



# GLOBAL INSIGHT

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## FOCAC at 24: Africa's Relations with China in the New Era

*Global Insight aims to provide members of the policy community with concise but trenchant analyses of topical issues. Comments and suggestions are invited*

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The following Policy Brief follows a Public Dialogue hosted by the Institute for Global Dialogue, associated with UNISA, the Embassy of the People's Republic of China in Pretoria, Institute for Pan-African Thought and Conversation at the University of Johannesburg, Association of China-Africa Small-holder Agriculture, and Fudan University. It was supported in partnership with the China-Africa Joint Research and Exchange Programme.

### ***Navigating Africa's changing geopolitical context***

As the world continues to bear witness to growing geopolitical tensions and a crisis within multilateral institutions, the African continent has sought to maintain a degree of strategic autonomy. Indeed, the continent does not have the luxury to choose amongst the great powers but has instead adopted the approach of being open to all international partnerships that could play a role in advancing Africa's own development priorities. These priorities have in more recent times been articulated through the African Union's (AU) Agenda 2063, which has identified various catalytic projects that would spearhead Africa's integration and development programme. Still recovering from the aftermath of the economic effects of the COVID-19 pandemic and now negatively affected by the ongoing conflicts in Ukraine and the Middle East, Africa has sought to redirect the world's attention towards meeting the development priorities in the global South and eradicating poverty. Indeed, a major concern for Africa is that the attention and resources of the world are being diverted towards escalating conflicts instead of international development priorities.

African countries have also learned important lessons from the pandemic and the accompanying supply chain disruptions experienced because of the ongoing conflicts. Africa has thus sought to refocus efforts on the need to build regional value chains and enhance the continent's manufacturing capacity, while investing in cross - border hard and soft infrastructure to facilitate a more seamless movement of goods, services, and people across the continent. This is important in a continent with demographics tilted towards the youth and a projected doubling of the population by 2050, when it surpasses 2 billion people. It is thus imperative that leading African countries, the regional economic communities (RECs), and the African Union (AU) pursue strategic partnerships that drive their development programmes forward.

### ***Fostering Development Partnerships: Africa and China's Strategic Engagement***

Reaching Africa's development goals will require the fostering of international partnerships for development in a manner that ensures the balanced use of commercial and concessional finance from the global North and global South. It is in this area that China has sought to distinguish itself as a reliable development partner in Africa, presenting a range of diplomatic and economic tools covering modalities such as grants, interest free loans, low interest loans, export sellers credits, import buyers credits, and commercial loans delivered bilaterally and through initiatives such as the Forum on China-Africa Cooperation (FOCAC) and the Belt and Road Initiative (BRI). Complementing these, relations have also seen a mushrooming of platforms and initiatives to promote people to people relations and training Africa's human resources.

In a changing geopolitical landscape, China and Africa have strengthened relations through various strategic plans and initiatives within the frameworks of the Belt and Road Initiative (BRI) and the Forum on China-Africa Cooperation (FOCAC), a partnership platform established in 2000. In recent years, China and Africa have also focused on aligning the FOCAC and BRI with the African Union's Agenda 2063 — a strategic framework for the continent's socio-economic transformation over a 50-year period.

The cooperation plan prioritizes improving infrastructure connectivity across Africa to facilitate trade and economic integration. It also aims to enhance trade facilitation, financial integration, and policy coordination between China and African countries. The latter will ensure development strategies are harmonized and mutually reinforcing. In August 2023, President Xi attended the 15th BRICS Summit held in Johannesburg, South Africa, which enhanced the traditional friendship between China and Africa, built new consensus on South-South cooperation, and added positive energy to peace and development.

While in the country, President Xi co-chaired the China-Africa Leaders' Dialogue with South African President Cyril Ramaphosa. The BRICS Summit invited Saudi Arabia, Egypt, the United Arab Emirates, Argentina, Iran, and Ethiopia to join, which saw a stronger tilt towards Africa and the Middle East.

With the recent FOCAC Summit having taken place in Beijing from the 4<sup>th</sup> to the 6<sup>th</sup> of September 2024, the Institute for the Global Dialogue, associated with UNISA, the Embassy of China, SA, Institute for Pan-African Thought and Conversation at the University of Johannesburg, Association of China-Africa Small-holder Agriculture (ACASA), and Fudan University hosted a public dialogue evaluating China-Africa cooperation and the role of FOCAC with a view on monitoring and evaluating past commitments while looking ahead towards future decisions and agreements. The following policy brief outlines reflections that stem from parts of this engagement and accompanying research.

Held under the theme 'Joining Hands to Advance Modernization and Build a High-Level China-Africa Community with a Shared Future', African stakeholders sought to consolidate their gains while addressing any challenges they have encountered. The FOCAC Summit was preceded in 2023 by the 3<sup>rd</sup> Belt and Road Forum for International Cooperation, which marked the 10<sup>th</sup> anniversary of the BRI, with previous Forums having taken place in 2017 and 2019. The most recent Forum took place under the theme 'High-quality Belt and Road Cooperation: Together for Common Development and Prosperity'.

This was a significant milestone as China had signed Belt and Road cooperation documents with more than 150 countries and more than 30 international organisations. The Forum was attended by over 130 countries and preceded by the [release](#) of China's White Paper on the BRI. With \$1 trillion having been [spent](#) on BRI projects over the last ten years, African countries will certainly be looking to increase the amount that flows towards the continent going forward, while ensuring greater synergy and knowledge of the mechanisms within the BRI and FOCAC.

### ***Resourcing Africa's Development: The Role of Concessional Finance***

Over the past twenty four years since the establishment of FOCAC, China has [rapidly](#) moved from being a donor recipient to being an active source of development cooperation and development finance in Africa. It builds from what is largely seen on the continent as a solid base and narrative, one of having taken over 800 million people out of poverty in the last 40 years after it opened to the world and embarked on a constant reform process. It also brings in its diplomatic toolkit a narrative and experience of having eradicated extreme poverty in China by 2022, eight years before the global target of eradicating extreme poverty by the year 2030, captured through the Sustainable Development Goals (SDGs) adopted by the United Nations (UN).

Taking its poverty eradication experiences abroad, Africa has long been seen as integral to China's 'going out' strategy, where Chinese state and private sector enterprises could internationalise and demonstrate their potential value addition to Africa's development landscape, and by extension show their potential in other regions of the global South. Investments into Africa's economic infrastructure have thus grown and captured the attention of many international observers. Not limiting itself to building hard infrastructure, China has also increased its support towards the training of African students and workers, with a growing number now studying in various institutions of higher learning across China in line with the country's own internationalisation strategy in higher education. This ensures that its approach is now grounded in both the hard and soft infrastructure in Africa, including in areas such as health and technology.

Development finance from China towards African countries has [mostly](#) fallen into two categories, namely: (a) development cooperation or concessional finance and (b) non-concessional or market-related finance. Recent years have seen China using these development finance tools in a blended manner on various development projects across the continent in order to lessen the cost of finance. This has seen growing linkages and coordination with the private sector in facilitating their investment role on the continent as reflected through the Forum on China-Africa Cooperation (FOCAC), which has witnessed a more pronounced role for the private sector in commitments, especially during the most recent FOCAC Summits.

Since its formation, FOCAC also forms part of African efforts to enhance its negotiation position in the global political and economic landscape. Indeed Africa seeks to enhance its strategic autonomy in a changing geopolitical landscape, and has sought concessional finance, trade, investment, training, and infrastructure. During the 2015 and 2018 FOCAC Summits, China committed \$60 billion in financial support, comprising loans, grants, and investments. It's important to remember that in the year 2000, at the inception of FOCAC, the financial commitment at the time was \$1 billion. The 2021 FOCAC Summit, which took place during the pandemic, pledged \$40 billion. The most [recent](#) FOCAC Summit of 2024 would then go on to see an increase in financial commitment to \$50.7 billion over the next three year period.

Notable in the 2024 FOCAC Summit is a [commitment](#) towards supporting Africa's green energy transition, including through initiatives such as eco-friendly industrial parks seen in Ethiopia. These initiatives will not only support the green transition, but also support efforts to ensure continued market access for African goods in markets such as the EU that are implementing the [Common Border Adjustment Mechanism \(CBAM\)](#). These initiatives are also [complemented](#) by commitments to support electric vehicles and other new technologies on the continent.

Indeed, the pledges also commit China to supporting vocational training and digital skills of the future, as announced through the building of twenty digital infrastructure projects, including 5G networks and e-commerce platforms.

In 2022, China-Africa trade reached a volume \$261 billion, confirming China as Africa's largest trading partner for 15 consecutive years, with bilateral trade reaching \$282.1 billion in 2023. Importantly, Chinese FDI in Africa has surged from \$75 million in 2003 to \$5 billion in 2021 and has consistently outpaced FDI from the USA since 2013. Investments cover a variety of sectors such as manufacturing, agriculture, energy, telecommunications, education, health, science and technology infrastructure. While recent years have certainly seen the growing role of the private sector, Chinese policy banks such as the China Development Bank and the EXIMBank of China remain central as key role players and catalysts of cooperation. As FOCAC has continued to grow in importance, it has also prompted greater scrutiny amongst some of Africa's other strategic partners, making it a catalyst for greater competition as more countries seek to replicate the Africa plus 1 Summits.

FOCAC Summits continue to provide an opportunity to set clear and quantifiable commitments towards China-Africa cooperation every three years, whilst applying the necessary material and financial allocations to the different policy positions. These commitments are also closely monitored to ensure adequate reporting in future Summits. This has certainly been one of the strengths of the FOCAC Summits in that over the years they have largely fulfilled their pledges. With greater African agency, it is also noticeable that the priorities outlined at each Summit have become better aligned with Africa's own development priorities as expressed in the African Union's [Agenda 2063](#).

### ***Adapting to a new era of Africa-China Cooperation***

As the African continent seeks to increase its benefits under the BRI and FOCAC, it will be important that African stakeholders continue to adapt to [changes](#) underway in China's development finance landscape, which has seen the country widen its scope in supporting both large headline infrastructure projects and more targeted projects directly impacting communities. Indeed, China has also [embraced](#) smaller sized development projects with shorter repayment periods and more direct impact at a local level. This is what has been referred to by President Xi as one thousand small yet beautiful projects.

African stakeholders must also take advantage of China's evolving approach on the continent, which continues to see engagement with a broader section of society in countries across the African continent in efforts to build a higher degree of trust. While governments will not necessarily open all elements of development project agreements to the public, mutual efforts to build greater trust will go a long way towards sustaining the relations irrespective of which political parties govern African

countries. It also creates the conditions for African state and non-state actors to enhance engagement with China for greater mutual understanding, and to ensure that important development projects achieve their stated objectives.

As private and state-owned lenders in China continue to play a prominent role in enhancing cooperation, African stakeholders will also need to ensure that the relevant due diligence is carried out to present bankable development projects. While Africa will remain important in China's global outlook, it will also be competing for funding with other regions along the Belt and Road. African stakeholders will also have to continue to coordinate their efforts in order to ensure greater support for both cross-national development projects with the potential of being catalysts for enhanced regional integration, and also smaller projects able to achieve a greater and more targeted impact at the local level. Quality over quantity will thus be a key driver in the years ahead as Africa's engagement with China moves into a new era.

Despite efforts to dissuade African countries from deepening their ties with China, these are not likely to yield fruit given Africa's own efforts to maintain a degree of strategic autonomy in managing its international partnerships, and the reality that no single external power possesses the capacity to meet Africa's development challenges alone. China has thus been important to the region's efforts to diversify its development partnerships and enhance its agency relative to its various international partnerships.

## Author

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