



► Jan Malan

UK Head of
Power & Generation
at Nedbank CIB



► Sne Mnguni

Head of
Structured Sales, Markets
at Nedbank CIB



Bridging the finance gap in Africa's renewable energy transition.

Let's start with the obvious. Africa has energy: sun, wind, hydro, and geothermal energy. But having the resource does not necessarily mean having the electricity. Because energy doesn't flow on optimism; it flows on financing.

Roughly 600 million people across the continent still don't have reliable access to electricity. And that affects everything. No power means no productivity, no clinics that can refrigerate vaccines, and no digital classrooms. It slows development, stalls investment, and holds people back.

However, generation is only part of the equation. The real challenge and the question we're asked most often is how to make these projects bankable. Because until capital can move, power can't either.

Ambitions aren't the problem. The African Renewable Energy Initiative is targeting 300 gigawatts of renewable energy by 2030. Mission 300, launched earlier this year by the World Bank and African Development Bank, aims to connect 300 million people to electricity by then, too. Nigeria has already kicked off a \$200 million mini-grid deal to bring power to rural communities. The momentum is there. But there's a sticking point.

So what gets in the way?

The cost of capital in Africa remains 2 to 3 times higher than in Europe or the United States. And that's not because the technology is different. It's because the financial environment is. Foreign exchange risk, limited hedging tools, weak credit ratings for utilities, and underdeveloped secondary markets all make it harder to fund what should be straightforward energy infrastructure.

That's why structure matters. South Africa's Renewable Energy Independent Power Producer Procurement Programme worked because it reduced uncertainty. There were credible offtakers, transparent bidding, and enforceable power purchase agreements. Everyone could price their risk and act accordingly.

But even that system is showing cracks. Transmission capacity is under strain. Projects that have cleared every regulatory and environmental hurdle are now waiting for grid connections. In many countries, the wires aren't keeping up with the will.

In some places, wheeling frameworks are helping. These let generators send electricity across someone else's grid to reach the buyer. It's a clever workaround, and dedicated intermediary companies are popping up to exploit energy trading opportunities. But it works only if the rules are clear and everyone trusts the process.

But centralised systems can only take us so far. That's where decentralised energy steps in. Think rooftop solar, mini-grids, and embedded generation. These aren't edge cases anymore. They're central to how we think about electrification. And they often make more sense financially. Smaller systems are faster to build, easier to finance in local currency and, when backed by the right aggregation model, they can be grouped into investment portfolios that attract serious capital.

Aggregation makes sense. It takes dozens of small, scattered producers and bundles them into something lenders can understand, and insurers can cover. It also reduces the administrative drag that comes with one-off deals. As long as there is room to scale, everyone wins.

Even with momentum behind wheeling, decentralisation, and aggregation, you can't build a market without a way to recycle capital. That means functioning secondary markets. Projects can't live on development funding forever. There must be a path to commercial debt, refinancing, credit enhancements, and institutional uptake.

Currency mismatches also need attention. A project might raise dollars or euros, but it's generating in local currency. That gap hurts viability. Guarantee-backed local tranches and dual-currency contracts are starting

see money differently

Nedbank Ltd Reg No 1951/000009/06. Licensed financial services and registered credit provider (NCRCP16).

to close the loop, but they're not yet widespread enough.

We're seeing local institutional investors, pension funds, infrastructure arms, and insurers wanting to get involved. But they need creditworthy products and transparency. They need to see that someone else has taken the early risk off the table. Africa isn't a single energy market. And it shouldn't be priced like one. Ghana is not the Democratic Republic of the Congo. Kenya is not Malawi. Each country has its own regulatory pace, political climate, and enforcement muscle. Lumping them all together just keeps the cost of capital unnecessarily high.

That's why tailored finance matters. At Nedbank Corporate and Investment Banking, we treat all those details as non-negotiable. We spend time in the

weeds. We look at legislation, licensing frameworks, track records, grid access, and legal enforceability. All the stuff that turns an idea into a financeable project.

It's not just about putting money into energy; it's about structuring it in a way that makes sense for everyone involved, from development finance institutions and developers to commercial banks and communities.

By 2030, the story should be different. There should be more energy closer to where people live and work, more regional trade between markets, more blended structures that mix public and private capital, and more infrastructure built with long-term ownership in mind.

We're starting to see that shift already. And it's encouraging. But there's still a gap between ambition and action.

Closing it will take smart structuring, clearer regulation, and localised funding models that understand both the risk and the opportunity.

The good news is that none of this is hypothetical. The work is already happening. Projects are being signed, capital is being deployed, and solutions are evolving.

The question now isn't whether Africa has the power. It's whether we'll fund it properly. That's the gap. That's the opportunity. And that's where we focus every day.