



By: TA | AP Brief

Building institutions is Africa's biggest clean energy challenge



Africa's biggest **clean energy challenge** is shifting from building projects to building the institutions, markets and regulatory systems needed to deliver them at scale, experts say.

That challenge is emerging even as clean energy reaches a historic milestone globally. Renewables generated 34% of the world's electricity in 2025, overtaking coal's 33% share.

Together with nuclear power, renewables are expected to provide half of global electricity by 2030.

As industrialization, artificial intelligence and electrification push demand higher, experts say the bottleneck in transitioning to cleaner energy has shifted from technology to the systems supporting it, including funding.

Overcoming such obstacles is vital for securing access to power for the 600 million people in Africa who are yet to be connected.

"Clean energy is now cheaper than fossil fuels in virtually every part of the world," former New York City Mayor Michael R. Bloomberg, the U.N. Secretary-General's Special Envoy on Climate Ambition and Solutions, said in late June while announcing a new \$285 million Bloomberg Philanthropies initiative to strengthen clean energy industries in emerging and developing economies.

"But fixable obstacles are still slowing down deployment, and with energy demand rising at an unprecedented speed, we can't allow those obstacles to continue standing in the way," he said.

Rather than financing solar farms or wind projects directly, the initiative will invest in strengthening market design, regulatory capacity, technical expertise and industry institutions, areas increasingly viewed as essential for attracting private investment and accelerating use of renewable energy.

It reflects a growing consensus that Africa's energy transition is constrained less by a lack of renewable resources or viable technologies

than by the institutional capacity needed to turn those advantages into financially viable projects and electricity on the grid.

Renewable energy costs have fallen sharply

Many projects remain delayed by weak market design, limited grid planning, slow permitting processes and fragmented regulatory systems.

"What has been missing is not the potential, but the institutional infrastructure and capabilities to unlock it," said Saliem Fakir, executive director of the African Climate Foundation. "Philanthropy that targets those gaps directly is the kind of intervention that can shift the trajectory of a continent's energy system."

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Across Africa, **renewable energy costs** have fallen sharply while investment appetite continues to grow.

However, investors say policy uncertainty, slow permitting processes and limited regulatory capacity are hindering projects.

Wangari Muchiri, founder and chief executive of RE.Think Energy, said the commitment signals that "the next phase of the energy transition is not about proving clean energy works, it's about removing the barriers preventing it from scaling fast enough."

The Bloomberg initiative is looking beyond ambitious renewable energy targets to focus on helping projects attract long-term investments and connect to national grids.

"The next chapter of Africa's renewable energy story will not be only by the projects it builds, but the institutions that make these projects possible," Muchiri said.