



The shifting
environmental
challenges in Africa
What CEOs must consider

What does a netzero future look like for Africa? For many countries across the continent, balancing local economic growth with international climate commitments is an increasingly thinning tightrope. In 2023, the International Energy Agency (IEA) estimated¹ energy investment needs to double to over USD 200 billion per year for African countries to achieve all their energy-related development goals: universal access to modern energy, while meeting their nationally determined contributions.

There has been some good news on one front: clean energy investment has intensified², especially in low-emissions power. This has led to a tripling of private sector clean energy investment, rising from around USD 17 billion in 2019 to almost USD 40 billion in 2024.

However, public and development finance (DFI) funding for energy projects has dropped by one-third, reaching

USD 20 billion in 2024. To combat this, several African countries have started developing Long-Term Low Emissions Development Strategies (LT-LEDS)³, to integrate economic and social development objectives with measures needed to keep temperature rise below 1.5°C (as per the Paris Agreement) – and attract the investment to fund their multibillion-dollar climate needs.



Zimbabwe, South Africa, and Namibia, for example, have put together plans that require leveraging donor funding, fostering public-private partnerships and mobilising the private sector to try and secure inclusive economic development while mitigating climate impact.

The private sector is not only integral to the success of the LT-LEDS, but also in attracting FDI⁴ by acting as a partner, demonstrating market viability, and building the necessary economic ecosystem for foreign investment.

So, what themes and actions need to be considered by business leaders to do their part?

1. [Financing Clean Energy in Africa – Analysis - IEA](#)
2. [Africa – World Energy Investment 2025 – Analysis - IEA](#)
3. [How Africa is aligning economic growth with net-zero pathways | UNDP Climate Promise](#)
4. [African Development Bank, Private Sector Development Strategy 2021–2025](#)

Sustainability considerations for CEOs

African businesses must be aware of the important sustainability themes that need to be factored into current operations. For example, in South Africa, they must consider the fact that higher intensity weather events are becoming

commonplace⁵ with frequent flooding affecting infrastructure and causing operational damage to industry e.g. a leading multinational automotive manufacturer had to rethink how they

build their plants to mitigate climate change impact. Future planning and enabling a dynamic ecosystem-driven way of operating will be fundamental to ensuring business success.



Partner to Protect

Businesses need to establish partners that can contribute to and support their objectives and aspirations. As supply chains become more vulnerable to climate change, local supply will become essential to ensuring business continuity, improving both resilience and profitability. A major state-owned freight and logistics company illustrates this well, having brought onboard third-party vendors to operate and maintain their locomotives - including a leading energy and chemical company that recently entered into a 5-year deal to refurbish and maintain 128 wagons.



Reduce for Resilience

Businesses must manage and fully understand their carbon footprint, take the time to analyse the implications and discover ways to reduce greenhouse gas emissions. Across the continent we are seeing new legislation enforcing this requirement. A tangible way to consider this need, is to establish the business case for operational changes that could be implemented; those that yield both a return on investment and contribute to reducing emissions. A major multinational energy company has launched a new line of business focused on renewables, in particular the solarisation of their own fuel retail stations. The net positive impact is clear, both a reduction in carbon footprint and reduced operational expenditure. This approach ensures a more sustainable and self-sufficient energy supply that reduces grid reliance.



Adapt and Evolve

Climate impact events are occurring at higher frequencies and intensities, effectively placing more pressure on business operations. Businesses therefore need to reduce their impact on the environment through improved delivery and robust adaptation and resilience measures. What this means is new ways of working, and alterations to operational assets and infrastructure that futureproof the business. Asset choices are becoming more important than ever; organisations such as a leading road transport and logistics company, a major national freight rail operator, and numerous aviation companies stand to benefit from fuel migration to hydrogen. Heavy industry is another case in point where this conversion is demonstrating significant return on investment (ROI) – such as a global diversified mining company and an international energy player’s hydrogen powered mining trucks, further supported by the hydrogen corridor ecosystem.

5. [South Africa: Extreme weather is disrupting tourism | PreventionWeb](#)

Establishing blueprints for uncertainty

Business leaders face significant, nuanced challenges when scaling a business and achieving sustainable growth across Africa. Central to this is understanding the enabling environment – with 54 countries, dozens of currencies, and varying regulations, both sustainability-related and otherwise, Africa is arguably the most complex market for regional expansion⁶.

This complexity deepens when you consider that businesses are reliant on resources that form the foundation of all operations. Leaders need to understand their resource dependencies, assess what the future holds for their operational footprint, and establish action plans that support the right level of adaptation. Business growth across Africa sits at a nexus of transformation across

people, policy, resourcing, environment, technology, governance, culture, commercial complexity and potentially irreversible climate impacts. Business leaders will therefore benefit from creating what I call ‘uncertainty blueprints’ – tools that run in parallel with business strategy, guiding the levers that need to be pulled to optimise outcomes for the business.

In my own work, I draw on a tool we developed called **DecisionOptimizer** to bring these blueprints to life. It surfaces critical success factors and the drivers that influence them, giving leaders a structured way to move from uncertainty to action. The goal is not to eliminate unpredictability, that is impossible, but to ensure that when conditions shift, businesses are ready to respond with clarity and confidence.

Policy and future generations

Climate policy has long been evolving, but the influence of global ambitions on localised operations has never been more pronounced. This is increasingly reflected in country-level statutory and regulatory requirements, with more stringent obligations being written into legislation⁷.

Policy is driving action across Africa, though outcomes remain uneven. Countries that embrace proactive sustainability legislation are better positioned to respond to a changing environment; those that do not risk policy becoming a barrier to growth rather than an enabler of it. At the heart of this is a fundamental question: how do businesses generate the value they need today without compromising the ability of future generations to meet their own needs? The answer lies

in embedding adaptation, resilience and resource-efficiency into the core of business operations – not as an afterthought, but as a strategic imperative. Africa holds enormous potential here. With an abundance of natural resources and a growing appetite for new ways of operating, the continent is well placed to lead. The environmental challenges ahead will continue to shape business conditions, but they also represent a genuine opportunity – to rethink how we work, build more symbiotic and ecosystem-aware operations, and take meaningful action.

There is no single formula for getting this right, but the businesses that will prosper are those that treat adaptability not as a contingency, but as a competitive advantage.



6. [How African entrepreneurs scale under constraints and why investors should pay attention | Business Insider Africa](#)
7. [Unpacking the South African Climate Change Act | White & Case LLP](#)

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