

## More finance needed for Africa's energy transition opportunities

Africa's transition to cleaner fuels and power generation presents investors with opportunities across the value chain, but more direct financing is needed on projects, the head of a South African independent power producer, said on Thursday, 1 December.

By [Bate Felix](#)<sup>2</sup> Dec 2022



Source: Reuters/Mke Hutchings

Brian Dames, chief executive officer of African Rainbow Energy & Power, said the shift to cleaner energy in South Africa for example, meant a massive addition of new generation capacity with strong growth potential.

"South Africa quite simply has to add more than 50,000 megawatts (MW) of new capacity. Most of that is going to be renewables," said Dames, speaking on a panel at the Reuters Next conference.

The South African government has unveiled a five-year \$84bn transition plan to cut carbon emissions and harness other economic opportunities from the energy transition.

The country aims to curb the share of coal in its power generation to around 38% by 2031, decommissioning old plants, and ramping up wind, solar and gas generation to around 47% during the period, according to a plan presented to parliament by state utility Eskom.

Dames, who headed Eskom from 2010 to 2014, said African Rainbow Energy & Power has invested in more than 700MW of wind, solar and biomass generation.

"We want to build an African energy champion based on clean energy. We have projects of around 2.8 gigawatts (GW) that we are going to close next year," Dames said, adding that the company was eyeing electricity trading and expanding in other African countries.

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## Pool of capital

However, a key question that remains to be answered on Africa's energy transition and its capacity to adapt to the impact of climate change is that of finance.

Despite pledges by developed nations, governments and companies have seen little direct financial inflow into projects in Africa, Dames said, adding that there were still constraints on getting finance to the continent.

Anibor Kragha, executive secretary of the African Refiners and Distributors Association, acknowledged that projects on the continent were struggling to tap available finance for energy transition.

"We need to have a pool of capital designated for decarbonisation projects for Africa that can go beyond commercial banks to the development finance institutions, so that we can actually execute in a meaningful and sustainable manner," Kragha said while speaking on the same panel.

He said the association was putting together a register of projects and finding partners for two funds, one for liquefied petroleum gas development across the continent for clean cooking, and another for bankable refinery and storage and distribution infrastructure projects.

"Any project without financing is just an idea," said Kragha.