

ENERGY IN AFRICA

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Many of the **challenges** we will discuss are relevant to a range of industries as they cut across most discussions when talking about Africa. Africa holds immense potential however the challenges require wholesale and focused solutions to afford real change.

Infrastructure needs for energy generation, transmission and distribution are lacking across many African countries. Significant planning and investment are needed to build the required infrastructure.

Finance accessibility whilst improving still holds historically perceived investment risks with high borrowing costs and limited access to capital.

Political instability and inconsistent government policies across Africa hinders investment and is creating uncertainty for certain energy projects. As the continent's politics matures and collaboration across African countries increases, the risk is reducing.

Fossil Fuel reliance for energy generation can lead to environmental degradation, air pollution and greenhouse gas emissions. Shifting towards cleaner and more sustainable energy sources is a challenge that requires investment and policy support however the African continent has abundant sun, wind and in certain places large waterways offering the chance for wind, solar and hydroelectric generation.

Energy Poverty in Africa is still a reality with millions of people still lacking access to modern and reliable energy services. Addressing energy poverty requires targeted interventions and investment in off grid solutions such as solar home systems and mini grids. However, when the choice is food versus energy the choice is clear for those affected.

Rural Electrification for large portions of the African population is logistically challenging and often financially unviable without innovative solutions. Renewable energy could be an easier option to expand access to electricity without the need to rely extensively on traditional energy transmission.

Market structure in some African countries is dominated by state-owned utilities with huge inefficiencies and financial constraints. Transitioning to more competitive and market-driven energy systems is necessary for improving efficiencies and assisting in attracting private investment.

Addressing these challenges requires a multi-faceted approach involving governments, private sector investment, international involvement, and local communities to drive sustainable development in the African energy sector.

Despite these challenges, Africa presents significant **opportunities** for energy development. Some of these include:

Investment Potential is correlated to the speed at which governments implement policy reforms to attract investment and mitigate risk. There is growing interest from international investors in Africa's energy sector and opportunities for private sector participation in projects such as Independent Power Producers are expanding.

Access to Finance through various financing mechanisms including multilateral development banks, impact investors, climate funds, and innovative financing instruments, are available to support energy development in Africa. These funds can be mobilised to finance projects, de-risk investments, and promote sustainable development.

Policy Support across many African governments is on the rise with many governments recognising the importance of energy access and sustainable development.

Abundant Renewable Resources are available on the continent including solar, wind, hydro and geothermal energy. Exploiting these resources can provide sustainable and clean energy solutions while reducing dependence on fossil fuels.

Regional Integration can unlock the potential for cross-border energy trade and infrastructure development. Regional power pools and interconnectors can optimise resource utilisation, improve energy security, and foster economic development.



Harnessing these opportunities requires co-ordinated efforts from governments, the private sector, development partners, and local communities to drive inclusive and sustainable energy development in Africa. Whilst the challenges are many, the opportunities are likely to far out way them, with large gas finds in East Africa offering possibility for utilising liquefied natural gas to ease transport of energy across rural areas. Along with the obvious benefit of cleaner electricity generation versus diesel and coal.

Overall, sustainable and renewable energy has the potential to revolutionise the African energy landscape, providing clean, affordable, and reliable energy access while driving inclusive and sustainable development across the continent.

To find out more please contact one of our experts below:



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