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South Africa's AI future will be built on power

Until recently, conversations about artificial intelligence (AI) have largely been focused on adoption: how companies use it, how workers prepare for it, and how policymakers respond.

While these questions certainly matter, they miss a more basic issue: AI will only be useful at scale if the underlying infrastructure supports it.

South Africa has a strong base

South Africa is not starting from a position of weakness. Its digital infrastructure is built on sustained investments in fibre, data centres, and subsea cable connectivity. This is a meaningful foundation and gives the country an important advantage.

But leadership today does not guarantee readiness tomorrow. The next AI wave will increase demand for computing capacity, data storage, and low-latency connectivity. It will also materially increase demand for electricity. Data centres, for example, are expected to consume more than 16 TWh of electricity annually in South Africa alone by 2030¹, equivalent to around 6.5% of the country's total electricity demand. Furthermore, as AI evolves from an on-demand tool into an autonomous, always-on capability, both electricity consumption and cooling requirements are expected to rise substantially.

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¹. African Energy Chamber 2026 Outlook Report.

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For data centre operators, power supply will become a key driver behind major decisions, influencing where facilities are built, how quickly they can expand, and whether they can meet the needs of global customers.

South Africa's AI readiness will ultimately be decided not by its software capabilities or digital ambition, but by whether its power infrastructure can keep pace with the scale of demand this new era demands.

South Africa's readiness

South Africa's energy reforms are beginning to change the landscape. Private generation, renewable energy procurement and wheeling are becoming essential for large users seeking a secure supply. But generation is only part of the answer. New power must reach the places where it is needed. That makes transmission one of the most important constraints.

A stronger and more flexible grid will allow new generation capacity to connect to data centres, support wheeling arrangements, and attract further private investment. Transmission-independent power producers are expected to play an important role in expanding that network.

Without progress in energy and transmission, South Africa may have the ambition and demand for AI, but lack the necessary infrastructure to support it at scale. For South Africa to be genuinely ready, it will need to focus on four priorities:

- 1 Sustained investment across the full digital infrastructure value chain.** Undersea cables, fibre networks, data centres, cloud infrastructure and last-mile connectivity all matter. Weakness in a single layer limits the performance of the entire system.
- 2 Reliable and affordable power for energy-intensive users.** Data centres and digital platforms need certainty of supply. Without it, investment slows, costs rise, and building capacity becomes harder.
- 3 Clean energy and transmission expansion.** Renewable energy generation can help meet the growing power needs of the digital economy, but only if generation can connect to demand. Grid expansion, wheeling, and transmission reform will be central enabling factors.
- 4 Long-term capital at scale. Digital and energy infrastructure are large, complex and capital-intensive.** They require patient investors who understand how connectivity, data centres and power infrastructure fit together.

These priorities are connected. South Africa cannot treat AI readiness, digital infrastructure and energy as separate agendas. They should be planned and financed as part of the same ecosystem.

The role of long-term capital

Digital infrastructure assets are large, complex and deeply interconnected. They have high upfront costs, long development timelines, and complex interdependencies, and their performance depends on conditions beyond the assets themselves: regulation, grid access, power availability, and demand growth. Building a digital ecosystem takes patient, specialised capital.

At Ninety One, we have invested across parts of this value chain, including connectivity infrastructure, fibre, data centres and related platforms. Investments in West Indian Ocean Cable Company (WIOCC), Open Access Data Centres, CIVH, and Teraco reflect the importance of viewing digital infrastructure as an ecosystem rather than a collection of isolated assets.

The opportunity is not only to finance more digital capacity. It is to help build the enabling infrastructure that allows South Africa to meet future demand before constraints become binding. That means supporting investment in digital assets and the energy infrastructure required to power them.

Private capital that understands these linkages can help unlock projects, support operators, crowd in additional financing and accelerate the infrastructure needed for South Africa's digital economy.

The real test of readiness

South Africa has the digital foundations to play a leading role in Africa's AI future, but foundations are not the same as readiness.

The countries that capture the greatest value from AI will be those that invest early in electricity, transmission, fibre networks and data centres. South Africa must scale both digital and energy infrastructure together, not as separate investment agendas, but as complementary sides of the same long-term infrastructure investment.

The opportunity for South Africa is clear: the real investment case lies not necessarily in AI itself, but in the infrastructure ecosystem that optimises AI's potential.

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