

# Ramping Up Renewable Energy Investment in Africa

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## FOR IMMEDIATE RELEASE

**Johannesburg, September 12, 2022;** While Africa has an abundance of solar, wind, hydro, and geothermal power resources that afford immense opportunity to institute clean energy systems for its citizenry, access to power remains a pressing challenge across the continent, adversely impacting quality of life and development prospects. According to the PWC [Africa Energy Review 2021](#), experts approximate the cost of attaining a continent-wide net-zero energy mix by 2050 to be \$2.8 trillion.

## Current and Prospective Sources of Investment

Thus far, China has been the single biggest investor in Africa's energy infrastructure. Furthermore, the inception of the EU's Global Gateway as well as multiple other initiatives have motivated a number of developed countries to give their commitment to resume energy infrastructure development in developing nations.

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## How to further increase investment in Africa's RE?

Attracting further investment requires innovative methods to address the financing of renewable projects. Greater insight into blended finance and public-private partnerships (PPP's) is a necessity, as well as more defined roles that African governments and regional economic communities could play in integrating their power sector markets. Moreover, policymakers need to implement stable strategic and integrated power pool planning, along with transparent procurement policies, legal systems, regulatory frameworks, and international power pools.

### SSA countries are frontrunners in attracting investors

South Africa has always welcomed funding alternatives owing to its developed infrastructure. Considerable opportunities abound for private providers to bridge the growing energy gap as South Africa's principal electricity supplier, Eskom, remains burdened by financial and operational complexities.

These challenges have served as a strong incentive for two of South Africa's neighbours, Botswana and Namibia, to also reduce their reliance on Eskom and the two nations are currently executing new tendering processes for large scale solar investments.

With the backing of USAID, Botswana and Namibia are seeking to construct power plants with between 2 and 5 GW of solar capacity. Accordingly, they are ending the monopolies formerly enjoyed by their national power companies and seeking what is perceived as more reliable support from private power companies.

### Overcoming the investment dilemma

Establishing and testing feasible and trustworthy policies to attract foreign investment will ultimately bring an influx of purely private funding. Until such a time, public-private partnerships remain the way forward which will necessitate that governments expedite their decision making whilst lenders intensify their project assessment and management capacities. As more projects yield successful outcomes, associated costs begin to decline as the risks become better understood and therefore manageable.

At present, approximately 138 million households across Africa are living on less than US \$2.50 a day, yet collectively, their annual spend on energy-related products, including charcoal, candles and kerosene, amounts to US \$10 billion. Creating reliable access to modern energy solutions has the potential to dramatically reduce household costs, making resources available for productive health and education investment, over and above promoting renewable energy businesses.

Great strides are required for Africa to transform its fiscal regimes and administration to make way for meaningful energy investment. With a more transparent, decisive, and equitable tax system in place, it will make development funding far more appetising for investors. To this end, policymakers need to take proactive steps to advance their domestic resource mobilisation procedures.

Scaling up renewable energy investment in Africa will not only unleash the potential for an immense number of skilled jobs, incite economic transformation and reduce inequality, but will ensure the continent is uniquely positioned to take the lead in the global energy revolution.



The [Africa Energy Indaba 2023](#) is the continent's leading energy forum consisting of a two-day international conference and exhibition to be held in the beautiful city of Cape Town, South Africa. The mega-event, in partnership with South African Department of Mineral Resources and Energy (DMRE) and many other leading industry associations, serves as the ideal platform for industry, businesses, regulators and policy makers to discuss and deliberate on critical issues impacting the growth and proliferation of the energy sector. The upcoming symposium is guaranteed to be an indispensable investment of attendees' time and resources and will undoubtedly live up to its revered success rate, fostering positive change to the continent's energy sector and the economy in its entirety.

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