

AIDE MEMOIRE

Cooperation Understanding Between Power Africa and Sustainable Energy for All

September 22, 2014

I. Purpose:

This Aide Memoire (AM) describes how Sustainable Energy for All (SE4ALL) and Power Africa can cooperate in furthering energy access, electric power generation and market development, cross-border transmission network development, clean energy investments, off-grid energy generation, and energy project financing in sub-Saharan Africa. This AM does not create any legal obligations (financial or otherwise) on behalf of SE4ALL or Power Africa (the Participants), but merely states their intention to work together in good faith to try achieve common goals.

II. Background:

The U.S. Government's (USG) Power Africa initiative (Power Africa) and the joint United Nations-World Bank SE4ALL initiative both seek to advance investment in clean and sustainable energy sources in Africa. Power Africa takes a transactional approach to bringing energy deals to close, which often drives the very policy and regulatory reforms necessary to invite increased private sector investment in the energy sector in sub-Saharan Africa.

Power Africa. Power Africa, a U.S. Presidential initiative aims to significantly increase access to electricity in sub-Saharan Africa. The tools that Power Africa offers are designed to benefit all of sub-Saharan Africa, although during its first year, Power Africa concentrated most of its efforts on six focus countries – Ethiopia, Ghana, Kenya, Liberia, Nigeria, and Tanzania. Power Africa has signed Memoranda of Understanding (MOUs) with its government counterparts in all six focus countries. Many of these MOUs share SE4ALL objectives.

At the recent African Leaders Summit in Washington, D.C., President Obama tripled Power Africa's goals by aiming to add 30,000 MW and 60 million connections throughout sub-Saharan Africa. To help Power Africa achieve those

goals, the World Bank committed \$3 billion, the African Development Bank (AfDB) committed \$5 billion, the Government of Sweden committed \$1 billion, and Power Africa's private sector partners increased their total commitment to more than \$20 billion.

SE4ALL. Forty-two countries in sub-Saharan Africa have signed-up for the SE4ALL initiative and, through 2015, the initiative will focus on fourteen sub-Saharan countries¹ in terms of two main actions: (1) preparation of an Action Agenda that outlines priorities and milestones to 2030 on the three main SE4ALL objectives (universal access, energy efficiency, and renewable energy); and (2) preparation of investment prospectuses for the focus countries (a country plan that identifies a set of implementable programs and projects, including their investment requirements, that can be prepared and presented to potential private and public investors).

The African Development Bank (AfDB). The AfDB, a Power Africa and SE4ALL partner, has launched a regional hub for SE4ALL jointly with African Union Commission (AUC) and New Partnership for Africa's Development (NEPAD) Planning and Coordination Agency. SE4ALL Africa Hub is convening interested partners to further the country action work and is providing technical assistance to SE4ALL countries on project and document preparation and select national renewable energy analyses.

The International Renewable Energy Agency (IRENA). IRENA is a thematic hub for SE4ALL and is working extensively in Africa and has initiated a Clean Energy Corridor Project in East Africa.

New Partnership for Africa's Development (NEPAD). NEPAD is an economic development program of the AUC, charged with implementing the Programme for Infrastructure Development in Africa (PIDA). PIDA is a program to develop a vision and strategic framework for the development of regional and continental infrastructure (Energy, Transport, Information and Communication Technologies and Trans-boundary Water Resources). The PIDA initiative is led by the AUC, NEPAD and the AfDB. PIDA includes a list of over 400 infrastructure projects across sub-Saharan Africa, and NEPAD has been charged with developing the strategy for advancing and implementing those projects.

¹ Of SE4ALL's forty two countries in sub-Saharan Africa, fourteen are considered "focus" countries: Burkina Faso, Burundi, Ethiopia, Gambia, Ghana, Guinea, Kenya, Liberia, Mozambique, Rwanda, Senegal, Sierra Leone, Tanzania, and Uganda.

The Africa Power Vision. The Africa Power Vision (APV) is an effort initiated by several African leaders during the 2014 World Economic Forum annual meeting in Davos, Switzerland, designed to reach consensus among African leaders regarding which energy infrastructure projects should be prioritized for rapid implementation. The APV is a framework and list of energy sector projects (still under development) that reflects African-driven priorities for the power sector. The priority projects overlap closely with the PIDA list of projects and attempt to identify one or two projects from each region in sub-Saharan Africa for prioritization. The APV represents an opportunity for African leaders to elevate energy infrastructure projects that have a broad, regional impact on the sector. Power Africa looks forward to collaborating with African-led institutions to support local priorities. The AUC, AfDB, NEPAD and African country leadership have participated in several APV meetings over the last six months, working towards shaping the APV. Those participating in the APV process have agreed that NEPAD is best poised to lead this effort. Implementing the APV and bringing APV transactions to financial close will require close coordination of political leadership across sub-Saharan Africa.

Mobilizing African Leaders in Support of Energy Infrastructure

Development. SE4ALL also is planning to convene selected high-level African leaders into two regionally based African Energy Leaders Groups (AELG), both of which intend to advocate for increasing energy access through enacting sound national energy policies that include cross-border energy market integration. Power Africa also is mobilizing African and other world political and energy industry leaders (known as the “Senior Advisors Group”), through Tony Blair’s Africa Governance Initiative (AGI) to work with African leaders to implement the reforms necessary to drive energy sector investment.

Current USG role in SE4ALL Africa Country Action. The Department of State (State) is coordinating the USG involvement in SE4ALL. In addition, State has taken the lead for SE4ALL in Ghana and is working on specific investment projects for off-grid sustainable energy development, as well as an investment prospectus. State, the U.S. Agency for International Development (USAID), the U.S. Millennium Challenge Corporation (MCC), the AfDB, the UN Development Programme, the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE), SNV (Dutch Cooperation), GIZ (German Cooperation), and the World Bank Group are working on a multilateral basis to coordinate these initiatives in Ghana. USAID, through ECREEE, has supported SE4ALL in Ghana through the funding of a transaction advisor in the SE4ALL Coordinator’s Office in Accra.

III. Cooperation:

There are several areas where Power Africa and SE4ALL intend to coordinate and complement one another's efforts, which would vary on a country-by-country basis.

- (1) **Mobilizing Leaders to Advance Regional Energy Transactions.** Power Africa and SE4ALL intend to connect SE4ALL's Africa Energy Leaders Group (AELG) with Power Africa's Senior Advisors Group. Coordination, to be implemented by AGI, is intended to ensure that the SE4ALL AELG and the Power Africa Senior Advisors Group align their efforts so that activities of the two are complementary and not redundant. Specifically, AGI intends to provide support to NEPAD to mobilize the AELG and the Senior Advisors Group in support of the Africa-driven "Africa Power Vision."
- (2) **East Africa Clean Energy Corridor.** Power Africa's East Africa office intends to coordinate with IRENA and other donors with respect to work in East Africa on developing the Africa Clean Energy Corridor initiative and working with the regional power pools. Power Africa is providing technical assistance to the African regional power pools.
- (3) **Off-Grid Collaboration.** An important focus of SE4ALL is off-grid energy generation systems. Power Africa's Beyond the Grid sub-initiative can look for opportunities to interface with SE4ALL initiatives in support of creating an enabling environment and providing transaction advice and financing for off-grid projects such as mini-grids, solar home systems, solar powered kiosk battery charging stations, and fuel substitution projects for productive uses, particularly in agriculture.
- (4) **Mini-Grid Collaboration.** As founding members of the SE4ALL Clean Energy Mini-Grids High Impact Opportunity, Power Africa intends to look for opportunities perhaps through the U.S. Department of Energy to work with SE4ALL to identify and reduce clean energy mini-grid implementation barriers. Incorporating these efforts to improve country enabling environments would help promote project design and execution for Power Africa and SE4ALL projects.
- (5) **Seek Opportunities to Collaborate on Priority Projects.** Power Africa's in-country Transaction Advisors and U.S. Embassy Power Africa teams

intend to work with the SE4ALL partners and host government counterparts to identify possible opportunities for collaboration between Power Africa's in-country efforts and SE4ALL's Action Agendas and Investment Prospectuses.

- (6) **Sharing Project Information.** Power Africa and SE4ALL intend to share information about promising investment projects and the barriers to their implementation.
- (7) **Expanding Country-Specific Collaboration.** SE4ALL's list of development partners for Africa focus countries is expected to be finalized by October 1, 2014. When this list becomes available, the USG team at the U.S. Embassy in each country plans to meet with these development partners to consider approaches for potential collaboration in select countries.
- (8) **Supporting SE4ALL Priorities in Ghana.** State and its consultants intend to work with USAID/Ghana to establish Energy Service Companies (ESCOs) in Ghana. This technical assistance, provided under the umbrella of Power Africa, is intended to create technical resources in Ghana that can be used by commercial banks to assess the technical feasibility of proposed lending that involves one of the SE4ALL-related categories. Initial projects and prospective loans are likely to be for diesel pump power substitution in productive uses such as irrigation systems and integrated agricultural and village energy systems (mini-grids). Technical assistance efforts to commercial banks are ongoing and envisioned in various Power Africa countries to catalyze lending to sustainable energy efforts. Other SE4ALL multilateral partners may also support the development of ESCOs.
- (9) **Sharing Investment Data.** Through a World Bank process financed by the Bank and USAID, SE4ALL is developing an ongoing global tracking report and Readiness for Investment in Sustainable Energy (RISE), a tool that examines indicators for investment readiness. The World Bank has sent questionnaires to several Power Africa focus countries as part of a pilot effort to develop the RISE methodology. Power Africa also is working on a set of policy indicators and ways of assessing broader impact of power investments. Under Power Africa, USAID, in conjunction with the Government of the United Kingdom's Department for International Development (DFID) and the Multilateral Investment Fund, has financed Climatescope, which measures and ranks the investment climates for clean

energy in developing countries. Climatescope and RISE are exploring closer alignment and complementarity in their approach.

IV. Staffing:

Power Africa detailed a staff member to SE4ALL's Vienna headquarters for a scoping mission in September 2014. The mission was intended to identify areas for potential deeper collaboration, particularly in the area of implementation of SE4ALL's investment prospectuses. Once SE4ALL and Power Africa concur in the mission's recommendations, Power Africa intends to explore the possibility of assigning a long term consultant to work with SE4ALL's Global Facilitation Team in Vienna.

V. Points of Contact:

The Department of State, USAID, and SE4ALL intend to provide written notification of their Points of Contact to each other.

VI. Coordination:

State plans to coordinate quarterly meetings/calls between Power Africa and SE4ALL to track progress on partnership cooperation at the country level.

VII. Miscellaneous Matters:

- (1) If any of the above coordination areas differ from what is envisioned in this AM and/or new areas merit coordination, then the Points of Contact should initiate a modification of this AM. This AM may be modified in writing by officials authorized to do so by the Participants.
- (2) The Participants intend to undertake cooperation under this AM while maintaining their own separate and unique missions and mandates, and their own accountabilities. Each Participant is expected to be responsible for any and all expenses incurred by itself relating to this AM. Nothing in this AM is to be construed as affecting in any way any agreements or contracts entered into by the Participants, either prior to or subsequent to the signing of this AM. Nothing in this AM is to be construed as an exclusive working relationship. The Participants specifically acknowledge that this AM is not an obligation of funds, nor does it

constitute a legally binding commitment by either Participant or create any rights in any third party.

- (3) Either Participant may end its cooperation under this AM at any time but should endeavor to provide 30 days' written notice to the other Participant if it intends to end the cooperation.

VIII. Concurrence:

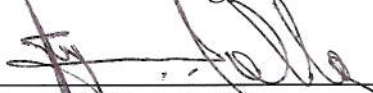
Concurrence with the content of this Aide Memoire of Cooperation Understanding, which is intended to conclude five years from the date of signing, unless otherwise decided by the Participants, is indicated by the signatures below on this 22 day of September 2014 in New York, New York.

Power Africa:



Andrew M. Herscowitz
U.S. Coordinator for Power Africa

Sustainable Energy for All:



Kandeh Yumkella
UN Under-Secretary General
Special Representative of the Secretary-General & Chief Executive Officer
Sustainable Energy for All

