



# Private Capital Investment in Africa's Infrastructure

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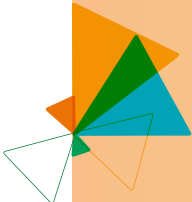






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The African Private Capital Association (AVCA) is delighted to present the ***Private Capital Investment in Africa's Infrastructure*** report, the first in a series of thematic reports, aimed at providing a comprehensive analysis of the private capital landscape for infrastructure investments in Africa.

Over the last two decades, infrastructure development in Africa has undergone tremendous transformation - from modern transportation and logistics networks in major cities to advancements in digital infrastructure that have resulted in the rapid penetration of internet connectivity across the continent. Regardless of the form, these advancements have transformed the movement of people and goods and significantly driven economic growth in Africa. At the heart of this transformation lies the private sector, which has increasingly taken a more dynamic role in mobilising much needed capital to drive infrastructure development in Africa. This active participation of the private sector in infrastructure is hardly a matter of chance, rather the result of deliberate effort in the form of policy and regulation targeted at crowding in private sector capital to address the infrastructure financing shortfalls in the continent.

This report examines the state of private capital infrastructure investing in Africa and discusses the key trends shaping the infrastructure investment landscape across leading sectors such as Sustainable Energy, Telecommunications & Digital, and Healthcare. The report brings special attention to sustainable infrastructure development on the continent, an increasingly important strategy for supporting Africa's clean energy transition. Finally, the report shines a spotlight on the infrastructure-focused fund managers in Africa, underscoring their critical role in the growth and maturity of the industry and in driving infrastructure investments in the continent.

At its core, this report underscores a powerful truth: While Africa's infrastructure challenges are significant, the market opportunity for increased private capital investment remains tremendous. Without a doubt, Africa's journey towards economic growth and transformative development hinges on increased investment into robust infrastructure in high growth sectors, particularly those capitalising on the rise of digital technologies. Recently, Data Centres and Cloud Services are emerging as critical tools for driving connectivity across Africa. This in turn supports compelling opportunities in Medical Technology, Logistics and Education Technology. Furthermore, Africa's vulnerability to the effects of climate change underscores the urgent need for the development of sustainable infrastructure that can support the continent's present and future infrastructure needs, offering investors significant opportunities for investment in both climate mitigation and climate-resilient infrastructure.

As you read this report, we invite you to explore its findings, and hope you are inspired to action - to engage, collaborate and mobilise resources towards the development of a sustainable future for Africa.



**Nadia Kouassi Coulibaly**

Head of Research  
The African Private Capital Association



# 1. Contextualising Africa's Infrastructure Financing

## 1.1 Why is Infrastructure Important?

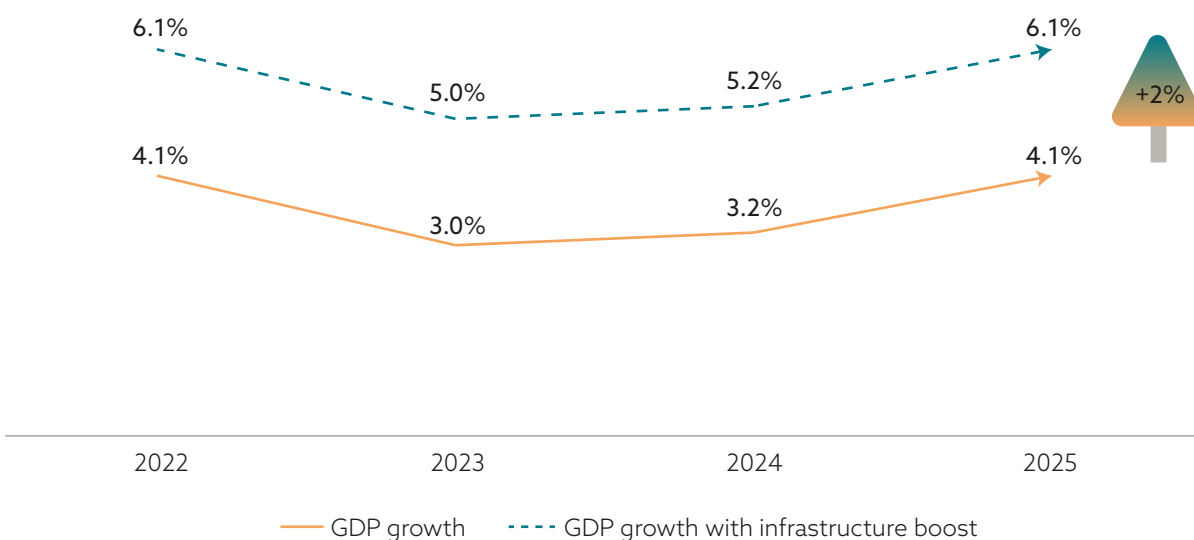
Infrastructure comprises the systems, facilities, and services that enable economies to function effectively. It is the cornerstone of sustainable development, shaping economic prosperity and living standards by facilitating trade, connectivity, and day-to-day needs. For Africa, with its rapidly expanding population of 1.4 billion—the fastest-growing globally<sup>1</sup>—developing robust infrastructure is not just a priority but an urgent necessity. Yet, much of Africa's infrastructure remains insufficient, creating bottlenecks that stifle business growth, hinder workforce productivity, and constrain quality of life.

According to the World Bank, Sub-Saharan African countries invest too little in their infrastructure to meet the Sustainable Development Goals (SDGs)—only 3.5% of GDP annually against a need of 7.1%<sup>2</sup>. This infrastructure shortfall underscores the critical need to prioritize infrastructure development to unlock economic potential, drive innovation, and enhance human capital, ultimately building thriving, resilient economies.

### Driving Economic Growth and Development

For Africa's mainly low- and middle-income economies, infrastructure serves as a catalyst for economic security by enabling wealth creation and poverty reduction. The African Development Bank (AfDB) estimates that overcoming the infrastructure gap could boost the continent's GDP growth by 2 percentage points each year<sup>3</sup>. In the short term, infrastructure investment drives job creation given the breadth of human capital needed to staff development projects and services. Over the longer term, it enhances business efficiency and drives structural transformation. Additionally, these potential gains can be supercharged, as new, more efficient technologies allow African countries to bypass—or “leapfrog” over—outdated infrastructure.

Figure 1: Africa's GDP Growth With Estimated Infrastructure Boost (%)



Source: AVCA, AfDB



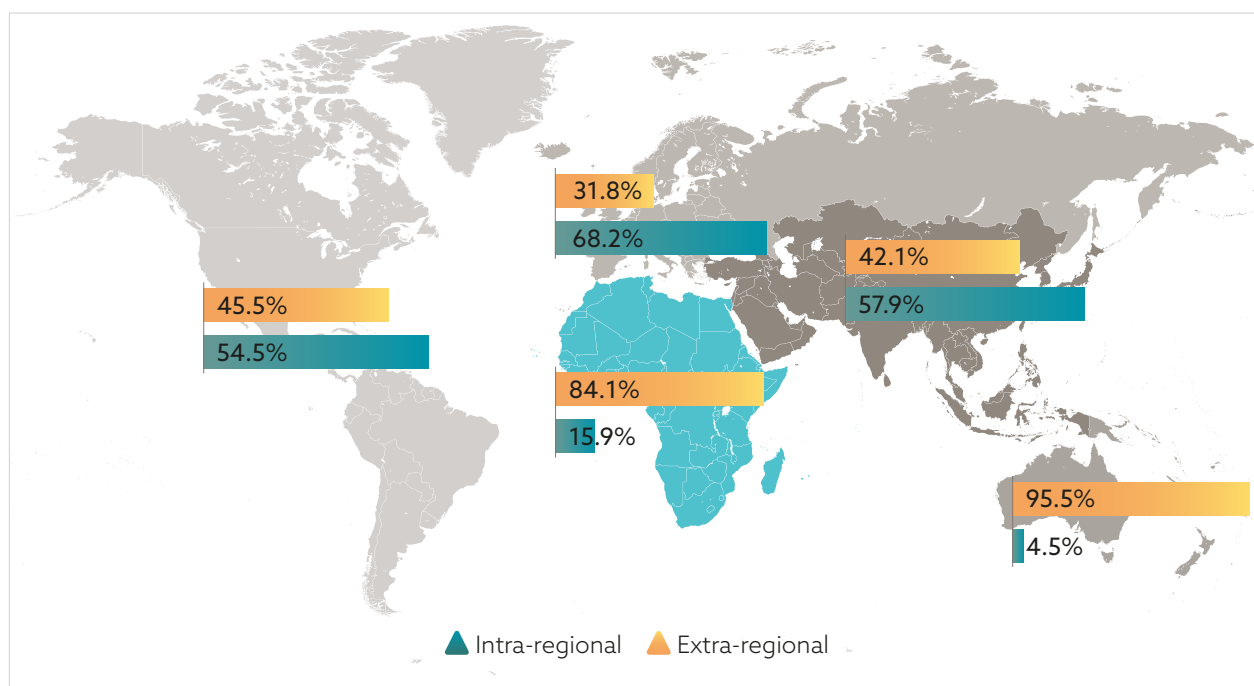
## Supporting the Transition

As Africa's populations and economies expand, its infrastructure is increasingly vital for generating and distributing clean energy to sustainably minimise the continent's longstanding power deficit. With the mounting urgency of climate change, sustainable infrastructure has become central to regional and global development policies. For example, the United Nations' COP28 meeting in 2023 called on countries to triple the global renewable energy capacity by 2030, while transitioning away from fossil fuel usage<sup>4</sup>. Developing clean energy infrastructure in Africa addresses local needs and positions the continent as a key player in the global energy transition. Investments in renewable energy not only mitigate the impact of climate change but also drive economic opportunities.

## Success of Regional Trade Integration

The success of regional trade integration, spearheaded by the African Continental Free Trade Area (AfCFTA), hinges on robust infrastructure. In particular, improved cross-border transport networks and systems are needed to advance the continent's comparatively low intra-regional trade, stimulating industrialisation and structural change to lift the continent's economic and social conditions. As an example, these gains can reduce manufacturing and distribution costs, stimulating higher production of locally manufactured higher value goods, in turn raising household and national incomes across the continent.

Figure 2: Share of Intra- and Extra-regional Exports, by Global Region, 2023

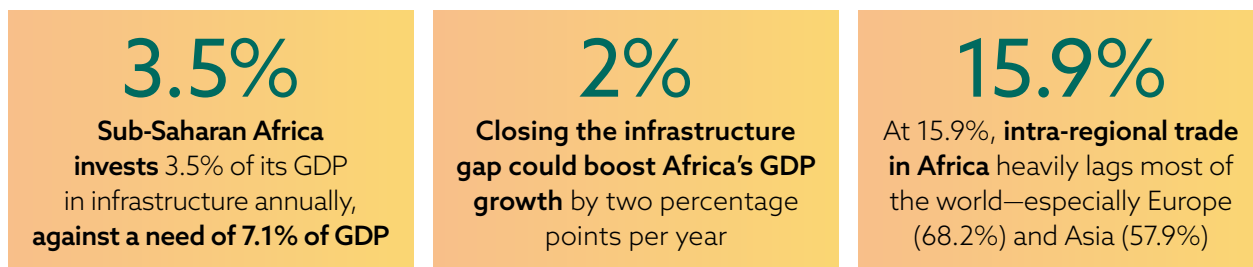


Source: AVCA, UNCTAD





The swelling significance of infrastructure to Africa’s growth and development lies in its ability to enable and transform economies. Compounded by the region’s ever-increasing economic and social demands, this makes it fundamental—more now than ever before—to advance Africa’s infrastructure and to provide the funding that will achieve this.



## 1.2 Sources of Infrastructure Financing

Infrastructure development relies heavily on both public and private sector contributions. The public sector dominates infrastructure financing in Africa. While this is also true at the global level, it is overwhelmingly the case on the continent, despite its weaker government resources. In 2017, 95% of Africa’s infrastructure financing came from the public sector (against 5% from the private sector). This is notably higher than the comparative figure for developing countries as a whole, where 83% of financing originates from the public sector, against 17% from the private sector<sup>5</sup>.

This imbalance is compounded by low revenues of many African governments which render them unable to substantially support local infrastructure needs, driving large infrastructure deficits. Africa’s tax-to-GDP ratio is the lowest in the world at 16.0%, far behind the 34.0% recorded for advanced countries as of 2022<sup>6</sup>. Concentrating such a large share of the responsibility amidst such tight fiscal constraints underpins why African economies chronically underinvest in infrastructure, and how important private sector participation is.

Figure 3: Share of Public and Private Sector Infrastructure Financing, 2017

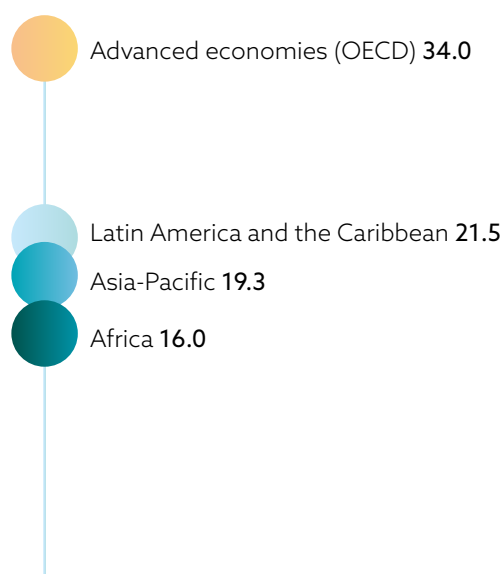


Source: AVCA, World Bank





Figure 4: Tax-to-GDP Ratios, by Global Region (% of GDP), 2022



Source: AVCA, OECD

## Role of the Private Sector

The private sector is playing a growing role in funding Africa's infrastructure, helping to bridge the gap left by finite public resources. Its ascending role has been driven by a variety of trends emerging since the turn of the millennium, including local regulatory reforms, the advent of blended finance, the growth of public-private partnerships (PPPs), and the rise of Africa-focused fund managers. This has taken place in the context of the global emergence of infrastructure as an asset class and increased investor interest in emerging and frontier markets like Africa.

Regulatory reforms (particularly targeting blended finance and PPP) have been crucial for drawing in private capital into African infrastructure<sup>7</sup>. For example, South Africa's 2011 Independent Power Producer Procurement Programme opened the country's Energy sector to private investors, and has since attracted billions of dollars in private capital for renewable energy infrastructure<sup>8</sup>. Similarly, private investment in Egypt's Healthcare infrastructure has benefited from the country's Universal Health Insurance Law No.2 in 2018, which has steadily expanded both the coverage and efficiency of healthcare services, improving the sector's attractiveness to investors. Meanwhile, Kenya's Public Private Partnerships Act (initially signed in 2013) has helped the country usher in private investment in infrastructure across sectors, with most of its success in Energy<sup>9</sup>.

Blended finance has been key to crowding-in private investment by augmenting risk-adjusted returns, using catalytic capital such as concessional capital, grants, and guarantees from public and philanthropic sources. Over 2013–2022, Sub-Saharan Africa attracted 41% of the volume and 50% of the value of global blended finance infrastructure deals, with the catalytic capital committed mobilising an equal proportion of private capital<sup>10</sup>. Although supporting inflows, the region's dominant shares of global blended finance deals demonstrate its ongoing difficulty in raising private capital compared to other regions.

These strategies have gradually positioned infrastructure as an asset class, attracting global investors seeking opportunities in emerging markets. In particular, the rise of African and Africa-focused fund managers since the mid-1990s—particularly infrastructure specialists—has unlocked growing levels of private capital in the region's infrastructure. An example is African Infrastructure Investment Managers (AIIM), which has committed US\$2.5bn in pan-African equity investments since its establishment in 2000<sup>11</sup>.



# 95%

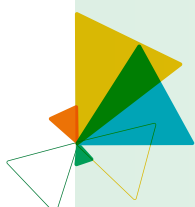
The overwhelming majority of **Africa's infrastructure financing** comes from the **public sector**, which accounted for 95% in 2017

# 16.0%

**Africa has the lowest tax-to-GDP ratio globally (16.0%)**, constraining its burdened public finances

# 50%

**Sub-Saharan Africa** attracted half of the global value of **blended finance infrastructure deals**

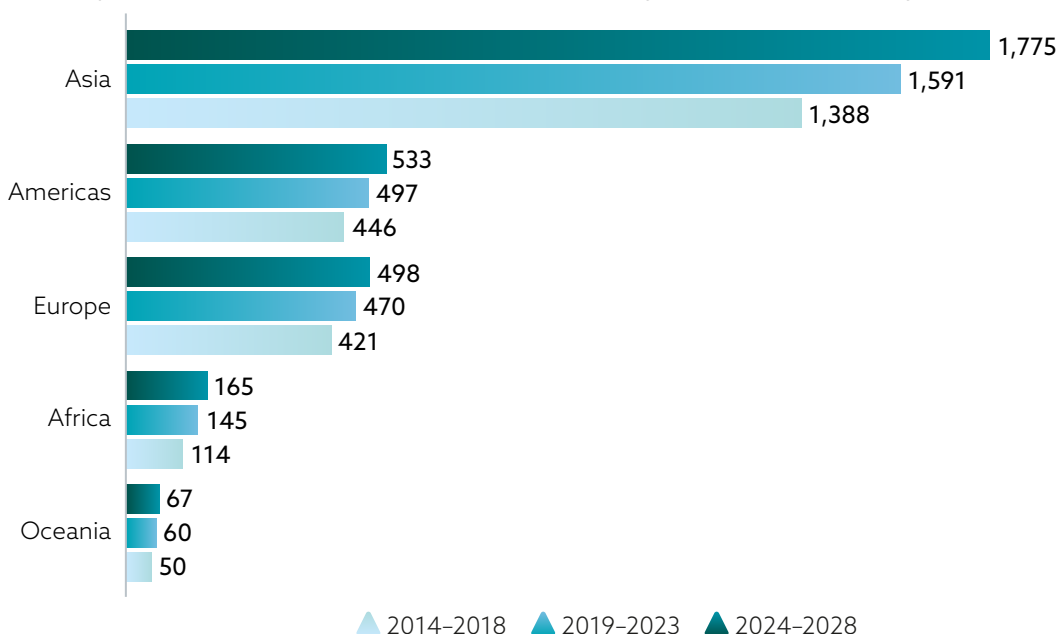


The **ascending role** of the **private sector** in Africa's infrastructure financing has been **driven by a variety of trends** emerging since the turn of the millennium, including **local regulatory reforms**, the **advent of blended finance**, the **growth of public-private partnerships (PPPs)**, and the **rise of Africa-focused fund managers**.

## 1.3 Current State of Infrastructure Financing

Although Africa's infrastructure investment is increasing, it still remains well below most global regions. Rising commitments from foreign sources since the turn of the millennium have been the engine for Africa's existing growth—particularly from the private sector, Chinese bilateral investment, and development finance institutions<sup>12</sup>. Despite this, Africa's infrastructure investment remains low by global standards and is particularly overshadowed by Asia—a key regional driver of global growth. Demonstrating the scale of Africa's challenge, the continent is home to 18% of the world's population but receives only 5% of global infrastructure investment. Like much of the world, the region faces infrastructure financing gaps; however, Africa's gaps cause its existing stock of infrastructure to increasingly lag behind other regions.

Figure 5: Global Projections of Infrastructure Investment, by Region, Five-year Averages, US\$bn



Source: AVCA, GI Hub Infrastructure Outlook



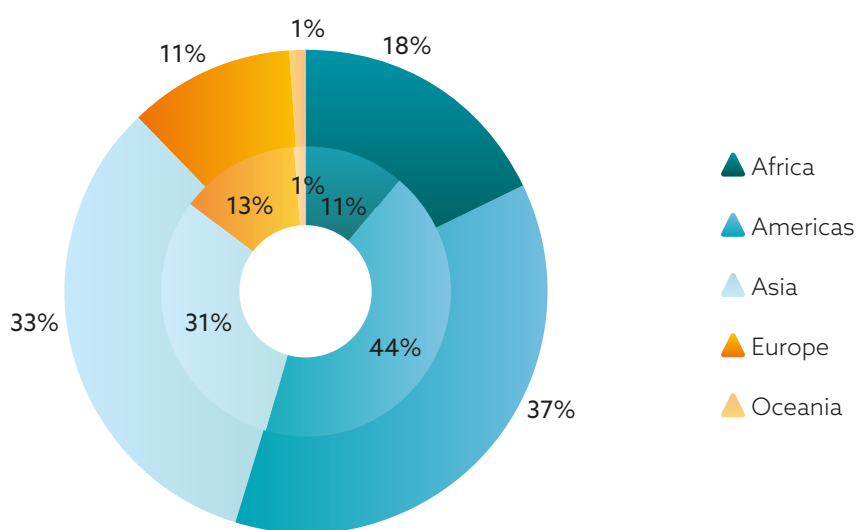


## Infrastructure financing gap

To meet the continent's basic infrastructure needs, the African Development Bank (AfDB) estimates the gap at US\$100 billion per year<sup>13</sup>. This gap expands to US\$181–US\$221 billion per year, if the continent is to achieve the infrastructure targets outlined in the United Nations 2030 Sustainable Development Agenda<sup>14</sup>. When compared globally, Africa accounts for only 11% of the world's infrastructure financing gap, but this widens to 18% of the global gap when including infrastructure required to meet the SDGs<sup>15</sup>. These chasms reaffirm how small Africa's 5% share of global infrastructure investment is, relative to its needs.

**Figure 6: Share of Global Infrastructure Financing Gap, by Region, 2016–2040\***

\*The inside ring represents the basic infrastructure gap; the outside ring includes needs to meet the SDGs by 2030.



Source: AVCA, GI Hub

By sector, the largest portion of Africa's infrastructure financing gap is in Transport infrastructure (73%), followed by Education (10%), and Energy (10%), reflecting decades of underinvestment in areas critical for the continent's development<sup>16</sup>. Geographically, the quality of infrastructure differs by country, driven by varying levels of underinvestment. Respectively, Somalia, South Sudan, and Niger have the most deficient infrastructure, while Seychelles, Egypt, and Libya have the most advanced<sup>17</sup>.

Increasing private sector investment in Africa's infrastructure is critical to plug the financing gap and accelerate the continent's long-term growth and development. Already, private sector capital plays a small but growing role in this area, cautiously helping to direct the continent's path to prosperity.

**5%**

Africa receives 5% of **global infrastructure investment**, against its **18%** share of the world's population

**US\$100bn**

Africa faces an annual financing gap of US\$100 billion to **meet its basic infrastructure needs**, and US\$181–US\$221bn to achieve the SDGs

**11%**

Africa accounts for only 11% of the world's **infrastructure financing gap**, but this widens to 18% of the global gap when including infrastructure required to meet the SDGs



**Transport**

The largest portion of Africa's infrastructure financing gap is in **Transport infrastructure (73%)**, followed by **Education (10%)**, and **Energy (10%)**

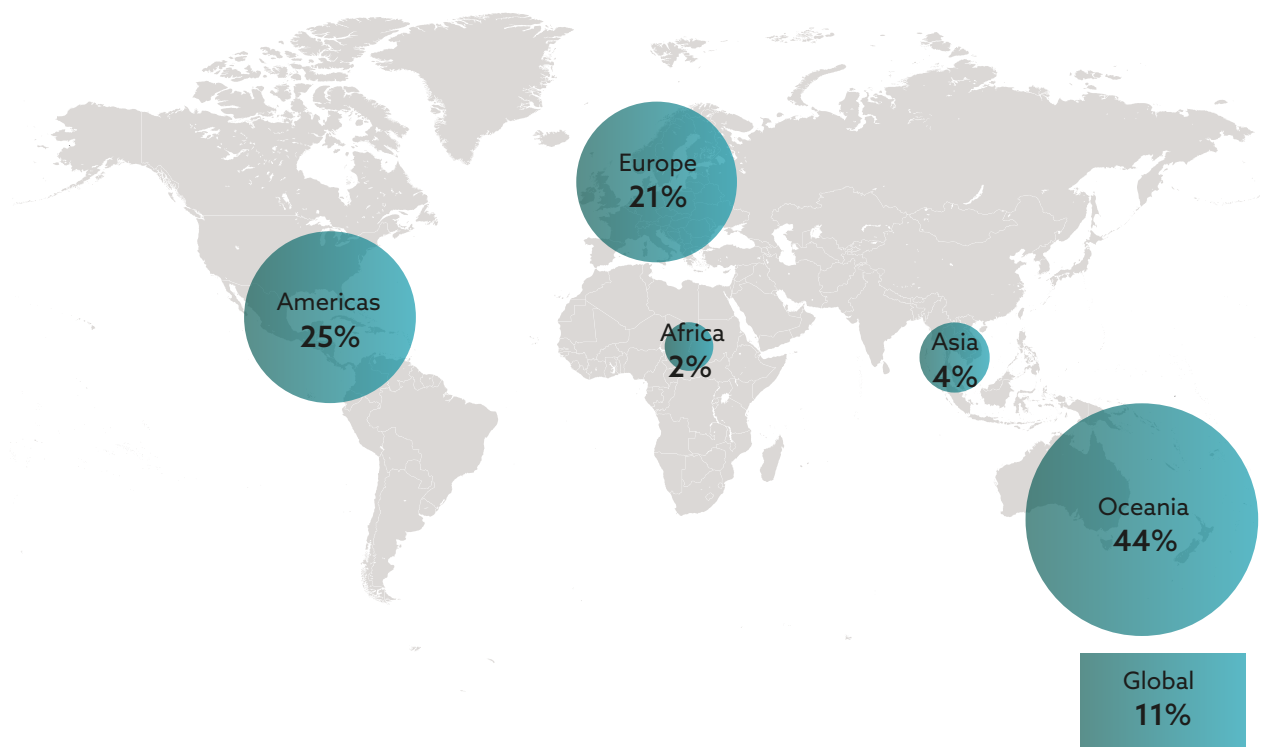


## 2. Private Capital Investment in Africa's Infrastructure

### 2.1 Africa in the Global Context

Globally, private investment remains concentrated in the most developed regions, attracted by their low-risk environments and well-established private capital markets. In contrast, Africa lags significantly behind other regions in leveraging private capital for infrastructure development. In 2022, private capital investment in Africa's infrastructure equalled 2% of the continent's total annual infrastructure financing needs, well below regions like Oceania (44%) and the Americas (25%). Compounding this challenge, Africa's public sector resources contribute far less to infrastructure financing compared to Asia, where robust public funding offsets similarly low private sector contributions. For Africa, however, the gap in private investment exacerbates the continent's infrastructure deficit, creating a critical bottleneck for sustainable development and economic growth. The scale of Africa's lag in this regard shows that it is crucial for the continent to materially boost private capital sources in its infrastructure financing.

Figure 1: Private Capital Financing in Infrastructure as a Share of Infrastructure Financing Needs, by Global Region, 2022



Source: AVCA, GI Hub





## 2.2 Private Capital Dealmaking Activity

**US\$47.3bn**

**847 private infrastructure deals** occurred, raising **US\$47.3bn**, during 2012–2023

**US\$56mn**

**Deal values averaged US\$56mn across all deals**, falling to US\$39mn when the 8 deals above US\$1bn are excluded

### Equity

Equity was investors' most-used financing instrument, accounting for **88% of the volume** and **76% of the value** of disclosed deals

**81%**

**Energy and Telecommunications & Digital Infrastructure** jointly attracted 81% of the value of private capital infrastructure deals in Africa, summing **US\$38.2bn**

**US\$19.4bn**

**16 deals (sized above \$500mn)**, worth \$19.4bn, were made between 2012 and 2023, representing **2% of total deal volume** but **41% of total value**

### Hybrid Financing

Although only attracting 6% of deal volume, **hybrid-financing deals had the highest average value**, amounting to **US\$256mn**, against **US\$71mn for equity** and **US\$52mn for debt**

## Private Capital Deal Volume in Africa's Infrastructure

Private capital investment in Africa's infrastructure in the last decade has emerged from slumber to making impressive strides. Between 2012 and 2023, a total of 847 deals were recorded, amassing US\$47.3 billion in disclosed value. However, as one-third of these deals did not disclose their value, the actual total is likely substantially higher. The momentum in dealmaking increased steadily during this period, with the average annual deal volume rising from 41 in 2012–2015 to 101 in 2020–2023.

Although the market's expansion was interrupted by a slump in 2023, this growth trajectory was not derailed. The 27% drop in deal volume—from the period peak of 131 in 2022 to 96 in 2023—was mainly driven by tighter access to international capital, as global interest rates surged over 2022–2023. Additionally, the moderation of Healthcare deals following a pandemic-induced surge in 2022 contributed to the decline. Despite these headwinds, 2023 marked the third-highest deal volume within the period, underscoring the resilience of the sector amid challenging global conditions.

## Private Capital Deal Value in Africa's Infrastructure

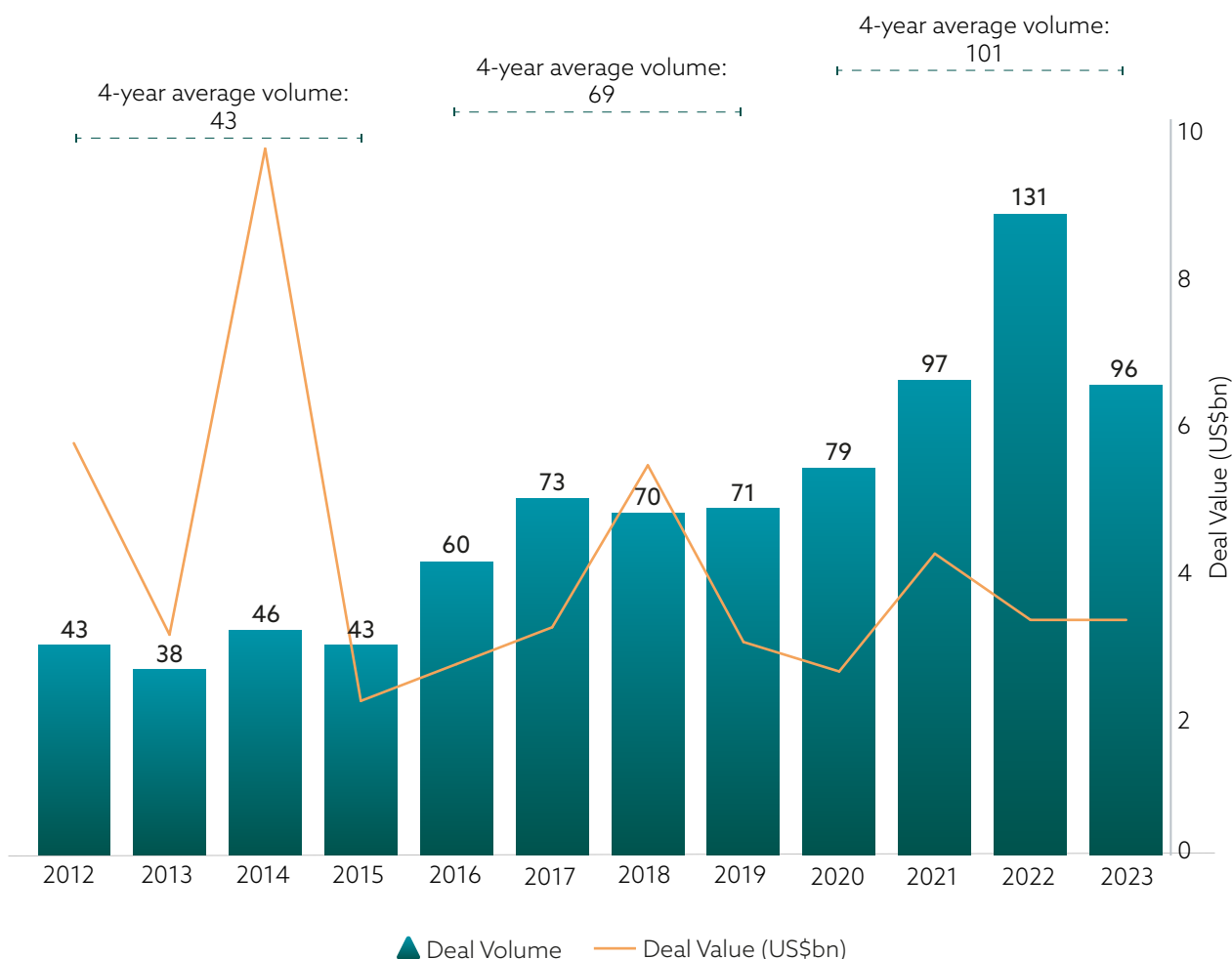
Deal value was volatile through 2012–2023, driven by the impact of a handful of megadeals. For instance, the 2014 peak was driven by six transactions exceeding US\$500mn, including four multi-regional Telecommunications deals and two Energy deals in West Africa. High-value Telecommunications investments during this period were spurred by the rise of telecom tower companies adopting the tower-sharing model. This approach, which was relatively novel on the continent at the time, involved purchasing existing telecom towers from network providers and leasing them to multiple operators, enhancing the efficiency of infrastructure utilisation<sup>18</sup>.

While deal volumes steadily increased during the period, deal value declined due to a slowdown in megadeals, particularly in Telecommunications and Non-green Energy. Average annual deal value dropped from US\$5.1bn in 2012–2015 to US\$3.5bn in 2016–2019 and US\$3.3bn in 2020–2023.



Despite these trends and a significant drop from the 2014 peak, annual deal value in 2023 held steady at US\$3.2bn, matching the 2022 figure even in the face of global financing challenges.

**Figure 2: Volume and Value (US\$bn) of Private Capital Deals in Africa's Infrastructure, 2012-2023**



Source: AVCA

## Deals by Ticket Size

### Low-Value Infrastructure Deals in Africa

Small-ticket deals have been the driving force behind the growing dynamism of Africa's investment landscape. Deals in the smallest bracket (<US\$50mn) saw the most activity, accounting for 73% of deal volume across the 12-year period. Energy infrastructure dominated this segment, representing 41% of these smaller deals, with South Africa leading the way. A quarter of the sub-US\$50 million Energy deals were in South Africa, largely focused on Renewable Energy projects. Healthcare infrastructure was a strong second, accounting for 35% of deals within the bracket, dominated by Nigeria and Egypt, respectively. The prominence of deals below US\$50mn steadily solidified over time, reflecting their centrality in infrastructure development. Illustratively, their share of deal volume rose from 66% in 2012–2015 to 79% in 2020–2023, bolstered by South Africa's Renewable Energy investments and a surge in Healthcare deals driven by the pandemic.





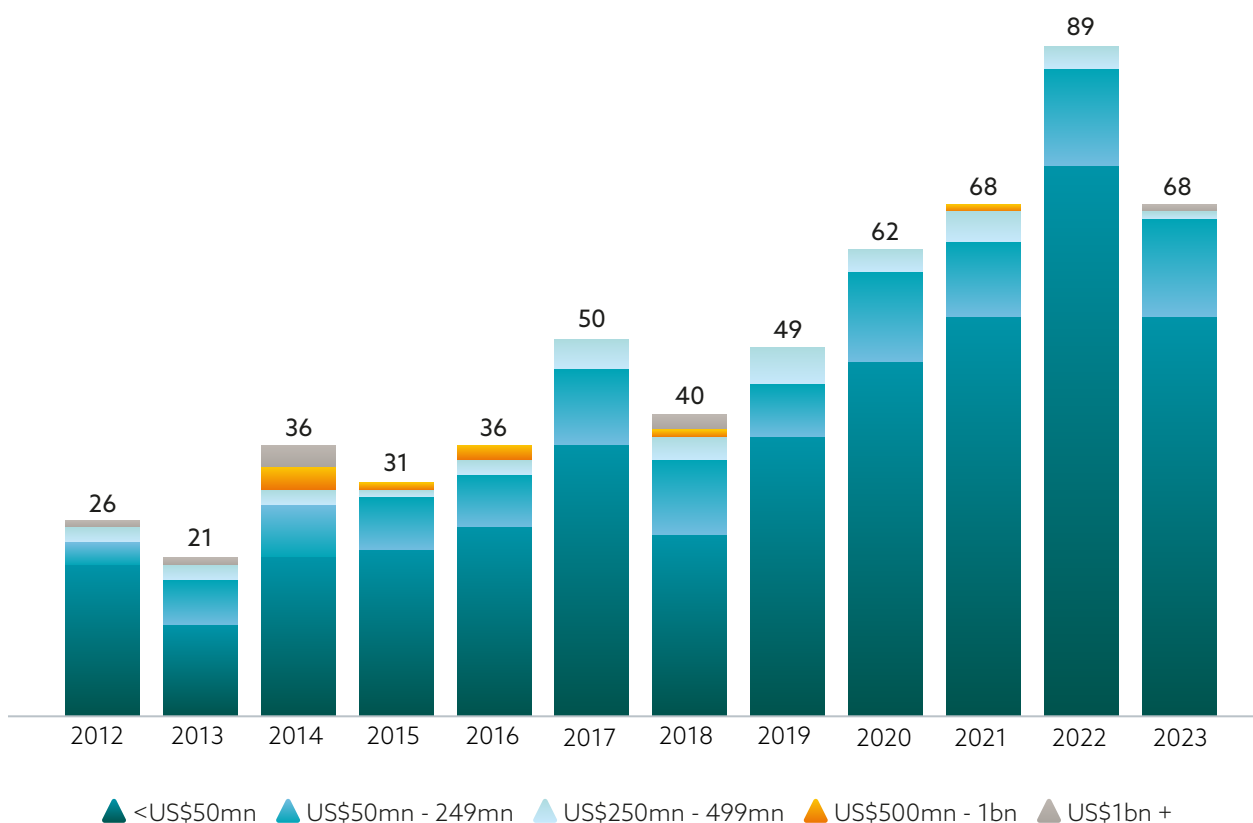
## High-Value Infrastructure Deals in Africa

At the other end of the spectrum, super-sized deals (though infrequent) made a significant impact due to the substantial sums they raised. Between 2012 and 2023, deals above US\$500mn attracted US\$19.4bn across only 16 deals, representing 41% of deal value and 2% of deal volume. Energy infrastructure dominated this bracket, with nine deals—primarily in Non-green Energy—concentrated in Egypt, Ghana, and Nigeria. Telecommunications & Digital Infrastructure followed, with six deals largely focused on multi-region network infrastructure. The sole Transport infrastructure deal in this category occurred in Gabon. These megadeals were primarily concentrated in the earlier half of the period, declining over time following a general decline of super-sized deal activity in Non-green Energy. This downturn followed a sustained oil price crash in mid-2014, and was intensified by ongoing global decarbonisation efforts. Similarly, super-sized deals in Telecommunications declined as the tower-sharing market matured.

Despite the overall reduction in super-sized deal volume, the sectoral composition of this bracket has evolved, reflecting a shift toward cleaner energy investments. While Non-green Energy dominated the first half of the period (2012–2017), three of the five super-sized deals in 2018–2023 were in Green Energy. Notably, this included a landmark US\$1 billion investment in 2023 by Meridiam in South Africa-headquartered *BTE Renewables*, underscoring the growing emphasis on sustainable infrastructure development.

**Figure 3: Total Volume of Private Capital Deals in Africa’s Infrastructure, by Ticket Size, 2012–2023\***

\*Excluding deals where values are not disclosed

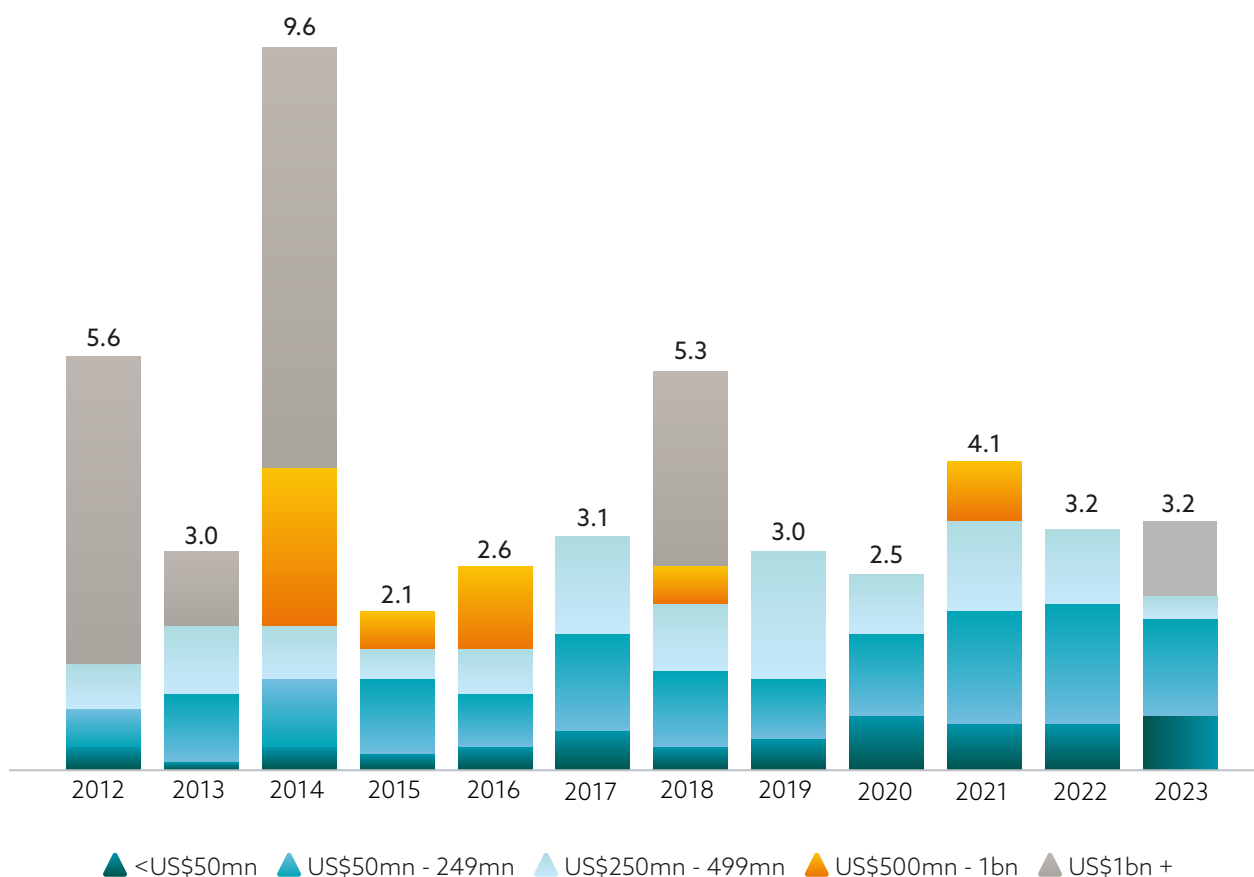


Source: AVCA





Figure 4: Total Value (US\$bn) of Private Capital Deals in Africa's Infrastructure, by Ticket Size, 2012-2023



Source: AVCA

## Deals by Financing Instrument

When segmented by financing instrument, equity is the clear frontrunner for private capital in African infrastructure, accounting for the majority of both deal volume and value. This is at odds with the global configuration of private investment in infrastructure, which is predominantly debt-financed<sup>19</sup>. Several factors underpin this unique pattern in Africa: limited competition from listed infrastructure equities; low availability of investment grade debt; global regulations such as Basel III that deter bank lending in higher risk assets like African infrastructure; tight public finances that constrain debt-financed projects led by the state; and the relatively high participation of DFIs which often employ equity financing to de-risk projects and attract private investors.

Between 2012 and 2023, equity deals accounted for 88% of total deal volume, while hybrid financing (comprising both equity and debt) and debt-only deals each contributed 6%. Equity financing drove the growth in deal activity over this period, with average annual equity deal volumes increasing from 25 in 2012-2015 to 38 in 2016-2019, and 64 in 2020-2023. Meanwhile, debt-financed infrastructure deals also grew, albeit less emphatically. Over the same four-year period, average debt deal volume first eased from 2 to 1 before jumping to 6. Their recent uptick was driven by increased small-ticket deals in Green Energy.

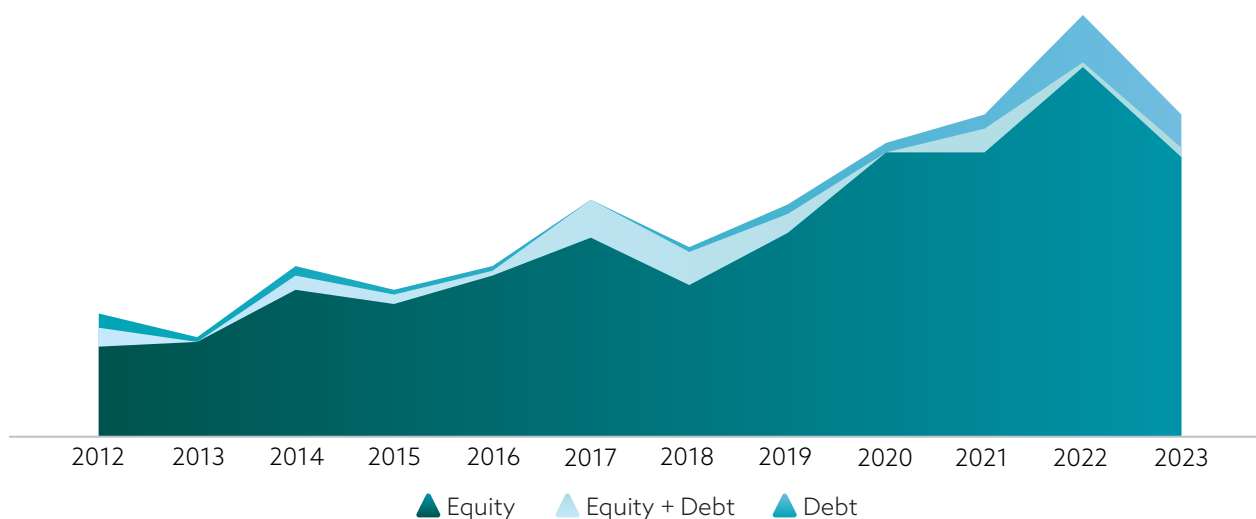
Equity was also responsible for the largest share of deal value, capturing 76% of total investment between 2012 and 2023, followed by hybrid deals and debt deals at 20% and 4%, respectively. However, hybrid deals had the highest average deal value at US\$256mn, against US\$71mn for equity and US\$52mn for debt. This trend reflects the growing use of hybrid financing to support larger ticket sizes and distribute risk among investors. For instance, hybrid financing contributed just 4% of the value of deals under US\$50mn but rose to 28% for deals exceeding US\$1bn, gradually gaining ground from



equity-only financing. On the other hand, pure debt financing was absent from deals above US\$500mn, as it remained primarily confined to smaller transactions. This underscores its limited role in the larger-scale infrastructure projects that often require a combination of financing instruments to balance risk and attract diverse investor participation.

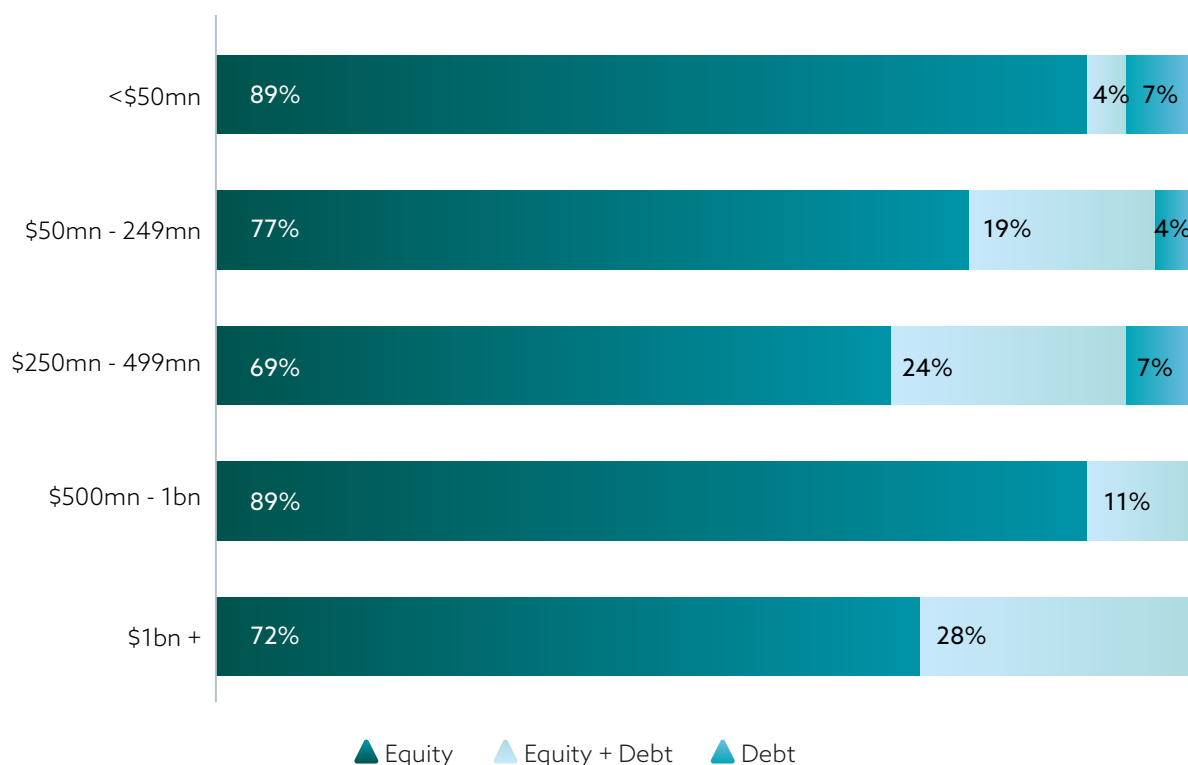
**Figure 5: Total Volume of Private Capital Deals in Africa's Infrastructure, by Financing Instrument, 2012-2023 \***

\*Excluding deals where values are not disclosed



Source: AVCA

**Figure 6: Share of Private Capital Deal Value in Africa's Infrastructure, by Financing Instrument & Ticket Size, 2012-2023**

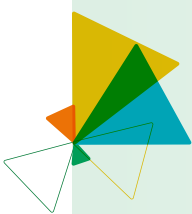


Source: AVCA

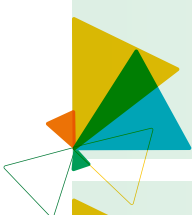


## 3. Sustainable Infrastructure Investment In Africa

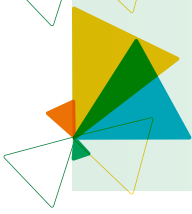
### 3.1 Sustainable Infrastructure Dealmaking



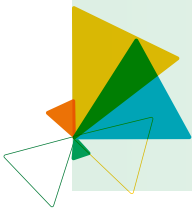
Between 2012 and 2023, **fund managers invested US\$19bn** across **305** sustainable infrastructure **deals** in Africa, which accounted for **36%** of total infrastructure deal volume and **40%** of deal value during this period



**Sustainable infrastructure** deal volume **doubled** from **66 deals** (2012–2015) to **129 deals** (2020–2023)



Sustainable infrastructure deal value grew at an annual average of **US\$2bn** between 2021 and 2023, surpassing the **US\$1.2bn** average invested in the years before the pandemic



In recent years, investors have notably shifted focus from investing in **large scale sustainable** infrastructure projects to backing **small and medium sized** projects within the renewable energy sector

While private capital investment into Africa's infrastructure has grown significantly over the past decade, rapid population growth and urbanization continue to place immense pressure on the continent's infrastructure. This, coupled with Africa's vulnerability to the effects of climate change<sup>25</sup>, underscores the urgent need for the development of sustainable infrastructure that can support the continent's present and future needs. However, Africa's sustainable infrastructure financing gap remains wide. With the 2030 deadline for achieving the Sustainable Development Goals (SDGs) on the horizon, building a sustainable future for Africa requires investment into infrastructure that prioritizes economic, social and environmental sustainability.

To this end, private capital investors have taken a central role in backing Africa's transition towards a sustainable future. Between 2012 and 2023, fund managers invested US\$19bn across 305 sustainable infrastructure deals in Africa, which accounted for 36% of the volume of all infrastructure deals and 40% of deal values during this period. Over the past 12 years, investors in Africa showed their commitment to sustainable infrastructure as climate and sustainability became increasingly central to their investment strategies. Sustainable infrastructure deal investments experienced remarkable growth, with deal volume growing 1.7x from 66 between 2012 and 2015 to 110 deals between 2016 and 2019 and surging by a further 1.2x to reach 129 deals between 2020 and 2023.





Figure 1: Total Volume of Sustainable Infrastructure Deals in Africa, 2012-2023

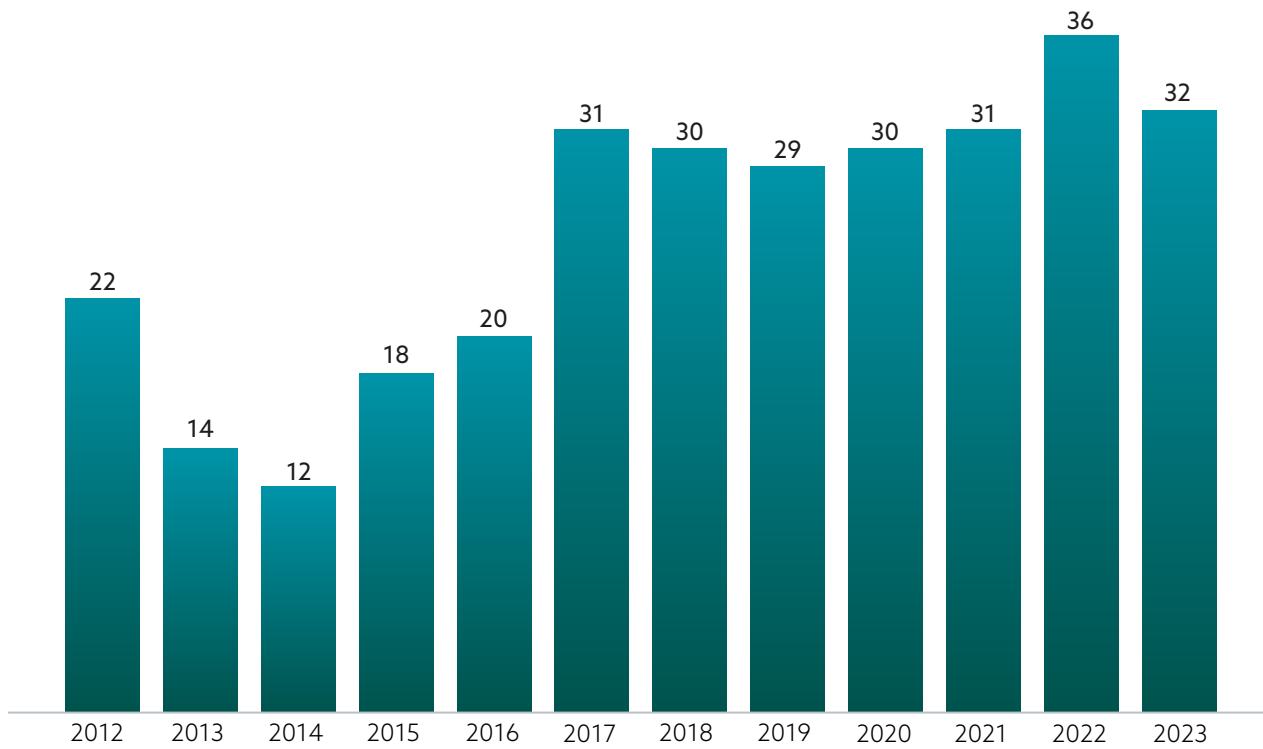
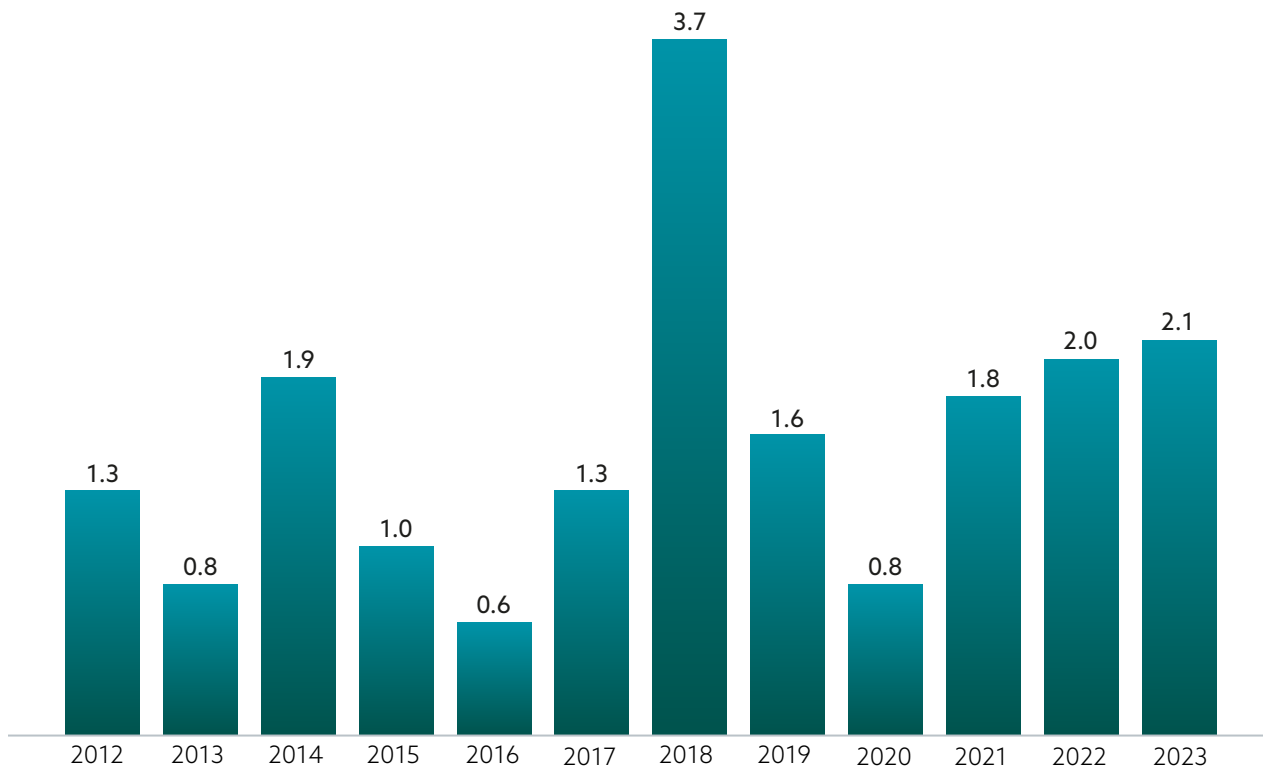


Figure 2: Total Value (US\$bn) of Sustainable Infrastructure Deals in Africa, 2012-2023



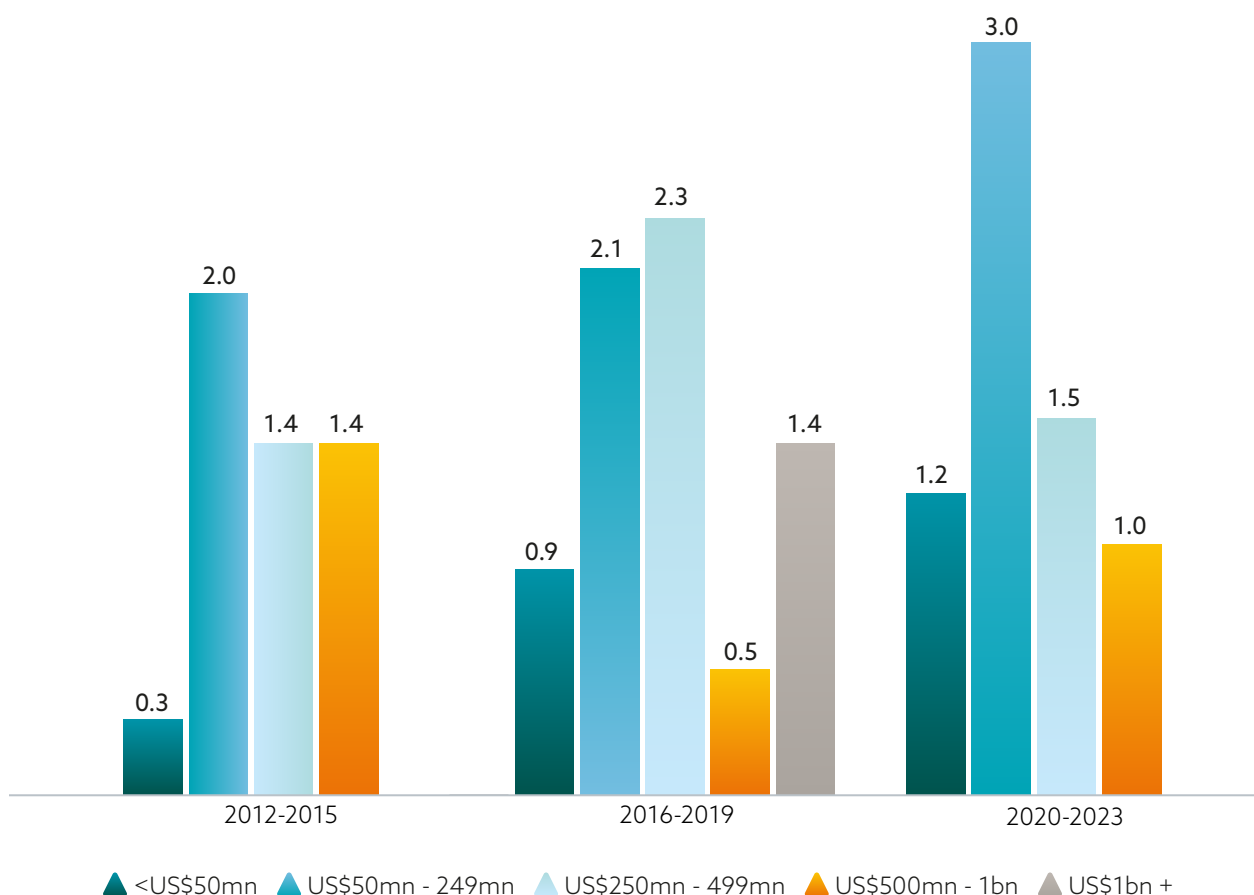
Source: AVCA



As the pipeline of sustainable infrastructure deals grew in Africa, fund managers similarly ramped up their investment commitments, resulting in deal values growing steadily between 2012 and 2019. 2018 marked the highest value of investments into sustainable infrastructure deals in Africa, driven by an 84% YoY increase in the value of investments into hydroelectric power projects. Deal value within this sub-sector was buoyed by the completion of the US\$1.4bn *Nachtigal Hydropower* project in Cameroon by a consortium of investors which included Africa50. Notably, this transaction accounted for 37% of overall sustainable infrastructure deal value in 2018. Similarly, a resurgence of investments into wind energy assets in Kenya and South Africa also drove up deal values in 2018. In particular was the financial close of the *Kangnas* and *Perdekraal East Wind Farms* in South Africa with a combined capacity of 250MW, that saw participation from a host of investors including the IDEAS Fund managed by the African Infrastructure Investment Managers.

While deal volume remained robust between 2020 and 2023, the tepid macroeconomic environment caused by the COVID-19 pandemic put a strain on overall deal values in 2020, which declined by nearly half year-over-year and plunged to the lowest values since 2016. The scourge affected all deal sizes, with investors concentrating the bulk of their investments in deals sized under US\$50mn (46%) and deals between US\$50-249mn (54%). Large deals (above US\$250mn) were particularly hard hit and disappeared in entirety. However, the post-pandemic recovery was strong. Sustainable infrastructure deal values grew at an annual average of US\$2bn between 2021 and 2023, surpassing the US\$1.2bn average invested in the years before the pandemic.

**Figure 3: Total Value (US\$bn) of Sustainable Infrastructure Deals in Africa, by Ticket Size, 2012-2023**



Source: AVCA

Despite this performance, investors in recent years have notably shifted focus from investing in large scale sustainable infrastructure projects to backing small and medium sized projects within the renewable energy sector. In the past 3 years, the value of investments into large infrastructure projects declined by 36%, which affected the funding of large-scale conventional grid-connected energy solutions such as solar,



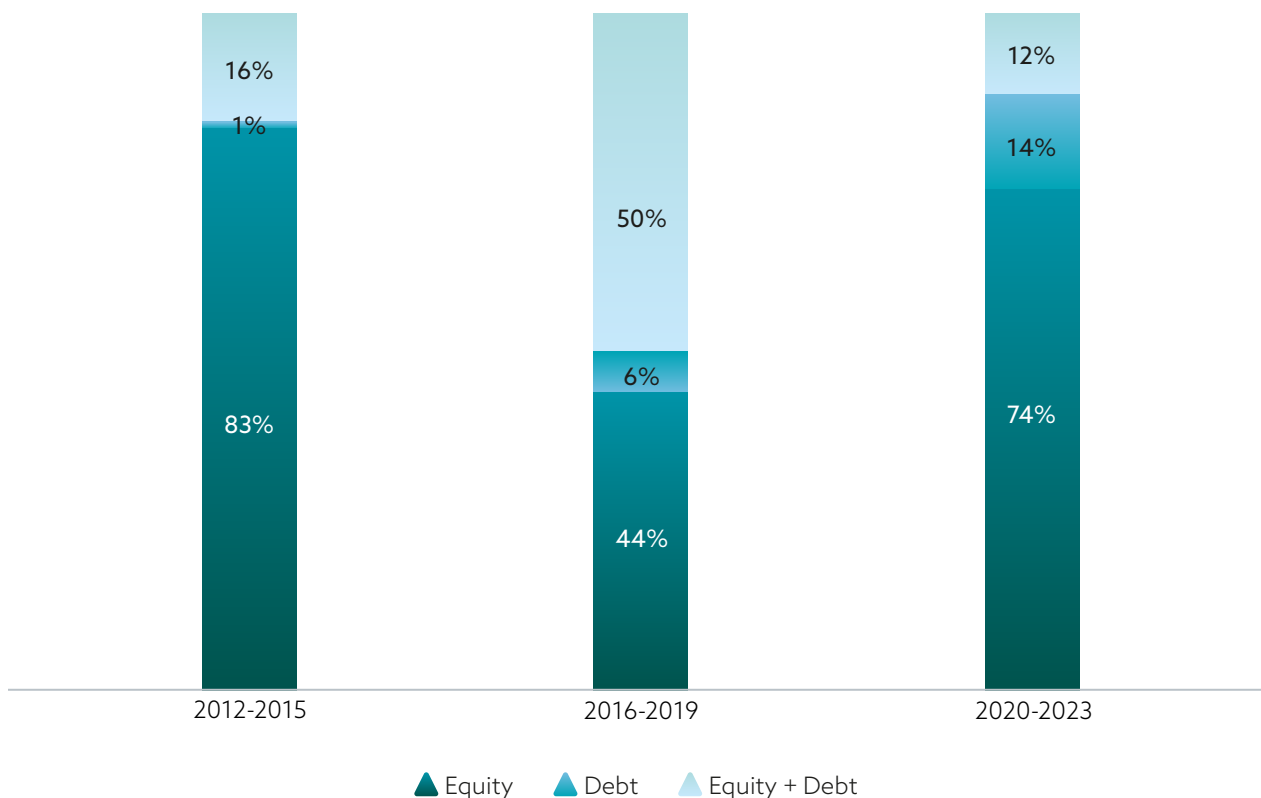
hydropower and wind plants. Instead, fund managers diversified their investments into decentralised, off-grid energy solutions such as solar home systems, mini grids as well as Pay as you Go models which promote access to clean, affordable and reliable energy to underserved communities, particularly those in rural areas<sup>26</sup>. A notable portfolio company in this sector is *SunKing*, which has revolutionized access to energy in Africa by providing off-grid solar energy across different regions in Africa.

## Sustainable Infrastructure Financing by Type of Financing Instrument

**Equity financing** accounted for **65%** of the **value** of all **Sustainable Infrastructure investments** in Africa between 2012-2023

**85%** of **total debt financing** invested in Africa between 2012-2023 was **directed** towards **sustainable infrastructure investments**

Figure 4: Evolution of Share of Sustainable Infrastructure Financing in Africa, by Type of Financing Instrument, 2012-2023



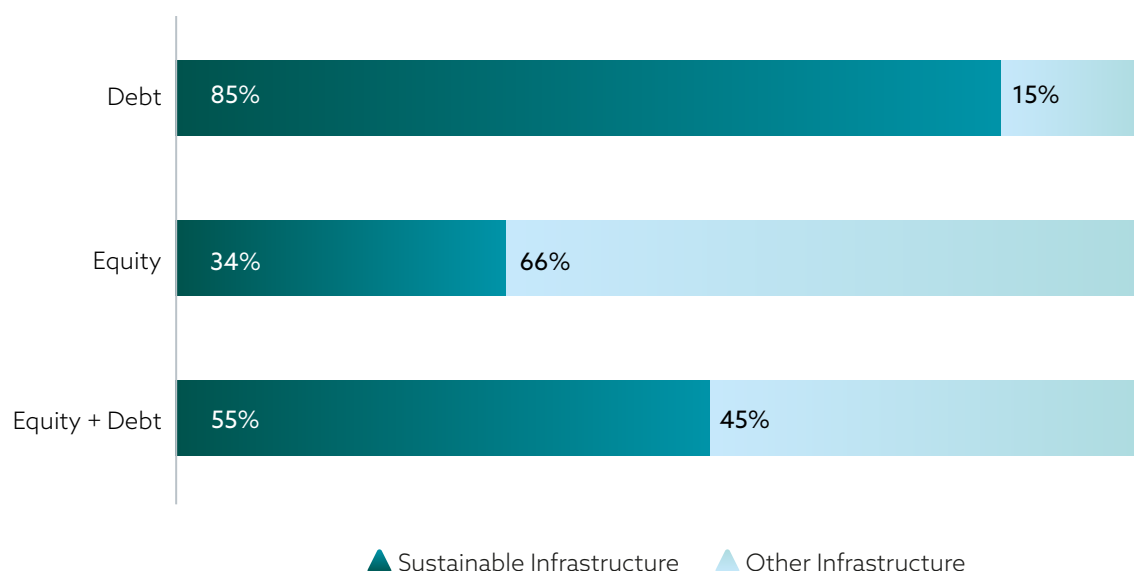
Source: AVCA



Given the growing demand for sustainable infrastructure in Africa, diverse financing options have emerged to meet both project and investor needs. Equity financing is a vital strategy for supporting the development of sustainable infrastructure, accounting for 65% of the value of all financing between 2012 and 2023. Excluding a slight decline between 2016 and 2019, equity financing has grown steadily over the past 4 years, reaching its second highest levels in 2023. This is hardly surprising, as unlisted infrastructure equity not only enables investors to share risk, but it also has demonstrated comparatively higher risk adjusted returns for investors<sup>27</sup>.

Between 2012 and 2023, infrastructure debt financing made up just 8% of the total sustainable infrastructure financing. However, it has gained traction since 2018, peaking at US\$0.9bn in this period. The growth of infrastructure debt reflects a strong investor appetite for varied financing options for sustainable infrastructure, particularly in periods of heightened market volatility, acting as a hedge against inflation. Interestingly, debt has been more prominently used as a tool for financing sustainable infrastructure projects over other types of infrastructure in Africa. Of the US\$1.7bn invested in debt between 2012 and 2023, a remarkable US\$1.5bn (85% of the total) was channelled into sustainable infrastructure projects. This suggests that debt investors in Africa view sustainability-oriented investments as a relatively stable, low risk investment with steady returns as the demand for eco-friendly solutions in Africa grows.

**Figure 5: Share of Infrastructure Investments in Africa, by Financing Type, 2012-2023**



Source: AVCA







## 3.2 Sustainable Infrastructure Dealmaking by Sector

### Energy Sparks Investor Interest

**Investors** are powering Africa's energy future, **concentrating their capital** on **renewable energy** to drive climate action



#### Solar energy

Solar energy was the leading investment sub-sector, **accounting for 63%** of the **volume** and **37%** of the **value** of Sustainable Energy infrastructure investments in Africa between 2012 and 2023



#### Wind energy

Wind energy was the second leading investment sub-sector, accounting for **12%** of the **volume** and **16%** of the **value** of sustainable infrastructure investments



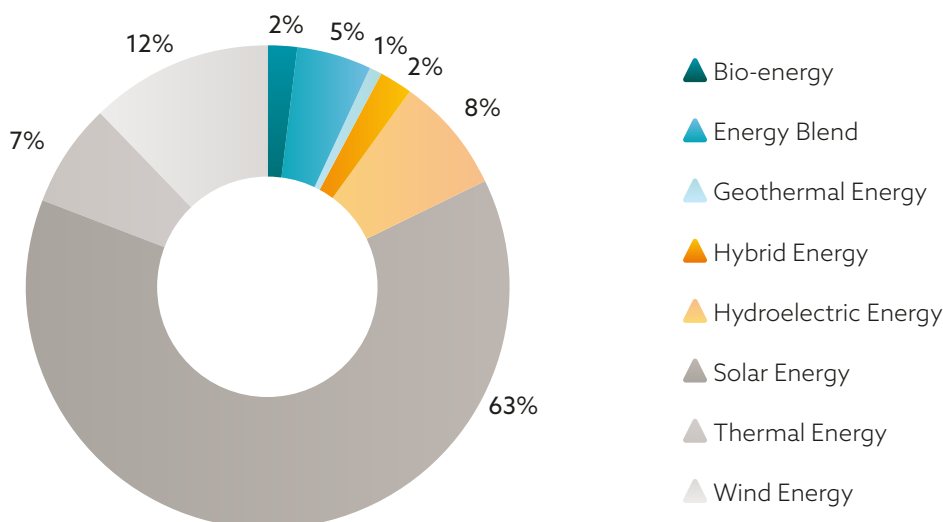
#### Hydroelectric power

Hydroelectric power was the third leading investment sub-sector, accounting for **8%** of deal **volume** and **16%** of deal **value**

**Rising investor focus** on Africa's **energy sector** has **widened the funding gap** in sectors such as **Transportation** and **Water & Sanitation**

Sustainable infrastructure in Africa offers significant opportunities for investment in both climate mitigation and climate-resilient infrastructure. While mitigation relates to infrastructure that support low carbon emissions, resilience refers to infrastructure which reduces the vulnerability of communities to the effects of climate change. In Africa, sustainable infrastructure investments have mainly focused on climate mitigation strategies, with significant concentration in the renewable energy sector. This is hardly surprising, given that the energy sector is the single largest contributor to greenhouse gas emissions in Africa<sup>28</sup>. Moreover, 60% of the world's solar energy resources are found in Africa<sup>29</sup>, positioning the continent as an ideal destination for renewable energy investment. At least 43% of Africa's population lacks electricity access<sup>30</sup>. This, coupled with the 40% surge in energy demands across the continent in 2023<sup>31</sup>, have increased the urgency of Africa's energy imperative - and investors are taking note.

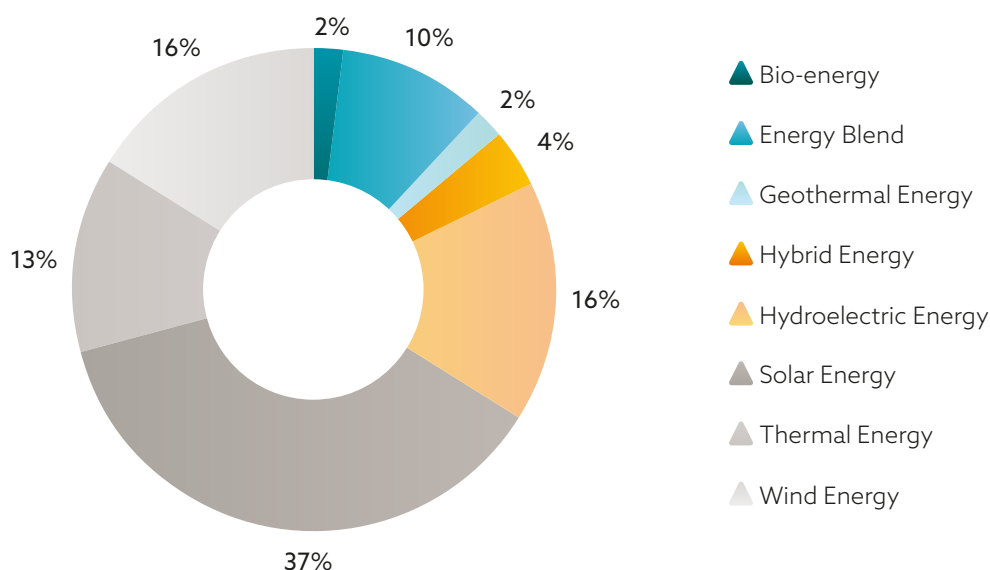
Figure 6: Share of Volume of Sustainable Energy Infrastructure Investments in Africa, 2012-2023



Source: AVCA



Figure 7: Share of Value of Sustainable Energy Investments in Africa, 2012-2023



Source: AVCA

Within the energy sector, solar energy has spearheaded the clean energy transition in Africa for more than a decade. Between 2012 and 2023, 63% of the volume of sustainable infrastructure investments in Africa were in solar energy infrastructure, which received 37% of deal values within the same period. Investments into wind energy assets on the other hand represented 12% of the volume and 16% of the value of investments, while hydroelectric power accounted for 8% of deal volumes and 16% of deal values.

Currently, the increased interest and investments in the energy sector in Africa has deepened the funding gap across several sectors deemed by investors to be capital-intensive with limited financial returns. These include sectors such as transportation, water and sanitation (WASH) as well as social infrastructure such as education. Generally, these projects are larger and carry greater risk and therefore are more likely to require co-financing from the public sector<sup>32</sup>. However, achieving a sustainable future requires investments into critical sectors to achieving these aims. The transportation sector for instance contributes 43% to greenhouse gas emissions in Africa<sup>33</sup>, creating significant opportunities for increased investment in energy efficient and smart mobility infrastructure such as public rapid transit systems and electric mobility infrastructure across the continent. In response, African governments are increasingly encouraging private sector participation to drive the development of e-mobility infrastructure across the continent. For instance, in 2024 the government of South Africa announced plans to roll out tax incentives to attract the private sector into investing in the network of electric vehicles charging infrastructure in the country<sup>34</sup>. Similarly, the water and sanitation sector is critical to tackling the climate crisis, particularly in urban areas with congested WASH infrastructure.





# 2024 Infrastructure Methodology

## Scope

AVCA's African Private Capital Activity report presents the current state of the private capital in Africa and provides an overview of the latest trends of fundraisings, investments, and exits. The report covers activity by private capital fund managers that have raised third-party funds from institutional investors and are active across the following alternative investments: venture capital, private equity, infrastructure, private debt including venture debt and real estate.

## Data sources and quality controls

The AVCA Research team collects data on a semi-annual basis directly from fund managers, press releases, and uses desk-based research to ensure data completeness. The AVCA research team reviews all data obtained, queries any obvious errors, verifies the cut-off rules, and processes all necessary changes to historical data that have been reported by contributors. Therefore, AVCA cannot guarantee the ultimate accuracy of the data.

## Market approach

AVCA data and statistics are based on the "market approach". The statistics are an aggregation of the figures according to the geographical destination of the capital, regardless of the location of the private capital fund. At the African level, this relates to fundraising for Africa, and investments in companies headquartered or with major operations in Africa, regardless of the location of the private capital fund.

### **Confidentiality**

All data received is treated with the utmost confidentiality. Only AVCA research team has access to the underlying data and data is published in an aggregated form only.





# Sector



## Education Infrastructure

- Knowledge & Learning Technologies
- Schools



## Energy Infrastructure

- Energy Transmission & Distribution
- Non-renewable Generation
- Renewable & Non-renewable Energy Generation
- Renewable & Non-renewable Energy Generation & Energy Transmission & Distribution
- Renewable Energy Generation
- Renewable Energy Generation & Storage



## Healthcare Infrastructure

- Hospitals & Clinics
- Medical Equipment & Technology
- Pharmaceuticals Manufacturing & Distribution



## Telecommunications & Digital Infrastructure

- Cloud Services
- Data Centres
- End-user Devices
- Network Infrastructure
- Telecommunication Services



## Transport Infrastructure

- Airports and Services
- Intermodal
- Ports and Services
- Rail and Services
- Road and Services



## Water, Sanitation & Hygiene Infrastructure

- Sewage, Sanitation & Wastewater Management
- Waste Collection and Distribution
- Water Treatment & Supply



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## Contact AVCA

37 North Row  
3rd Floor  
London W1K 6DH

E [avca@avca.africa](mailto:avca@avca.africa)  
W [www.avca.africa](http://www.avca.africa)  
C [www.avcaconference.com](http://www.avcaconference.com)  
T +44 (0)20 3874 7008

## Championing Private Investment in Africa

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The African Private Capital Association is the pan-African industry body which promotes and enables private investment in Africa.

AVCA plays an important role as a champion and effective change agent for the industry, educating, equipping and connecting members and stakeholders with independent industry research, best practice training programmes and exceptional networking opportunities.

With a global and growing member base, AVCA members span private equity and venture capital firms, institutional investors, foundations and endowments, pension funds, international development finance institutions, professional service firms, academia, and other associations.

This diverse membership is united by a common purpose: to be part of the Africa growth story.



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