

Serving China-Africa cooperation and promoting common high-quality development

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The establishment of the China-Africa Development Fund is one of eight measures of practical cooperation with Africa announced by the Chinese government at the Beijing Summit Forum on China-Africa Cooperation (FOCAC) in 2006. The purpose of the Fund is to support and encourage Chinese enterprises to invest in Africa. CADFund initiated operations in June 2007 with an initial designed capital of US\$ 5 billion. In 2015, Chinese President Xi announced at the FOCAC Johannesburg Summit that the Fund capital would be increased by US\$ 5 billion. So far, the total amount stands at US\$ 10 billion.

The Fund is headquartered in Beijing and has established five representative offices in Johannesburg, South Africa; Addis Ababa, Ethiopia; Lusaka, Zambia; Accra, Ghana; and Nairobi, Kenya, respectively responsible for the corresponding countries. As of Q2 2023, CADFund has committed investment to 39 African countries amounting to more than US\$ 6.6 billion as well as leveraging Chinese enterprises to invest and finance the African continent amounting to a total of US\$ 31 billion.

Investment philosophy

CADFund focuses on the implementation of FOCAC initiatives such as the Ten Major Cooperation Plans, Eight Major Initiatives and the Nine Programmes. It adheres to the principles proposed by Chinese President Xi of sincerity, tangible

results, amity, good faith and the pursuit of greater good and shared interests. It also adheres to the principle of green and low-carbon development as well as responsible investment.

CADFund looks forward to building a sustainable, high-level Sino-Africa community with a shared future by focusing on supporting projects that both meet Africa's local development needs and contribute to its sustainable development, involving traditional fields such as infrastructure, production capacity cooperation, agriculture and livelihoods as well as popular and emerging fields such as digital innovation, green development, and health. CADFund is committed to providing investment and financing support for projects with controllable risk, economic feasibility and predictable returns as well as those capable of increasing local exports, taxes and employment.

Investment methods

CADFund invests and manages in a market-oriented manner, employing the cooperation model of equity investment funds. Its specific investment methods include equity investment, quasi-equity investment, debt investment and fund investment. The Fund usually plays the role of financial investor in a project and, in principle, neither holds a controlling stake nor will become the largest shareholder and will not participate in a project's day-to-day operations.

Enterprises or other partners with project opportunities are encouraged to contact the market development department,



Suez Economic and Trade Cooperation Zone, Egypt



Sisal planting project, Tanzania

industrial investment departments and representative offices in Africa. The analysis and review process can be initiated on receipt of relevant documents such as business plans, feasibility studies, relevant certificates and permits. After investment analysis, due diligence and investment decision-making, the Fund will sign legal documents and complete investment procedures for the project.

CADFund investment cases

CADFund consistently supports investment in areas such as industrialization, infrastructure and agriculture, all of which can improve livelihoods in Africa. Meanwhile, the Fund is increasing innovation investment in digital economy, health-care and green energy.

Industrialization

In the field of industrial manufacturing, CADFund assists in China-Africa’s production capacity cooperation and Africa’s industrial upgrade as well as in accelerating Africa’s industrialization process through investing and supporting Chinese enterprises’ initiatives to ‘go global’ on manufacturing, development experience, and technology. One example is a previous investment by CADFund, the Sino-African Hisense Home Appliance Project. This project in South Africa has reached an annual production capacity of 540,000 refrigerators and 390,000 televisions, generating employment for 2,000 local people and effectively improving the status of local manufacturing by 2020.

The Suez Industrial Park project in Egypt co-invested with Tianjin Teda, has attracted 136 enterprises to settle in the Park, attracting a total of nearly US\$ 1.5 billion in investment and generating close to 4,000 jobs.

As of September 2022, the Lekki Free Zone, also known as the China-Nigeria Economic and Trade Cooperation Zone, has signed investment agreements with 110 enterprises and paid approximately US\$ 96 million in taxes and fees to the host country of Nigeria for a cooperation project with China Railway Construction, creating over 2,400 local jobs.

Infrastructure

CADFund provides comprehensive financial services in urgently needed infrastructure fields such as electricity, ports, and aviation to break the bottleneck of industrialization and development in Africa. In a collaboration with Shenzhen Energy, the Ghana Gas Power Plant project has a total installed capacity of 560MW, which can provide approximately 20 per cent of Ghana’s electricity supply and effectively alleviate the local power shortage. Also, the TICT port project in Nigeria, was jointly invested in by CADFund and China Merchants Group and is designed with an annual throughput of 400,000 TEUs, which can effectively alleviate local import and export transportation bottlenecks.

Agriculture and livelihoods

In the field of agriculture and livelihoods, the Mozambique Agricultural Park project invested in by CADFund has passed on Chinese rice planting technology to local farmers through cooperative planting, scaling up the local rice planting area and improving production and processing capacity. The yield per mu has doubled, benefiting approximately 500 households annually. The project has also participated multiple times in procurement by the World Food Programme (WFP) and donation of disaster relief food in the local area. Under multi-lateral cooperation mechanisms with the United Nations, CADFund



Image: CADFund

Lekki Free Zone, Nigeria

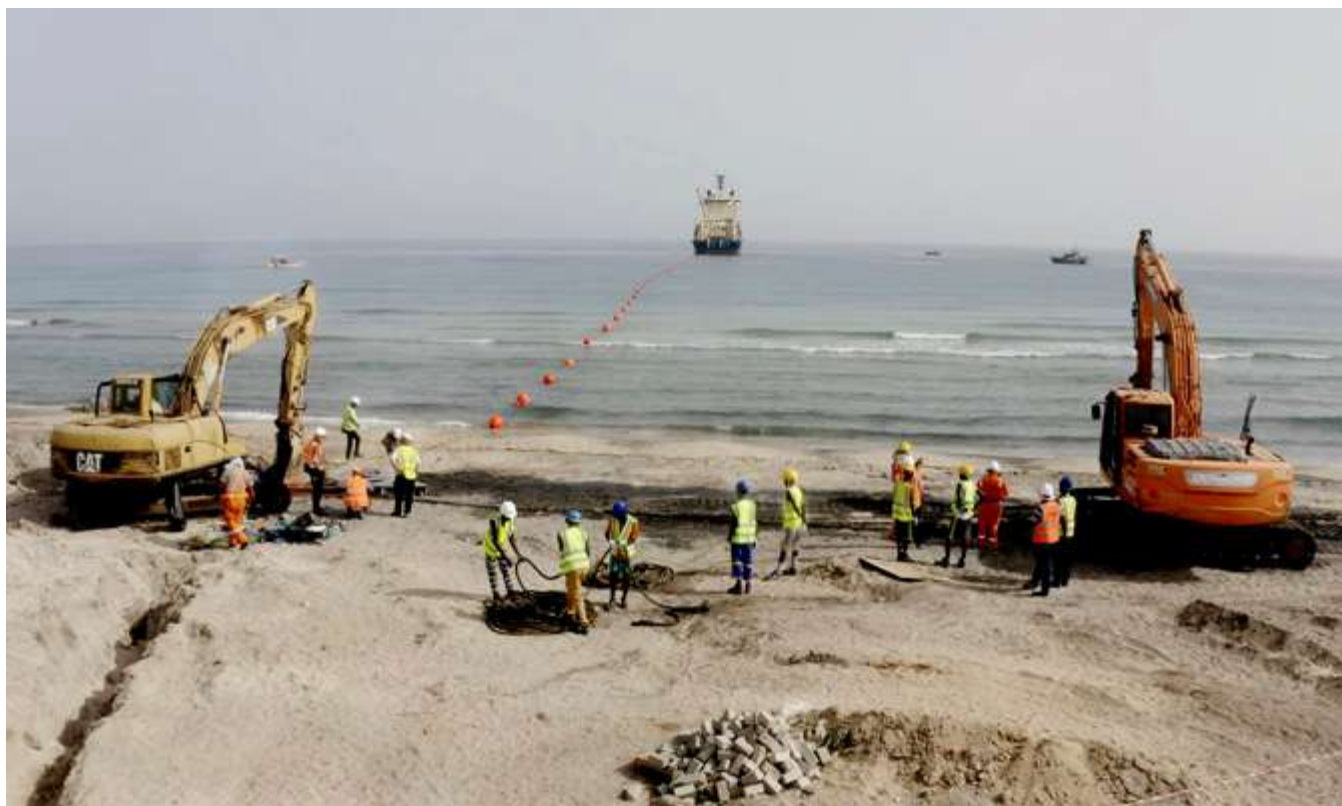


Image: CADFund

Work underway on the China Mobile 2Africa project

planned with its invested projects of Hisense factory and Mozambique Agricultural Park, for the donation of lighting and rice to local youth, fulfilling their social responsibilities through building local youth capacity.

The pharmaceutical factory project in Mali jointly invested in by Humanwell Pharmaceutical, is currently the most modernized factory of its kind in West Africa with an annual output of 30 million bottles of syrup and 40 million bottles of large infusion fluids. The project has passed GMP certification by drug regulatory authorities in multiple West African countries such as Benin, Togo, Ghana and Senegal and has become a major supplier to pharmaceutical companies in seven French speaking countries in West Africa, allowing Mali to produce drugs that cover the West African community. It has also trained a large number of industrial technical workers and management talents for the local community.

Digital innovation

The Fund actively implements the Nine Programmes' digital innovation initiative, guides and supports Chinese enterprises to increase investment in digital infrastructure in Africa and assists in the development of Africa's digital economy. China Telecom, which CADFund invested in and supports, has cooperated with over a hundred mainstream operators in Africa to achieve almost full coverage of telecommunications services in Africa, promoting digital epidemic prevention, online education and community connectivity. China Mobile, which the Fund has invested in, participated in the 2Africa submarine cable project, which is the first of its kind designed for the entire continent and connects over 20 landing points from 16 countries in the eastern and western coastal regions of Africa.

Green investment

The Fund practices the concept of green investment and accelerates the green and low-carbonized transformation of traditional industries. The Huaxin Tanzania Mavini Cement Plant project adopts the most advanced technologies, achieving a dust collection rate of 99.9 per cent. Over 50 per cent of the factory's production electricity demand is supplied by utilizing the waste heat generated by kiln calcination, which effectively generates electricity through saving energy.

CADFund has been actively following up on clean energy projects such as wind and solar energy in multiple African countries for many years. In the operation of the GCL-Poly South Africa photovoltaic project, the average annual online electricity consumption has remained stable — in the range of 280 million to 300 million kWh — making significant contributions to the development of renewable energy in South Africa. In addition, the Fund has also supported new energy vehicle companies to move towards Africa and promote the continent's transition to a green economy.

Multi-lateral cooperation for common development *Value integration, collaboration among multi-parties and shared benefits*

CADFund acts as bridge and link in supporting Chinese enterprises' investment and trade in Africa. It plays a role in investment promotion through cooperation with third parties to expand cooperation areas and supports project cooperation in areas such as green development, agriculture and capacity development in African countries. The concept of "project + social responsibility + multi-lateral investment platform" in Africa benefits a greater number of African countries.



Image: CADFund

GCL-Poly photovoltaic project, South Africa

For example, the United Nations and other international organizations act as bridge and link between governments involved in organization, coordination and policy promotion. African countries' governments develop their investment policy and business environment, propose a local demand for development and facilitate investment and trade, while the supporting countries' governments provide markets for products made in Africa, build platforms and make policies for trade promotion. Chinese investors then learn and understand Africa, conduct trade in commodities and implement projects with environmental, social and governance investment.

Case studies

Partnership for Investment and Growth in Africa (PIGA) 2015–2021: UK Aid (DFID, now under FCDO) provided monetary support and guidance for investment service standards. The Chinese parties of CADFund and the China Council for the Promotion of International Trade (CCPIT) were responsible for connecting with the Chinese government and encouraging enterprises to actively participate. The International Trade Centre (ITC) executed the programme and connected with the African partnership countries of Ethiopia, Kenya, Mozambique and Zambia. Investment promotion agents of the partnership countries received training. As a result, US\$ 115 million of Chinese foreign investment has been made, with 14,500 jobs created in the agro-processing and manufacturing sectors, with seven deals brought to financial closure over four years.

Partnership for Enhancing Export Capacity of Africa to China (PEECAC) 2021–: ITC implements agriculture trade promotion to African countries such as Ethiopia, Kenya, Madagascar, Mauritius, Mozambique, Rwanda, Uganda and Zambia. Chinese Hunan Province provides monetary support, policy formulation and a trade platform of China-Africa Economic and Trade Expo (CAETE) and African Non-Resource Products Distributed Trading and Processing Center (DTPC). The Chinese government, through its Ministry of Commerce (MOFCOM) and General Customs Administration has expanded the list of imports to Africa and signed import and export inspection and quarantine agreements with African countries.

Youth Capability Development: invested in by CADFund, the Hisense South Africa Industrial Park donated smart conference machines to Gambian youth for achieving greater efficiency in education and training for the purpose of improving professional skills and promoting capabilities in employment and entrepreneurship. This event on October 27, 2022 was attended by the Commercial Counsellor from the Chinese Embassy in Gambia; the mayor of Banjul city; Vice President, International Marketing, Hisense Group; and the Chairman of CADFund. The *People's Daily* published a special report titled "Focusing on Capability Building to Promote Autonomous Development".

On May 19, 2023, the China-Africa Love Donation Ceremony, "Light of Hope", jointly initiated by CADFund, Hisense South Africa and Mozambique Wanbao Agricultural Park, was held



Image: CADFund

Sino-African Hisense home appliance project, South Africa

in Cape Town, South Africa. Among other guests attending the ceremony were the Chinese Consul General in Cape Town, a Cape Town councillor, and the vice president, international marketing of Hisense Group. The CADFund chairman and director of the China South-South Industrial Cooperation Center of UNIDO delivered speeches. Local community school teachers and student representatives participated in the activities. The event was reported by China Global Television Network.

CADFund to integrate various forces, increase multi-party models, and play a guiding role

The United Nations Office for South-South Cooperation and CADFund jointly released The China-Africa Development Fund Case special issue of *South-South in Action*, promoting the sustainable development of Africa through South-South investment — the first instance of United Nations publishing a special issue for a separate organization.

Conclusion

The Fund will further build a community with a shared future for mankind through multi-party cooperation. It will create a model for international cooperation and promote win-win development while adhering to practical efficiency, commercial feasibility and project sustainability.

The Fund will continue to support industrialization, infrastructure, agriculture, livelihoods, the digital economy, healthcare and clean energy in Africa, assisting the high-quality development of the China-Africa cooperation.



Image: CADFund

Vehicle assembly factory, South Africa