

# Africa Practice and the Energy Transition

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# ABOUT US



Africa Practice operates at the intersection of industry and government – where markets meet the state. We work collaboratively with our clients to design, advocate for, and implement solutions to a range of business challenges, with a notable focus on the energy transition.

Africa Practice helps to guide investment in the continent's energy transition. While Africa accounts for a relatively minor share of global carbon emissions, it has the natural resources to drive decarbonisation. The continent has enormous renewable energy generation potential given the abundance of solar irradiation, high winds, geothermal and water resources in various locations. This positions Africa as a green hydrogen superpower.

Africa is also home to unique ecosystems, such as the Congo Basin, which is among the world's major remaining natural carbon sinks and biodiversity hotspots. African governments are increasingly recognising their natural capital and its ability to generate much-needed revenues through carbon market development and sustainability bond issuance. Such measures need to be backed by sustainable forestry and land management practices, which are critical to achieving lasting socio-economic development, given an ongoing reliance on natural resources for cooking and heating.

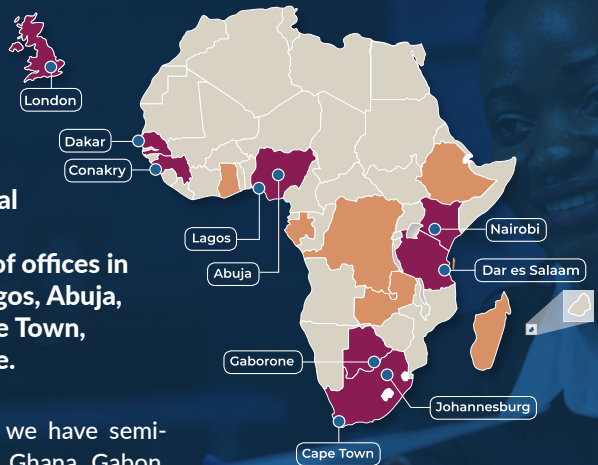
**AFRICA PRACTICE HAS 20 YEARS EXPERIENCE OF WORKING WITH INVESTORS IN ENERGY TO IDENTIFY RISKS AND OPPORTUNITIES, DEVELOP PARTNERSHIP STRATEGIES, ENGAGE WITH GOVERNMENTS & REGULATORS, AND MANAGE REPUTATIONS**

# HOW WE WORK

We are a team of 80+ multidisciplinary, multilingual consultants working as one company across a network of offices in London, Dakar, Conakry, Lagos, Abuja, Nairobi, Dar es Salaam, Cape Town, Johannesburg and Gaborone.

Beyond these country offices, we have semi-permanent consulting teams in Ghana, Gabon, Democratic Republic of Congo, Ethiopia, Zambia and Madagascar.

Our leadership and consulting teams all work exclusively on Africa, meaning we have developed a proven ability to build networks, understand context, gather insights and engage key stakeholders in multiple markets across the continent.



**ALL OF OUR WORK IS UNDERPINNED BY A DEEP UNDERSTANDING OF THE CONTINENT AND ABILITY TO ANALYSE KEY COMMERCIAL & POLITICAL DYNAMICS**

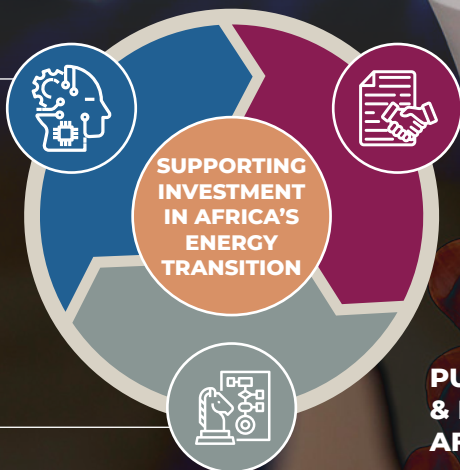


# OUR SOLUTIONS

We incorporate three practice areas, collaborating to deliver a range of business solutions

## INTELLIGENCE & ANALYSIS

- Political economy analysis
- Risk & opportunity identification
- Market entry strategies
- Commercial due diligence
- Stakeholder mapping & engagement
- Scenario planning



## PUBLIC POLICY & REGULATORY AFFAIRS

- Policy & regulatory assessments
- Legislative monitoring
- Regulatory engagement
- Formal submissions to policymakers & regulators
- Economic impact assessment

## STRATEGIC COMMUNICATIONS & ADVOCACY

- Narrative & message development
- Content development
- Market communications
- Crisis communications
- Campaigns & public awareness
- Sustainability & impact measurement

# OUR EXPERIENCE

We have worked with blue-chip investors in energy and decarbonisation projects across key jurisdictions.

Recent assignments include:



## Risk mitigation and stakeholder engagement for a wind project in Kenya



### CHALLENGE

Lake Turkana Wind Power (LTWP) was the largest single private investment in Kenya, worth USD 680 million. LTWP aimed to provide 310 MW of reliable, low-cost wind power to the national grid.

The project experienced protracted funding challenges, which were compounded by political headwinds in the run-up to Kenya's 2017/18 general election.

LTWP required support to navigate legal and bureaucratic hurdles, in addition to politically-motivated interference, which complicated its implementation.



### APPROACH

Africa Practice was retained by LTWP to provide a suite of strategic advisory services to enable the project mitigate emerging risks. We provided political economy analysis, advised on stakeholder engagement, and provided regular briefings to the senior management team and the board of directors.

During the election campaign period, Africa Practice gathered political intelligence and conducted continuous analysis in order to provide LTWP with a strong understanding of the shifting dynamics at the national and county levels.



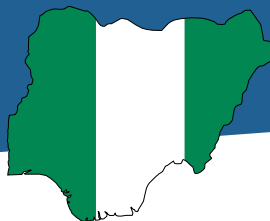
### IMPACT

Africa Practice's intelligence and advisory services enabled the LTWP team to better understand and manage their risk environment. This enabled the project team to navigate national and local dynamics, while remaining neutral and preserving the project's reputation during the complicated election season.

We also helped LTWP to overcome critical policy and regulatory hurdles via engagement with key stakeholders. Thanks to our support, work on the Lake Turkana wind turbines was able to proceed, resulting in the launch of commercial operations in 2019.



## Leveraging natural gas to drive **Nigeria's** energy transition



### CHALLENGE

**A 450 MW independent power plant in Edo State was part of a new wave of project-financed greenfield IPPs being developed in Nigeria.** The ambitious project faced a complex web of challenges and the team needed to engage a broad and diverse stakeholder ecosystem to build trust and confidence and navigate constantly shifting regulatory requirements.

The financing involved USD 220 million of equity and USD 530 million of debt, committed by a consortium of local and international financiers. There was therefore intense pressure on the developer to deliver the project on budget and on schedule and generate strong returns on investment.



### APPROACH

**Africa Practice supported the project for four years.** We helped to execute strategy implementation and stakeholder engagement in Lagos, Abuja and Edo and were responsible for corporate communications around key project milestones, including financial close.

Our messaging emphasised the importance of natural gas in spurring rapid industrialisation and electrification and explained its role as a bridging fuel, helping to replace highly polluting coal and imported heavy fuel oil to stabilise the grid and support the transition to renewables.



### IMPACT

**With our support, the IPP was able to forge strong local relations in Nigeria, including with the federal and state governments and the private sector, and to raise the required financing for its power plant.**

The plant became operational more than six months ahead of schedule and is now one of the top suppliers of electricity to the national electricity grid. It supports some 150 jobs and will serve as an important contributor to the emergence of a sustainable energy mix as electricity demand in Nigeria ramps up.



## Delivering political economy and stakeholder insights for a major LNG project in Mozambique



### CHALLENGE

**Africa Practice is currently retained by a global energy major which is developing a transformative Liquefied Natural Gas (LNG) project in Mozambique.**

Our client needed help understanding key political economy issues, and identifying influential stakeholders at the national, provincial and district levels, in order to drive energy sector transformation and policy alignment.



### APPROACH

**Africa Practice provided a succinct political economy analysis of Mozambique's energy sector.**

We mapped over 140 stakeholders across the public and private sectors, and civil society. We examined the relationships between these stakeholders, including the formal and informal information flows and power relationships, as well as influence channels.

We advised senior management on how to engage identified stakeholders and manage those relationships.



### IMPACT

**Our insights enabled the client to leverage in-country opportunities, such as local content development, and plans beyond the LNG sector.**

Africa Practice is now preparing for a second phase of work, driven by the elaboration of a comprehensive socio-economic development strategy for Cabo Delgado province. This will help to bolster the client's social licence to operate and strengthen support for the LNG project.



## Advocating and securing tax breaks for a **clean-cooking solution** in Kenya



### CHALLENGE

**Household air pollution from cooking with traditional stoves and fuels is linked to nearly 4 million deaths each year since 2014.** In Kenya, data from the Ministry of Health shows this accounts for an estimated 21,560 premature deaths (approximately 50% of which are children under the age of five) per year.

Our client sought to promote access to, and adoption of, clean cooking practices in Kenya, using denatured bio-ethanol cooking fuel as a low-cost and modern alternative to traditional, highly polluting charcoal and kerosene.

The client's initial policy goal was to reduce import tariffs and VAT on imported bioethanol, enabling it to compete with dirty fuels. Lower costs would help to spur demand, enabling local industry to expand ethanol production capacity.



### APPROACH

**Africa Practice built a detailed map of the dynamic stakeholder universe, legislative process and regional regulatory landscape to inform the design and implementation of a targeted engagement strategy.**

Our team engaged a diverse range of stakeholders to build consensus, mobilise support across the public and private sectors, and promote the adoption of clean cooking technology as a means to improve the health and safety of lower-income communities, reduce carbon emissions, and create new jobs.



### IMPACT

**Our campaign contributed to securing a 16% VAT exemption on 'denatured technical alcohol for domestic cooking fuel' in the 2021 Finance Act.** This directly translated to a price reduction on ethanol cooking fuel, subsequently increasing the uptake of clean-cooking solutions due to increased affordability.

Our efforts enabled the client to secure greater traction with influential members of the government, who softened their stance upon developing a stronger understanding of the gold mining industry and its benefits for the economy and host communities.





## Boosting investment in an integrated **sustainable development** and **carbon project** in Gabon



### CHALLENGE

Our client was planning a significant capital raise to fund the development and roll-out of a large-scale, multi-sector project in Gabon. The project involves an integrated sustainable land-use plan that combines sustainable forestry, agriculture, conservation, infrastructure and ecotourism. Its business model is underpinned by carbon credits, and there is significant foundational work required from the state in question to establish the regulatory frameworks and institutional capacity to be able to register, value and trade the credits.

Our client needed to articulate a compelling value proposition, while robustly addressing the risks inherent in the project, to secure investors' trust and confidence in its innovative business model and its ability to manage country risk.



### APPROACH

Africa Practice developed the positioning and messaging for the project, a framework to identify and qualify potential investors, created a website, produced investor-facing materials and crafted responses to questions raised during due diligence. We delivered a detailed and comprehensive stakeholder mapping exercise and nuanced political economy analysis to enable the client to demonstrate it was proactively managing stakeholder and political risk and building strong relationships at national, provincial and community level.

We designed and helped to implement a targeted media relations strategy to build the organisation's public profile and advised on its engagements at COP26. We also amplified the position of the Central African country as a leader and innovator in green growth, sustainable forestry and carbon finance.



### IMPACT

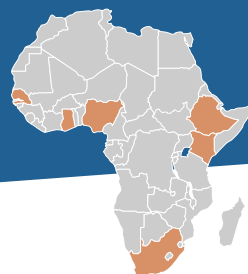
**The client successfully secured multiple rounds of equity and debt funding to deliver the project.**

Amongst other influential publications, the client was featured in the Financial Times, Bloomberg, Bloomberg New Energy Finance, The Economist, African Business, The Africa Report, Sky News and Tortoise Media.

We also helped to strengthen the local profile of the company by securing coverage on several occasions in the mainstream local press. The client is currently implementing our local stakeholder relationship management strategy as it seeks to accelerate the roll-out of the various programmes of its project.



## Pan-continental political economy analysis focused on climate solutions



### CHALLENGE

**Our client was a global platform for philanthropy focused on supporting innovation to accelerate climate solutions in over 50 countries. While Africa is not currently a significant producer of greenhouse gases at a global level, it has the potential to be in the future.**

Recognising this, we supported our client's aim of preventing large-scale future emissions by selecting six African markets with viable entry points for engagement by organisations focused on climate change. Kenya was chosen as a pilot case study, given its receptiveness to international funding, with subsequent studies focused on Ethiopia, South Africa, Nigeria, Ghana and Senegal.



### APPROACH

**Africa Practice developed a bespoke political economy analysis framework for the studies, identifying key stakeholders, policies, networks, and areas for engagement by philanthropic organisations.** This enabled the client to understand feasible entry points into the six countries, as well as tangible opportunities for philanthropic engagement and potential partnerships.

We also assessed the sectoral risks and opportunities, examining trends in urbanisation, electrification, industrialisation, land use change and the oil and gas sector.



### IMPACT

**This process helped our client to build a robust strategy for investment and engagement across Africa, taking into account the respective strengths and weaknesses of the six markets.**

Our assessment of the political, institutional and sectoral enabling environment for climate investments in each of the six countries were made publicly available to support and inform investment in climate change mitigation and adaptation measures across sub-Saharan Africa. We also secured coverage in the global print and broadcast media, ensuring widespread dissemination of our key findings.

# CURRENT & FORMER CLIENTS

We are currently engaged by, or have worked with, the following investors in energy and decarbonisation:



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