



# How the G20 can power Africa's energy future and economic prosperity

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**As South Africa hosts the first Group of 20 Summit (G20) on African soil, the moment feels both symbolic and decisive. Power is the oxygen of any economy and the foundation of social progress and economic prosperity. For Africa, this summit is a chance to turn decades of talk about access, transition, and affordability into real progress that improves lives and builds economies.**

Across the continent, more than 600 million people still live without electricity. Slow industrialisation continues to limit jobs and economic security. Behind those figures are daily realities: families cooking over open fires, small businesses closing, and children studying by candlelight. Until power becomes reliable and affordable, Africa's growth story will remain incomplete. The G20 now carries a clear responsibility to help dismantle the barriers that have long held back investment in generation, transmission, and distribution of power.

While there's no shortage of capital for Africa's energy future, what's missing are the structures, policies, and partnerships needed to absorb it at scale. The barriers and solutions are well known:

### **1. Africa lacks credible offtakes and payment security for power projects.**

Many national utilities lack investment-grade balance sheets, and most governments cannot provide the guarantees investors need. The way forward is to strengthen utility creditworthiness through partnerships with guarantors and multilateral institutions, driving regulatory reforms that enable private electricity sales and wheeling, promoting cost-reflective tariffs, and deepening capital markets.

### **2. Poor collection from consumers of power remains a challenge.**

A potential solution involves supporting municipal reform and creditworthiness through finance and guarantee products, enabling them to operate as going concerns, and buying and distributing electricity to their constituents in a sustainable manner.

### **3. Support for vulnerable households remains limited.**

A practical solution is to introduce targeted subsidies that can be recovered through other services to creditworthy users, with this complemented by assistance from international partners.

### **4. Many transmission and distribution networks remain outdated.**

The solution lies in funding and guarantee mechanisms that enable large-scale grid upgrades through private sector participation.

The daunting scale and complexity of capital needed to develop and transform African electricity markets (alongside other pressing needs, including water, healthcare, and education) imply that significant support through the G20 remains essential to assisting African countries in achieving their socioeconomic goals.

Much of the technology, experience and funding needed is domiciled internationally, and the growth of the sector hinges on Africa's continued access to global and local markets. The capital intensity and long life cycle of critical energy infrastructure mean it is only through consistent, long-term partnerships that the electricity sector can grow and prosper.

For millions of families, a grid connection remains a dream rather than a right and reality. Yet each of these challenges has

a solution, and across the continent the will and desire to act are growing. Partnerships with development lenders can strengthen utilities and grid operators. Policy reform can open the door for private electricity sales and power-sharing across networks. Fair tariffs and targeted support for vulnerable households, recovered through cross-subsidies from creditworthy users and backed by international partners, can restore balance. Large-scale grid upgrades that are supported by both public and private capital can modernise networks and bring power to communities that have waited too long.

A handful of middle-income African countries have depth in domestic capital markets, which enables them to raise local liquidity for deployment in the infrastructure energy sector. The impressive expansion of commercial investment following liberalisation of electricity regulation in South Africa is a good example of what can be achieved if the private and public sectors work hand in hand towards mutually beneficial objectives. Many G20 companies and investors already participate actively in this success story (largely on a purely commercial basis), but more is needed to keep the momentum and deepen the market.

Against this backdrop, South Africa's success offers a clear example of what's possible when policy, regulation, and capital align. Through the Renewable Energy Independent Power Producer Procurement Programme and the opening of direct power purchase agreements, the government has given investors consistency and confidence.

The Independent Transmission Programme is drawing private funding into grid expansion, while the new South African Wholesale Electricity Market is

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introducing open, competitive trading. These reforms have attracted billions in investment and proved that, with credible governance, African energy projects can be bankable.

Many G20 investors are already part of this momentum on commercial terms. However, sustaining it will require improved partnerships and a shared sense of purpose.

The numbers are stark. The B20 Task Force on Energy Mix and Just Transition estimates that developing and emerging economies must increase annual transition finance, from roughly US\$45 billion to US\$330 billion by 2040, to keep global net-zero goals alive. Getting there will demand predictable frameworks, policy coherence, and shared accountability. Blended finance, which combines government, multilateral, and private funding, is critical for managing risk rather than eliminating it. When guarantees, concessional loans, and clear policy coexist, investors can focus on delivery instead of defence.

**South Africa's own G20 energy stance echoes this view: transition must balance technology, efficiency, security, access, and affordability.**

Building on that foundation, the South African government continues to advance its Paris Agreement commitments while pushing for a global transition that protects industry and recognises the realities of developing economies. If that intent becomes tangible reform, South Africa could set a precedent for how nations can cut emissions without cutting growth.

At Nedbank, we work where ambition meets structure. Our renewable energy portfolio stands at more than R47 billion, supporting over 4.9 gigawatts of generation capacity. Nearly 20% of Nedbank's total lending book, around R189 billion, qualifies as sustainable development finance. Behind those numbers are households switching on power for the first time, local firms entering supply chains, and technicians building new careers. Every project proves a simple truth: design,

not geography, determines bankability.

However, this journey isn't only about infrastructure; it's about inclusion. When energy projects grow local skills, small businesses, and regional supply chains, they become engines of transformation. Through partnerships with organisations like Res4Africa, Nedbank invests in training and education, localisation, and SME development to ensure that renewable projects create value far beyond the grid. Energy that builds people's capability and confidence becomes both an economic driver and a social catalyst, and that's where impact truly happens.

Resilience is equally critical. Adaptation finance can no longer sit on the sidelines; it is the foundation of sustainable growth. Within the G20 framework, the Business 20 (B20) has taken a critical step by proposing an Adaptation Finance Accelerator to channel new capital into projects that connect water, agriculture, and energy. We are already seeing promise in models such as solar irrigation, renewable desalination, and microgrids – approaches that deliver stability and return. Scaled across markets with abundant solar and wind resources, these solutions could turn one of Africa's natural endowments into a lasting competitive advantage.

Progress won't be even. Middle-income countries such as South Africa, Namibia, Morocco, Kenya, and Egypt have the depth to draw private investment. At the same time, lower-income economies still face shallow markets, currency risk, and institutional gaps. For them, the G20's role is essential to encouraging reform, unlocking risk capital, and connecting local ambition with global know-how. Africa's energy future will depend on partnerships that unite purpose with practicality.

Lower-income African countries, however, face a much steeper challenge to attract sufficient investment to bring affordable, reliable electricity access to all. Political uncertainties, regulatory hurdles, shallow capital markets, and

volatile currencies impede foreign direct investment. The role of the G20 and its agencies must be significantly broader, encompassing the promotion of structural reforms, the enablement of critical resources, and the mobilisation of international risk capital to facilitate sustainable market development.

Africa's G20 offers more than a stage – it provides a starting line. The task now is for governments, development partners, private secondary investors, and financiers to act with shared intent, to turn summit discussions into solar panels, wind turbines, transmission lines, and training programmes that define tomorrow's prosperity. Every new connection, every upgraded grid, and every young technician trained is proof that collective intent can light a continent.

If the G20 helps Africa move from isolated progress to a unified energy framework, the benefits will stretch far beyond electricity. It would reshape how the world defines inclusive growth and sustainable development.

**The opportunity is real, the structure is ready, and the responsibility is ours. In Africa, doing good has never been charity; it has always been good banking.**

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