Building a resilient social license to operate in Africa's renewable energy transition

How developers can navigate risks and deliver lasting impact

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Contents

Executive summary

As Africa accelerates its energy transition, renewable energy developers are contending with an ever-shifting operating landscape. Political volatility, evolving stakeholder expectations, and tightening international standards are transforming the way projects must be planned, financed, and delivered.

Developers must recognize that social performance is no longer optional—it is a strategic necessity. To secure a resilient social license to operate, developers are urged to proactively manage relationships with communities, governments, and lenders, each of whom brings distinct and often competing expectations. Projects must address land access, human rights risks, and environmental compliance from the outset, integrating these considerations into planning and delivery. Inclusive engagement strategies, particularly with Indigenous Peoples, are essential, with Free, Prior, and Informed Consent (FPIC) processes requiring thoughtful, well-resourced implementation. Developers must also align with international standards, such as those set by the IFC, to meet lender requirements and avoid reputational harm. Ultimately, success hinges on embedding social performance into governance frameworks, enabling projects to deliver long-term value for all stakeholders. Without thoughtful, inclusive approaches, the consequences are clear: stalled projects, reputational harm, and diminished investor confidence.

The analysis in this document draws on ERM's experience supporting clients across sub-Saharan Africa, and outlines some of the most pressing social risks facing renewable energy developers, and how they can be addressed through integrated, forward-looking strategies.

Renewable energy projects are facing rising stakeholder expectations

Renewable energy development in sub-Saharan Africa is gaining momentum, but so too are the expectations shaping its trajectory. In countries facing significant developmental and economic pressures, large-scale renewable energy projects are increasingly subject to intense scrutiny by stakeholders at the national and local levels.

Renewable energy projects are often perceived not only as pathways to reduce emissions and improve energy access but as opportunities to unlock infrastructure, employment, and investment in underserved regions. In this environment, expectations are consistently high. Governments demand speed and scale, lenders impose stringent environmental and social safeguards, and communities seek a fair share of benefits. The convergence of these pressures makes it increasingly difficult to deliver projects on time and within budget, particularly where stakeholder expectations are not well aligned.

The challenges of navigating a fragmented stakeholder landscape

Renewable energy developers in Africa frequently have to navigate a fragmented and contested stakeholder landscape. Local communities, authorities, national governments, and international financiers all bring distinct, and often competing, objectives to the table.

Local communities are rightly demanding more from projects, including access to jobs, infrastructure, improved services and greater participation in decision-making. There is also growing awareness of environmental risks, as well as the cultural and spiritual significance of project-affected land. Meanwhile, local authorities are under pressure to deliver development outcomes to their constituencies, which can sometimes result in efforts to direct project benefits politically.

At the national level, governments are seeking rapid expansion of renewable infrastructure to meet energy needs and climate commitments. While their support can be a major enabler of project momentum, it may also come with pressure to compromise on international social and environmental standards.

Layered onto this is the role of international lenders, whose expectations around risk management, transparency, and compliance with global frameworks are growing more complex and less negotiable. Many now see social risk, particularly around land, livelihoods, and human rights, as a defining factor in whether a project is bankable.

IFC PERFORMANCE STANDARD 7: INDIGENOUS PEOPLES

PS7 seeks to ensure that business activities minimise negative impacts, foster respect for human rights, dignity and culture of indigenous populations, and promote development benefits in culturally appropriate ways.

Navigating the complexity of indigenous people's engagement

As renewable energy development intensifies across Africa, particularly in East Africa, project footprints increasingly intersect with the traditional lands and livelihoods of Indigenous Peoples (IPs). This is triggering IFC Performance Standard 7 with greater frequency and elevating the expectations of international lenders, civil society, and local communities.

Effective engagement with IPs is among the most complex and resource-intensive aspects of securing a project's social license-to-operate and yet is often under-resourced or misunderstood by project developers. If poorly managed, it presents a significant reputational and legal risk to developers, particularly where failure to implement free, prior, and informed consent (FPIC) processes can lead to operational delays, legal challenges, and loss of social license to operate.

Many developers underestimate both the time and complexity required to deliver meaningful engagement with indigenous communities. The iterative nature of FPIC, rooted in trust, respect, and genuine dialogue, often conflicts with commercial pressures to progress with permitting, resettlement planning, or socio-economic baselines. Meanwhile, scrutiny from international and local NGOs, academics, and media is intensifying, and lenders are becoming more risk-averse where indigenous rights are at stake.

To best navigate these challenges, developers should:

Conduct culturally appropriate stakeholder analysis and baseline research, tailored to indigenous contexts. Understanding the local context of a planned development is a crucial first step to understanding how best to engage stakeholders and manage the risks specific to that location. Developers should undertake a comprehensive mapping of the stakeholder environment, ensuring there is a clear understanding of the different indigenous groups in the affected area, their concerns and priorities. The stakeholder engagement plan produced from this mapping should also factor in appropriate engagement mechanisms for the different affected communities and be clearly mapped out for each stage of the development process.

Build internal capacity by ensuring that policies and processes are in place to minimize negative impacts on indigenous communities. For example, developers should undertake FPIC readiness assessments and training, enabling environmental and social (E&S) teams to lead informed and sensitive engagements. It is also prudent for companies to roll out company-wide training for teams on E&S dynamics during project development, ensuring that all members of the team (including early-stage engineers) are trained on topics related to community engagement and environmental issues.

CASE STUDY 1: OPPOSITION FROM INDIGENOUS PEOPLES TO RENEWABLE ENERGY DEVELOPMENT - KAJIADO COUNTY, KENYA

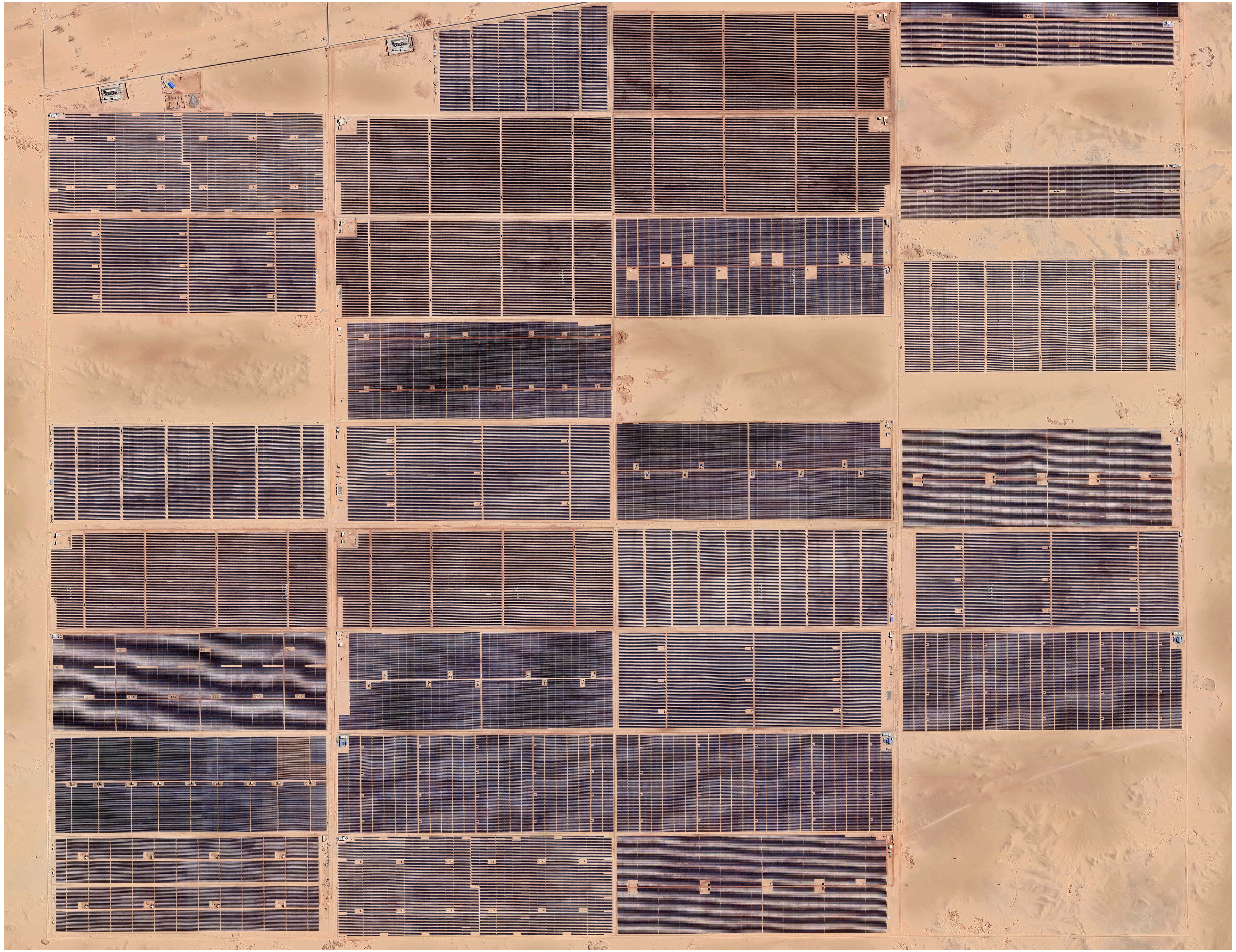
Kajiado County, in southern Kenya, has emerged as a focal point in the country's efforts to build a renewable energy hub. The Kajiado County Government's Energy Plan sets out an ambitious target of achieving universal power connectivity by 2030, up from a current rate of just 40%. While these developments have been welcomed by some residents, government agencies, NGOs, businesses and international investors, the indigenous Maasai communities in Kajiado have opposed renewable energy projects in the county. While state and market actors frame renewable energy as a public good, many Maasai perceive these developments as a continuation of long-standing patterns of marginalisation. Their opposition is rooted in multiple concerns: threats to land tenure security, the risk of mass displacement, insufficient compensation, ecological degradation, and the erosion of cultural heritage.

For example, a 100MW wind farm in Kajiado County being developed by a consortium of developers has faced opposition from local Maasai who allege that the project developer committed to contributing 5% of its income towards a community trust but failed to fulfill this promise. Equally significant are concerns around the lack of transparency in financial arrangements and exclusion from governance structures that would allow communities to shape the terms of their participation and benefit.

In response to these tensions, the project consortium has taken steps to repair relations, including the creation of a formal dispute resolution process, the registration of land titles for local families, the construction of 83 homes for landowners, and provision of literacy training initiatives. While these interventions mark a shift toward more socially responsive engagement, the absence of mechanisms for co-design and ongoing dialogue has limited their transformative potential.

Managing complex land acquisition processes

Land is often the most contentious and risk-laden element in renewable energy project development. Across Africa, evolving legal frameworks, customary land tenure systems, and political dynamics converge to create significant complexity for developers. When managed poorly, land acquisition becomes a flashpoint for conflict, delay, and reputational harm, particularly when it intersects with livelihoods, resettlement, and indigenous rights.



Land acquisition is rarely just a technical or legal matter. Developers must navigate overlapping land rights, shifting seasonal land use patterns, and political expectations around compensation. In some cases, project announcements can lead to land speculation, in-migration, or shifts in local power dynamics, adding further complexity to stakeholder management.

A strategic approach to land acquisition as a social risk

Developers should treat land acquisition and resettlement as a key social risk. They should plan the timing of resettlement carefully and establish reliable records of pre-displacement conditions. These records are vital for fair compensation and increasingly help define how project benefits will be shared long-term.

Where local authorities are responsible for land acquisition processes, developers often find that these authorities undercompensate landowners compared to international norms. Stakeholder engagement is more than a transaction; it should ensure that compensation is fair, transparent, and understood. Companies should also attempt to quantify both the statutory compensation requirements and the "top-up" benefits often required to meet lender expectations and build meaningful local partnerships.

Linking land, livelihoods, and shared value

Land acquisition no longer ends with displacement and compensation. Communities and lenders are increasingly calling for tangible, long-term benefits for those affected, especially where livelihoods are directly impacted by a project's footprint.

Companies can enhance their approach by designing integrated livelihood restoration and benefit-sharing programmes that extend beyond legal compliance. This includes identifying opportunities for skills development, local procurement, equity participation models, and community development partnerships that can contribute to long-term social resilience. Doing so can help developers move from compensation to quantifiable positive social impact. Equally important is the establishment of accessible grievance mechanisms and ongoing dialogue platforms to address evolving concerns throughout the project lifecycle.

Breaking down silos in project delivery

One of the most frequent pitfalls is treating land acquisition, FPIC, and livelihood restoration as siloed processes. This fragmentation creates inefficiencies and confusion for both stakeholders and lenders. Building integrated social performance strategies that bring these interrelated processes together under a common governance and delivery framework is critical for managing this challenge. The result is greater clarity for communities, more efficient project execution, and improved confidence from financing partners.

By embedding benefit-sharing principles into land acquisition and livelihood strategies, developers can reduce conflict, build trust, and unlock long-term value, both for projects and the people they impact.

CASE STUDY 2: LAND COMPENSATION DISPUTES WITH LOCAL FARMERS LEAD TO NEW COMMUNITY INVESTMENTS - SENEGAL

Commissioned in 2020, Senegal's first large-scale wind farm has been mired in land acquisition and compensation disputes with local farmers. Local communities are also concerned about the lack of transparency throughout the decision-making process.

The project's development required land acquisition from 410 local farmers across three municipalities: Taïba N'Diaye, Darou Khoudoss, and Notto Gouye Diama. This process presented challenges related to land compensation and transparency. Specifically, nearly 90% of farmers reported dissatisfaction with compensation amounts, alleging they were lower than expected and that intermediaries may have withheld portions. Farmers also stated the developer did not fulfill commitments regarding support for developing and irrigating remaining lands. Perceptions of limited transparency were also fuelled by the Environmental and Social Impact Assessment being available only in English, and consultations primarily involving community leaders rather than broader community participation.

The developer has since proactively addressed these challenges through significant investments and improved engagement. To counter initial dissatisfaction and perceived lack of transparency, the developer committed to a $20 million Community Investment Plan. This plan directly supports local agriculture, provides essential youth vocational training, and fosters sustainable economic growth within the Taïba N'Diaye region, thereby addressing concerns about livelihood restoration and broader community benefit.

Furthermore, the developer has sought to directly respond to the need for community support and development that emerged during the initial phases of the project. For example, the developer has invested in crucial infrastructure, including the construction of 20 miles of feeder roads connects 36 local villages, improving access to markets and vital services. The developer also invested in education by building a new IT center for schoolchildren and providing additional educational resources.

A call for purposeful, inclusive development

As the continent moves decisively toward a low-carbon future, the social dimension of renewable energy development cannot be an afterthought. Stakeholder engagement, land access, human rights, and community partnerships must be approached not only as compliance issues, but as the foundation for long-term project success.

Increasingly, environmental, social and external affairs teams are being asked to deliver more with fewer resources, balancing deep community engagement and social risk management with pressure from executives and government stakeholders to move projects forward.

ERM's approach to socially resilient renewable energy development

ERM supports project development teams operationally and strategically. By aligning global best practice with local realities and supporting clients from the project site to the boardroom, we help unlock the full potential of renewable energy projects to deliver shared value for developers, communities, and investors alike.

We help anticipate risk, plan engagement processes, and integrate social performance thinking into project governance. Critically, we also engage directly with C-suite leadership to elevate social license-to-operate risks to the strategic level, ensuring decisions are made with a full understanding of their social and reputational implications.

By embedding environmental and considerations across the project lifecycle, ERM helps clients not only comply with international standards but also build stronger, more resilient projects; rooted in trust, transparency, and long-term value for all stakeholders.

ERM's "boots to boardroom" approach offers end-to-end support; from field-level facilitation and grievance mechanisms to the development of governance structures that embed FPIC into project oversight. We help clients quantify the cost and scheduling implications of FPIC early on, allowing for realistic planning and lender alignment.

As social risks escalate, we also help bridge the gap between lender expectations and developer capabilities, grounding social performance in both international best practice and organisational realities.

Authors

Christopher Franklin, ERM

Max Railton, ERM

Rose Kilonzo, ERM

Contributors

Dieter Rodewald, ERM

Design

Eleanor Powell, ERM