MISTRA Policy Brief

MAPUNGUBWE
INSTITUTE FOR STRATEGIC REFLECTION (MISTRA)

MISTRA Policy Brief: Reimagining Africa's Modernisation

This Policy Brief is based on the conference hosted jointly by the Mapungubwe Institute for Strategic Reflection (MISTRA) and the Embassy of the People's Republic of China in South Africa. The conference, titled 'Reimagining African Modernisation: Leveraging China-Africa Partnerships for Technology and Green Development', was held on the 17th of September 2025 in Pretoria.

The event brought together policymakers, researchers, technical experts, diplomats and business leaders from Africa and China for an exchange of ideas about industrial development, infrastructure, digital connectivity and green energy. These issues were discussed in the context of the various modernisation initiatives launched at the 2024 Forum on China-Africa Cooperation (FOCAC) summit.

This MISTRA policy brief identifies the key findings and actionable policy recommendations that emerged.

Key Findings

Shifts in Global Geopolitics: The 25-year FOCAC partnership between China and Africa has delivered notable achievements and made important contributions to the continent's developmental goals. However, it is now operating in a challenging global environment characterised by the undermining of multilateral institutions and rising geopolitical tensions. Moreover, ongoing armed conflicts in Africa pose significant risks to the continent's developmental agenda. Despite these risks, the current conjuncture presents an opportunity for Africa to exercise its collective agency and forge relationships that support its own vision and strategies for the evolving, multipolar world order.

The Importance of African Agency: A recurring theme was that the discourse must shift from what partners can do *for* Africa to what Africa seeks to do *for itself*. Sustainable development and modernisation cannot be outsourced; these goals must be driven by Africans themselves. This will require clear vision, robust institutional capacity, and the confidence to negotiate partnerships that serve the continent's long-term interests. It will also require African states to engage in effective planning, set clear targets and milestones, and establish strong mechanisms for monitoring and evaluating progress.

A Green Energy Trilemma: African countries, especially South Africa, face a difficult trilemma. They need to carry out a just energy transition towards decarbonisation; industrialise to create jobs and move up the value chain; and ensure affordable energy to drive economic growth. These goals inevitably involve trade-offs and will require nuanced and careful policymaking.

A Pivotal Energy Transition: Many African states are entering the early stages of a massive boom in renewable energy, fuelled by market dynamics and competitive Chinese technology. This represents an important window of opportunity for African countries to rapidly increase their energy supply, which could unlock vibrant local economies and transform poorer communities from a 'problem to be solved' into engines of development. However, this renewable energy boom is also somewhat chaotic and inequitable, as it is driven by household and firm-level economics rather than coherent policy. A central challenge is to seize the immediate opportunity for energy abundance while also directing it towards inclusive and long-term development.

Policy Recommendations

1. Improve Africa's Strategic Planning

- **Develop clear national and regional developmental goals**: African governments should formulate long-term developmental goals with concrete roadmaps for implementation, and regional blocs should improve coordination to deepen regional value chains. This will provide the strategic clarity needed to negotiate with partners and ensure that all agreements, including FOCAC initiatives, align with national and continental objectives such as those contained in the African Continental Free Trade Area (AfCFTA) and the African Union's (AU) Agenda 2063.
- **Build up the analytical capacity of African states:** Governments must invest in their ability to design, implement and monitor industrial policy. Industrialisation is a complex economic process that is unlikely to be achieved merely by individual firms operating within the context of market incentives. Experiences of other states that

have successfully industrialised, including China, suggest the importance of the state's strategic role in driving economic development.

- **Enhance transparency and accountability**: International partnerships are vital for Africa's development, but these should be underpinned by accountability mechanisms. African governments should be transparent about the agreements that they have entered into under FOCAC and other multilateral partnerships in order to allow for public discourse on these initiatives. Furthermore, African regional and continental organisations, and African civil society, should establish frameworks for tracking progress against clear targets and milestones. This will ensure that commitments are translated into tangible development outcomes.

2. Create an Enabling Environment for Industrialisation

- **Establish an 'ecosphere' for manufacturing:** Governments are responsible for creating the enabling environment for modern manufacturing. This includes developing robust systems for standards and homologation (ensuring a product's physical integrity and safety). It also requires a degree of policy consistency which allows manufacturing firms can engage in rational long-term planning. These institutional foundations are far more important than simple monetary incentives or tax breaks.
- **Prioritise net value addition:** Badly designed incentive schemes lead to the creation of 'screwdriver plants' that assemble imported kits rather than manufacture local products; this worsens the country's trade balance and raises costs for consumers. Industrial policies should, instead, be designed to incentivise projects that provide net value addition to the economy. The rules-of-origin regulations within the AfCFTA should be designed to encourage genuine industrialisation and intra-African sourcing, rather than superficial assembly.
- **Ensure skills and technology transfer:** Future infrastructure and industrial projects should include technology transfer and local capacity-building. Partnerships should be structured to include joint ventures and training programmes. Policies that require local content should be designed to give African companies a genuine stake in production chains.

3. Mobilise Local and Foreign Investment in Infrastructure

- **Use partnerships to reduce the cost of capital:** Infrastructure is expensive, and loans in foreign currencies such as US dollars can rapidly become unaffordable if the local currency depreciates. Partnerships with Chinese Development Finance Institutions (DFIs) can provide more stable financing, such as loans with lower interest rates and, crucially, loans offered in local currencies. This help will protect African states against exchange rate risk and make the debt burden more manageable.
- **Use guarantees to 'crowd in' private capital**: African governments cannot fund their massive infrastructure needs alone. However, to attract private investment sources such as pension funds or commercial banks, projects must be seen as safe. Chinese DFIs can provide guarantees for projects, acting as an insurer. This will help to 'de-risk' the investment, making it more attractive for private capital. This will, in turn, help the continent to fund infrastructure projects without putting all the debt and risk directly onto government budgets.
- **Use infrastructure projects as anchors for broader industrialisation:** New infrastructure projects should not be built in isolation. Rather, ports, railways, energy grids and digital networks should be planned strategically to support a wider industrial ecosystem. If mega-projects are run effectively, they can create a multiplier effect that will encourage the growth of new factories, jobs and local supply chains.

4. Use Green Energy to Promote Abundance and Inclusivity

- **Guide the renewable energy revolution**: Many African countries are already experiencing a growing renewable energy boom. However, governments should initiate proactive policy interventions to channel and accelerate investment in renewables, and to ensure that this investment is allocated in ways that will benefit their economies. For example, African governments should consider redirecting existing fuel subsidies to promote investments in renewable energy by households and businesses. Governments should also invest in public goods, most notably improved national grids, which will be vital for distributing new energy production across countries. Policies such as feed-in tariffs and wheeling can help to support distributed energy generation and allow governments to redistribute excess energy production towards regions that require it.

- **Use the transition to build local industry:** The demand for green technology should be leveraged to build local manufacturing capacity. Initial electrification will have to rely on imports due to the urgency of the energy deficit. However, medium-term policy should focus on supporting local development of grid components, installation capacity, new-generation energy storage and other key components in the energy value chain.
- **Carry out a just transition on Africa's terms**: The pace and nature of the energy transition must be defined by Africa's developmental needs, not imposed by external actors. For Africa, it is important to ensure that the green energy transition also addresses broader issues such as reducing high rates of poverty and inequality.