

# Africa Can Leapfrog to Renewable Energy to Meet the Demands of its Business Sector

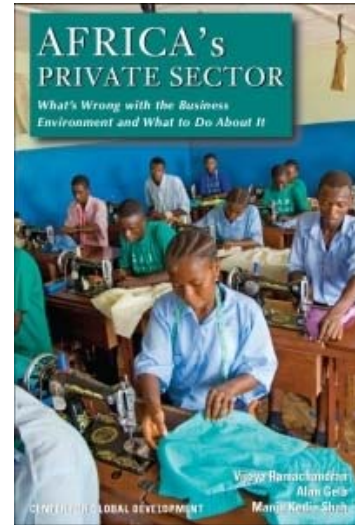
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More than half of African businesses lack access to reliable electricity, but with vastly greater solar potential than Western Europe, Africa could become the Saudi Arabia of solar energy, meeting not only the needs of its businesses and households but also exporting electricity to Europe.

In my new book *Africa's Private Sector: What's Wrong with the Business Environment and What to Do About It* (Center for Global Development, 2009), my coauthors and I draw on survey results from 5,000 African businesses across 29 countries, plus new analysis of Africa's solar potential, to argue for large scale investment in the renewable energy sector. In these surveys, African entrepreneurs were asked to identify the biggest impediments to their success. Lack of reliable power topped the list—in many countries power outages occur more than half the working days each year. Business-owners surveyed across the continent also identified the lack of adequate roads as a major problem as well. Businesses that try to supply markets beyond their immediate vicinity on average lose nearly 6 percent of the value of their goods to transport costs.



Decades of underinvestment in infrastructure have resulted in a very uneven playing field for small businesses that are trying to survive and grow across the continent. These problems can be fixed through the combined efforts of African governments, domestic and foreign investors, and technical assistance.

Just as Africa skipped landlines and went directly to mobile phones, the same thing could happen with power. Available research shows that Africa has 9 times the solar energy potential of Europe—an annual equivalent of 100 million tons of oil. Africa has vast reserves of wind, geothermal and hydroelectric power—with adequate investments in solar thermal and other renewable energy, the continent can meet its own needs and even export electricity to Europe. Contracts for road construction can be written with built-in maintenance provisions and tolls can be used to meet the costs of road upkeep. Ultimately, a strong private sector in Africa is central to creating jobs and economic growth in Africa. Increasing the supply of reliable power and good quality roads is critical to achieving this goal.

To read the book:

<http://www.cgdev.org/content/publications/detail/1421340>