

Infrastructure as a Disruptor: LEVERAGING PRIVATE CAPITAL FOR GROWTH

Executive Summary

Historically, strategic infrastructure investments have transformed the trajectory of economic and social development. Whether it is the Hoover Dam in America or the Panama Canal, infrastructure can transform peoples' path to prosperity and propel entire nations to the global stage. From broadband to renewable energy, similar investments in 21st Century infrastructure have the potential to transform prospects and growth across Africa.

The scale of the opportunity—and the related challenges—require that private investors play a central role. African governments, private investors, and development partners need to invest nearly \$100 billion annually over the next decade to fully reap the benefits available from infrastructure. While the need for investment is large, the potential return is also massive. Across the continent, investments in infrastructure can help to realize huge benefits from improved regional linkages and more reliable and affordable electricity. Such investments increase trade, facilitate communication, and power households and communities that form the building blocks of strong economic growth.

Harith's flagship report, *Infrastructure as a Disruptor*, highlights the transformative possibilities of strategic infrastructure investments on the African continent and focuses on the role of private investors in three exemplary sectors: telecommunications, energy, and transportation.

Telecommunications infrastructure has transformed societies and economic opportunities throughout the continent. At least \$9 billion per year must be invested to build on these successes and bolster information and communications technology infrastructure on the continent. While connectivity differs across Africa, telecommunications infrastructure has improved in the region as a whole, in part due to large investments in broadband like the Main One submarine cable. This investment has already improved people's lives. Internet access in cities with Main One coverage accelerated faster than in cities without it. Accra and Lagos together witnessed more than 1.3 million more people using the internet regularly in the years immediately following Main One's arrival.

Investments in modern energy infrastructure may be the greatest disruptor and enabler for creating new businesses and job opportunities. The sector requires more than \$40 billion annually to meet growing needs. The majority of African countries have lower energy consumption levels than their peers with similar levels of wealth. Although Kenya has increased electricity access rates, access levels differ within the country. The Lake Turkana Wind Power Project will tap into the country's unique wind

resources to contribute to improved access and reliability. At the time of construction, the roughly 32 million Kenyans without electricity were spread throughout the country, many in or around cities with grid access. An additional 2.5 million Kenyans reported unreliable electricity services.

While electricity powers African economies, transportation infrastructure binds them together and connects them to the global marketplace. More than \$18 billion is needed annually to address the continent's low road density, aging infrastructure, and high trade logistics costs. The Henri Konan Bédié Bridge in Abidjan disrupted the established patterns of congestion and development, with urban area around the bridge increasing by more than 20 percent, illustrating how private investment in transportation infrastructure can transform connectivity and growth.

History demonstrates that major infrastructure investments can disrupt entire economies and produce step-change improvements in economic and social opportunities. Africa's potential can only be realized if a critical mass of strategic infrastructure investments continues to disrupt and transform the region's footprint, economic opportunities, and linkages with the rest of the world.

Transformative possibilities of the Lake Turkana Wind Power Project

The project is the largest private investment in Kenya and the largest wind farm project in Africa to date.

