powerful interest groups or even segments of government. There is also the risk that political leadership might shift focus due to other immediate concerns, causing DRM to lose priority.

Mitigation

High-level AU engagement and peer pressure will be key. Regular Heads of State discussions on DRM at AU Summits can maintain top-level political momentum. The strategy also advocates for building broad coalitions domestically – including parliamentarians, civil society and the media – to support reforms and hold leaders accountable. Peer learning, where countries that have successfully navigated reforms (e.g. tax subsidy reforms or anti-corruption crackdowns) share their experiences, can help persuade hesitant policymakers. Additionally, sequencing reforms so that quick wins (such as obvious loophole closures that raise revenue without much controversy) are achieved early can build confidence and political capital for tougher reforms later.

CAPACITY CONSTRAINTS

Many African countries may lack the technical capacity or institutional strength to implement complex reforms in tax administration, financial regulation, etc. There is a risk that even with will, the capacity deficit could slow progress – for instance, not having enough skilled tax auditors to expand audits or weak IT systems to support digital initiatives.

Mitigation

Massive capacity-building support is integrated into the strategy, leveraging partners and south-south cooperation. The strategy proposes establishing centers of excellence (e.g. ATAF could host an African Tax Institute for advanced training). It also encourages the use of technology to leapfrog traditional capacity issues – for example, adopting off-the-shelf digital tax software or partnering with private tech firms to manage certain systems initially. Furthermore, countries can utilise twinning programmes where a more advanced country's revenue authority mentors a developing one. On human resources, the strategy might call for increased incentives to attract talent into public financial management (e.g. salary enhancements for critical skill positions funded by initial increased revenues). Phasing reforms to match capacity – starting small, then scaling up as capacity builds – is another mitigation.

MACRO-ECONOMIC SHOCKS AND EXTERNAL ENVIRONMENT

External factors such as a global recession, a collapse in commodity prices or a health crisis such as another

pandemic could threaten revenue collection, and divert attention and resources away from strategic investments. Also, if major donors reduce aid faster than expected or international financial conditions tighten (raising debt costs), countries might struggle with fiscal pressures that impede implementing the strategy.

Mitigation

Building fiscal buffers and resilience is part of the strategy's goal (e.g. establishing stabilisation funds during boom times, encouraging diversification of economies to reduce commodity reliance). The strategy also recommends maintaining prudent debt management so that debt service doesn't crowd out funding for DRM initiatives. Regionally, the AU can coordinate a response to shocks – for instance, temporary flexibility in targets or a collective appeal for international support if needed (such as the G20 Debt Service Suspension Initiative did for Covid-19). Having contingency measures such as modest emergency taxes (solidarity levies) or expenditure reprioritisation frameworks in national plans can help governments adapt without derailing the long-term strategy. In short, "expect and plan for shocks" is a principle – stress-testing the strategy's targets under various scenarios and preparing fallback options.

PUBLIC PUSHBACK AND SOCIAL IMPLICATIONS

Some reforms might have short-term negative impacts on certain groups – for example, formalising the informal sector might be perceived as punitive by small businesses if not handled well, or removing subsidies (to free fiscal space) could raise prices for consumers. If the public perceives the DRM agenda as just "paying more taxes" without immediate visible benefits, there could be pushback, strikes or evasion increases.

Mitigation

A strong communications strategy is key – governments need to clearly articulate the benefits of reforms and ensure transparency on how new revenues are being used for public good. The strategy includes measures to cushion vulnerable groups: for instance, if fuel subsidies are cut (a DRM-related move), part of the savings could fund targeted cash transfers or transit improvements benefiting the poor, thereby offsetting the impact. Engaging with trade unions, SME associations and other stakeholders when designing policies (such as a presumptive tax rate or formalisation requirements) can ensure policies are fair and acceptable. Gradual implementation and pilot programmes can also test the waters and allow adjustments before full rollout. Essentially, mitigate by aligning DRM measures with tangible development improvements that citizens can see (e.g., explicitly link a new tax to a popular infrastructure project) and by protecting the most vulnerable.

COORDINATION FAILURES

There is a risk that the ambitious coordination mechanisms fail to work as intended – e.g. poor communication between continental and national levels, overlapping mandates or key actors not playing their part (such as RECs not actively pushing the agenda). Without effective coordination, the strategy could become fragmented.

Mitigation

To mitigate this, clear terms of reference for each coordinating body and regular follow-ups (perhaps a digital dashboard that tracks who is responsible for what action and its status). The AU Implementation Unit will actively manage the network of focal points and convene more frequently, if needed, to troubleshoot issues. If one REC is lagging, the AU can bring political attention to it or provide direct support. Using technology for coordination (shared data systems, virtual meetings) will help maintain momentum between the big annual meetings. Furthermore, the strategy might encourage embedding of AU advisers in key ministries or RECs to help bridge gaps (similar to how some international initiatives embed advisers). Incentivising coordination through positive reinforcement (awards/recognition for countries or RECs that demonstrate exemplary collaboration) could also be considered.

WEAK GOVERNANCE RISK

As new funds are mobilised, there is always risk that without proper safeguards, these could be misappropriated by corrupt actors, undermining the whole purpose. If, for example, tax revenues go up but corruption siphons them off, citizens will lose trust.

Mitigation

This risk is exactly what Pillar 5 addresses – by building strong accountability systems. Ensuring independent oversight (through parliament, judiciary, audit bodies) is crucial. The strategy could support anti-corruption action plans concurrently with revenue mobilisation (so as revenue potential rises, anti-corruption measures are tightened in lockstep). Engaging civil society to monitor budgets and expenditures adds an external check. Also, showcasing and enforcing consequences (prosecutions, sanctions) for corruption in DRM-related areas will deter would-be offenders. Over time, success in reducing corruption is a self-fulfilling mitigation: more trust leads to more compliance and so forth.

Each risk and mitigation measure should be incorporated into a risk register maintained by the Strategy Implementation Unit, regularly reviewed and updated. By anticipating challenges, the AU DRM Strategy builds in flexibility and support systems to navigate them. The presence of political will at the

highest level, fostered through AU leadership, is perhaps the greatest mitigation for many risks – as it can override vested interests, dedicate resources to capacity where needed, coordinate players and respond decisively to shocks.

While challenges exist, from political to technical, the strategy's design has integrated multiple layers of safeguards. The combined approach of robust planning, broad stakeholder engagement, continuous monitoring and willingness to adjust course ensures that risks are managed proactively. This adaptive, vigilant implementation style will help keep the AU DRM Strategy on track toward its transformative goals even in the face of adversity.

Africa's resolve to finance its own development has never been stronger. This AU DRM Strategy articulates a bold vision: an Africa that by 2033 has substantially reduced its dependency on external aid and debt, and instead is driving growth, innovation and integration using its own resources. The strategy has laid out a comprehensive roadmap of reforms and initiatives spanning revenue generation, financial sector deepening, informal sector empowerment, innovative financing, governance strengthening and regional collaboration. Taken together, these efforts amount to nothing less than a paradigm shift in Africa's development financing.

The successful implementation of this strategy will yield multifaceted benefits. Economically, it will mean more robust and resilient African economies, better able to weather global shocks and chart their own growth paths. Socially, increased and better-used resources will enable governments to invest in people – in education, healthcare and jobs – thus accelerating progress toward Agenda 2063's goals of inclusive growth and improved quality of life for all citizens. Politically, a continent less beholden to external creditors or donors will enjoy greater policy space and sovereignty in decision-making, reinforcing the dignity and agency that Agenda 2063 envisions for Africa on the world stage.

Crucially, this strategy's implementation will strengthen the social contract between African governments and their citizens. When citizens pay taxes and see those taxes converted into tangible development outcomes, such as new clinics, reliable electricity, thriving small businesses, and efficient public services, trust in government deepens. That trust, in turn, encourages even more compliance and participation in nation-building. Africa's people are its most valuable resource; by mobilising financial resources domestically and spending them accountably, governments affirm to their people that they are true partners in the continent's transformation.

The AU DRM Strategy 2024-2033 emerges at a critical juncture in Africa's development trajectory. The strategy is not merely a policy document, it is a foundational shift in Africa's mindset and financing architecture. It moves beyond reactive and externally driven fiscal models toward proactive, integrated and sovereign systems of financing our own priorities. In doing so, it recognises that the true test of Africa's commitment to Agenda 2063 is not just in our plans, but in how we fund and govern their execution.

The strategy has laid out a compelling rationale for change. It has demonstrated that Africa is not poor in resources, whether financial, human, natural or institutional, but constrained by fragmented policies, weak coordination, shallow financial ecosystems and inconsistent political commitment. Yet there is momentum. Member States are reforming tax systems, expanding digital finance, creating sovereign funds and engaging diasporas in new ways. These developments signal the continent's readiness to shift from dependency to self-determination. The AU DRM Strategy builds upon these efforts to offer a continental framework that is ambitious, coordinated and grounded in Africa's own institutional realities.

Crucially, the strategy emphasises that DRM is not only about raising more money, it is about building better systems. These systems must be equitable in how they generate revenue, efficient in how they allocate resources, and transparent in how they spend and account for public funds. The strategy has also been deliberate in positioning DRM as both a national and continental agenda. While Member States hold primary responsibility for execution, the AU organs, RECs and institutions such as AUDA-NEPAD, APRM, AfCFTA and Africa CDC are central in providing coordination, technical support and peer learning platforms.

Similarly, the operationalisation of instruments such as the AU-ADF will enable the transformation of domestic resources into regional impact.

The strategy has defined four strategic pillars to anchor implementation and offers a detailed action plan to convert ambition into measurable progress. However, its success will ultimately depend on three enabling factors: sustained political commitment at the highest levels, institutional discipline in aligning national policies and budgets with DRM priorities, and continuous investment in capacity development, monitoring and innovation. These enabling factors are not add-ons, they are prerequisites. Without them, the strategy risks becoming a well-intentioned document rather than a transformative instrument.

Moving forward, the implementation of this strategy should be approached as a shared continental mission. Member States must embed DRM priorities in national development plans, medium-term expenditure frameworks and annual budgets. AU institutions must act as conveners and knowledge brokers, ensuring cross-border coherence and continental accountability. Partners and development institutions must shift their role from financiers to facilitators, supporting Africa's efforts to fund itself through technical expertise, risk sharing and targeted investment in catalytic sectors.

Finally, the strategy recognises that DRM is a journey, not a one-off reform. It will require iteration, learning and flexibility to adapt to changing contexts. The African Union is committed to making this journey one that is inclusive, ambitious and anchored in the principle of self-reliance. Through this strategy, Africa sends a clear signal: we are ready to lead, fund and shape our own future.

6

APPENDIX

All annexures are attached as a separate file (AU_DRM_Strategy_Annexures.pdf)

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- ONE Campaign/Data (2025). *ODA to Africa Data Brief*. ONE.org. (Latest figures on ODA to Africa – e.g. USD61bn in 2023 (data.one.org), and trends in donor allocations, used for context on external flows)
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