

Memorandum of Understanding

For

Power Africa

Between

The United States Agency for International Development

and

The African Union Development Agency

Purpose

1. Nearly two out of three people in sub-Saharan Africa do not have access to electricity, which limits their access to high-quality health care, education, and economic opportunities for more than 600 million people. The United States Agency for International Development (USAID), through the Power Africa Coordinator's Office housed within USAID, and the African Union (AU) Development Agency (AUDA-NEPAD), each a "Participant" and, together, the "Participants," are working to reduce this deficit by increasing capacity for the generation of renewable energy, both large and small-scale; extending and stabilizing transmission-line networks; exploring opportunities for energy storage; and mobilizing institutional capital for investment in the energy sector. By working together at both the strategic and operational levels, the Participants hope to increase the reach and efficiency of their programs to achieve these goals and meet their respective mandates.
2. Through this Memorandum of Understanding (MOU), the Participants set forth their renewed commitment to (1) catalyze the sustainable development of power sectors across Africa (AUDA-NEPAD will prioritize AU Member States that are least-developed, land-locked, or islands); (2) increase the bankability of power transactions in Africa; (3) reinforce and expand Africa's transmission networks and support regional energy trade; and, (4) develop opportunities for battery storage of energy. The primary purposes of the partnership between AUDA-NEPAD and USAID are to help bring additional power projects to financial close, strengthen and expand sub-Saharan Africa's transmission networks, and increase energy access for the purpose of reducing energy poverty in sub-Saharan Africa. AUDA-NEPAD seeks to ensure the integration of energy access to drive productive capacity, develop small and medium-sized enterprises, improve the management of land and water, and raise the standard of living of Africans. This MOU builds on an initial one signed in 2014 and five years of successful collaboration between the Participants on the development of large-scale installations for renewable energy and the provision of transaction-advisory assistance to a range of public and private energy-sector stakeholders. It articulates the commonalities between the Participants' objectives and approaches, as well as reaffirms the basis for their ongoing dialogue and cooperation.

Participants

3. The United States Government (USG) launched the Power Africa Initiative, led by USAID, in June 2013 to leverage private- and public-sector partnerships to double access to electricity in sub-Saharan Africa. The United States Congress later unanimously passed the Electrify Africa Act of 2015, which signaled to the global community that expanding electricity access in sub-Saharan Africa is a long-term bipartisan foreign-policy priority of the USG. Power Africa, along with more than 170 public- and private-sector partners, aims to add at least 30,000 megawatts (MW) of new, cleaner electrical power capacity and 60 million electrical connections across sub-Saharan Africa by 2030. Under Power Africa's *2.0 Strategy*, the initiative also has adopted targets for the transmission of electric power, including the installation of 5,000 kilometers (km) of new transmission lines and the mobilization of US\$3 billion in support of transmission projects.
4. Founded in July 2019, AUDA-NEPAD was previously known as the New Partnership for African Development (NEPAD) Planning and Coordinating Agency (NPCA), established in October 2001, which drew on both the Millennium Partnership for the African Recovery Programme (MAP) and the OMEGA Plan for Africa. AUDA-NEPAD has its own Secretariat based in Midrand, in the Republic of South Africa, and is responsible for coordinating and executing priority regional and continental development projects to promote regional integration toward the accelerated realization of Agenda 2063¹, the continent's strategic framework that aims to deliver on its goal for inclusive and sustainable development. To operationalize its energy-related activities under its *Strategic Plan*, AUDA-NEPAD has developed a strategic framework, the Program for Infrastructure Development in Africa (PIDA). The first ten-year implementation plan of PIDA is coming to an end in 2019, and the second phase (PIDA II) is planned for launch in 2020. The program prioritizes continental integration and infrastructure to increase mobility, employment, trade, and socio-economic development. Outcomes focus on trade-facilitation, as well as the roll-out of infrastructure for energy, transport, water, and information and communications technology (ICT). The *Africa Power Vision (APV)*, based on the PIDA, targets priority energy projects in Africa with the aim of advancing its implementation in alignment with Agenda 2063.

Goals and Objectives

5. The Participants have the following strategic goals and objectives in common:
 - **Advance the development and reinforcement of transmission lines, transmission-related support systems and processes, and regional integration:** Recognizing the importance of regional trading opportunities and the development, rehabilitation, and maintenance of transmission lines to sub-Saharan Africa's energy sector, the Participants seek to collaborate on

¹ The signature of this MoU by USAID does not constitute an endorsement by USAID or the USG of all the goals, objectives, and targets of Agenda 2063.

transmission-related work streams, in particular improving sectoral master-planning, reforming the enabling environment, increasing the operational readiness of electrical systems, mobilizing public- and private-sector finance for transmission, and undertaking joint advocacy to sub-Saharan African governments. The Participants intend to align their efforts as much as reasonably possible to ensure overlap of, and support to, projects in the *Power Africa Transmission Roadmap to 2030* and AUDA-NEPAD's APV projects.

- **Collaborate on the implementation of a mega solar initiative in Southern Africa:** Power Africa plans to use initial research on the potential to establish a mega solar and associated storage project(s) in the Southern Africa region by using a phased domestic and regional approach to take advantage of an abundant, natural, renewable resource to provide peaking and baseload power. The purpose of the mega solar initiative is to enhance integrated planning for resources and resilience, foster improvements in the enabling environment, augment transparent procurement practices, stimulate the regional trade in energy, and catalyze greater private-sector investment. The Participants endeavor to collaborate on public-private-sector advocacy and diplomacy efforts, as well as draw upon appropriate tools, resources, and technical expertise to advance the viability of mega solar opportunities in Southern Africa.
- **Pursue projects in the generation of renewable energy:** Power Africa intends to draw from its technical-support resources, including its Transaction Advisors and its financial-matchmaking toolbox, to support AUDA-NEPAD's Renewable Energy Access Program and its associated generation projects, with the aim of supporting the development of discrete projects. The Participants recognize that generation projects remain of vital importance and seek to collaborate in this area wherever possible, including in support of AUDA-NEPAD'S PIDA II and APV projects.
- **Collaborate on the development of a capacity-building program for energy storage:** Governments in sub-Saharan Africa have an immense opportunity to develop policies, regulations, standardized procurement guidelines, financing agreements (*e.g.*, Power-Purchase Agreements) and programs that incentivize private-sector investment in storage to manage the integration of renewables effectively and improve the functionality of their electrical grids. The Participants intend to use various resources, partnerships (*e.g.*, with the World Bank Group) and strategies (*i.e.*, AUDA-NEPAD's *Transmission Roadmap to 2030*, mega solar) to help African governments build human and technical capacity for the integration of energy-storage systems.
- **Mobilize institutional capital for the benefit of Africa's energy security:** The Participants intend to share information in support of the initiative by AUDA-NEPAD to mobilize five percent of assets under management by African pension funds to invest in infrastructure in Africa, a program known as the "Five Percent Agenda." The Participants intend to cooperate on opportunities to drive investment into the African power sector, inclusive of generation, transmission,

and distribution, where possible in support of transboundary projects. Cooperation could include the identification of specific opportunities; technical assistance to African pension funds and their advisors; and technical assistance to AUDA-NEPAD and other cooperating partners on structuring and delivering credit-enhancement to generate capital. These efforts will support both AUDA-NEPAD's Five Percent Agenda and Power Africa's ambitions to leverage new and innovative sources of capital for sub-Saharan Africa's energy markets.

Roles and Responsibilities

6. The Participants intend to inform their respective personnel in sub-Saharan Africa and their interagency counterparts of this joint commitment to collaborate. The Participants intend to keep each other informed, as appropriate, of relevant activities that pertain to this collaboration, to schedule quarterly meetings and consultations as needed to evaluate their progress under this MOU, and to introduce or modify activities, as necessary.
7. Under this MOU, USAID, through Power Africa, intends to accomplish the following:
 - Liaise with AUDA-NEPAD in the implementation of its *Transmission Roadmap to 2030*, in particular regarding priority lines of mutual interest;
 - Provide transaction-advisory assistance where consistent with AUDA-NEPAD's priority renewable-energy interventions, with a view to bringing transactions to financial close;
 - Share outcomes and learning from Power Africa's activities to mobilize institutional investors;
 - Share information on its mega-solar work and, to the extent feasible, directly work with AUDA-NEPAD on these efforts; and
 - Identify opportunities for collaboration in energy storage.
8. Under this MOU, the AUDA-NEPAD intends to accomplish the following:
 - Support the Regional Economic Communities and power pools in sub-Saharan Africa to achieve their master-plan targets for increasing capacity in both transmission and generation, estimated at 25,000 km and 40,000 MW, respectively;
 - Advance its pipeline of projects as outlined in PIDA II and articulated in the APV, and work closely with banks, investors, financial advisors, and governments to bring them to financial close;
 - Collaborate with Power Africa on the development of AUDA-NEPAD's continental transmission plan; and
 - Share renewable-energy pipeline and joint-implementation opportunities with Power Africa.

Implementation

9. The above roles and responsibilities are illustrative, and the Participants may expand their planned contributions as they mutually determine. Where applicable, the Participants intend to mobilize and deploy their suite of resources jointly in support of the energy programs and projects they prioritize through this collaboration. The Participants intend to develop a work plan that includes a schedule to review progress toward mutually determined goals, and to organize a “kick off” meeting to take place within six months of the signing of this MOU.

Publicity and Communications

10. The Participants intend to coordinate jointly on publicity and communications in connection with this MOU, which should appropriately attribute the efforts of both Participants.

Joint branding may be used with the written consent of each Participant. Each Participant may make its logo available for use on specific materials at its sole discretion. Each Participant should obtain written approval prior to the publication of all information and materials that contain the other’s logo. The Participants expect that any such materials give equal prominence.

Each Participant intends to respect the other’s interests in the safeguarding of sensitive information, with the mutual understanding that any publicity for the alliance and its objectives is to be accomplished without disclosing any proprietary or other non-public information of the other Participant. Each participant intends to identify proprietary or other non-public information as such upon providing it to the other Participant.

Prior to publicly disclosing the existence or content of this MOU, each Participant intends to obtain the prior written consent of the other, unless disclosure is required by applicable law or regulation.

Reporting and Collaboration

11. The Participants understand the need for regular reporting on activities and results and intend to collaborate to meet any information needs or applicable reporting requirements in connection with the cooperation under this MOU. At a minimum, reporting should include quarterly telephone calls between the designated Points of Contact identified in Paragraph 14 below and annual executive meetings. The Participants expect that joint efforts in many locations could necessitate more frequent, working-level contact, and intend that the designated Points of Contact at headquarters facilitate establishing country-level Points of Contact, as needed, to coordinate implementation under this

MOU.

General Provisions

12. **Duration:** This MOU is expected to continue for three (3) years from the date of signature, but the Participants may extend it by mutual written determination. Either Participant may withdraw from this MOU at any time, but should endeavor to provide thirty (30) days' prior written notice to the other.
13. **Modifications:** The Participants may modify this MOU only in writing, signed by both Participants.
14. **Effect of MOU:** This MOU does not give rise to rights or obligations under international law. The Participants specifically acknowledge that this MOU is not an obligation of funds, nor does it constitute a legally binding commitment by any Participant or create any rights in any third party. The Participants intend to maintain their own separate and unique missions and mandates and their own accountabilities. Unless specifically provided for elsewhere, the cooperation among the Participants as outlined in this MOU is not intended to be construed as a partnership or other type of legal entity or personality. All costs and expenses incurred in connection with this MOU are intended to be the responsibility of the Participant that incurs them. Nothing in this MOU is intended to be construed as superseding or interfering in any way with any agreements or contracts entered into among the Participants, either prior to or subsequent to the signing of this MOU. Nothing in this MOU is intended to be construed as an exclusive working relationship.

Points of Contact

15. The primary Points of Contact for each Participant under this MOU appear below. Each Participant may, by written notice, replace or identify additional representatives.

USAID

1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20523
United States of America

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████████████████████

Contact Person: John Irons

AUDA-NEPAD

230 15th Road
Midrand, Gauteng
Republic of South Africa

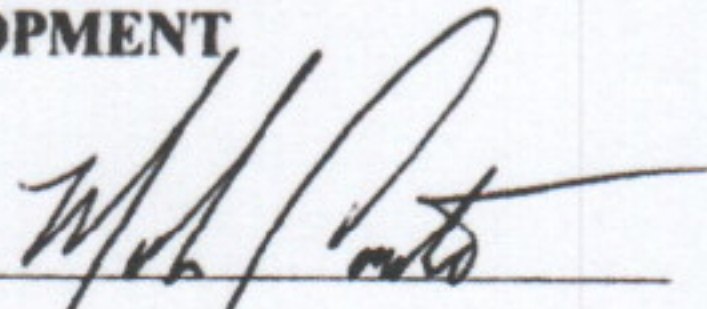
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Contact Person: Mosad Elmissiry

The Participants, each acting through its duly authorized representative, have caused this Memorandum of Understanding to be signed in their names and delivered as of the last date of signature by the Participants.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

AFRICAN UNION DEVELOPMENT AGENCY

By: 

By: _____

Mark Carrato
Acting Power Africa Coordinator

Ibrahim Assane Mayaki, Ph.D.
Chief Executive Officer

Date: 9/14/2020

Date: _____

Place: Washington DC

Place: _____

Witnessing

By: _____

The Honorable Jessye Lapenn
Ambassador of the United States of America to the African Union and Permanent Representative of the United States of America to the United Nations Economic Commission for Africa

Date: _____

Place: _____

The Participants, each acting through its duly authorized representative, have caused this Memorandum of Understanding to be signed in their names and delivered as of the last date of signature by the Participants.

**UNITED STATES AGENCY FOR
INTERNATIONAL
DEVELOPMENT**

By: _____

Mark Carrato
Acting Power Africa Coordinator

Date: _____

Place: _____

**AFRICAN UNION DEVELOPMENT
AGENCY**

By:  _____

Ibrahim Assane Mayaki, Ph.D.
Chief Executive Officer

Date: 18 / September 2020

Place: NI DRANA.

Witnessing

By: _____

The Honorable Jessye Lapenn
Ambassador of the United States of
America to the African Union and
Permanent Representative of the
United States of America to the United
Nations Economic Commission for
Africa

Date: _____

Place: _____

The Participants, each acting through its duly authorized representative, have caused this Memorandum of Understanding to be signed in their names and delivered as of the last date of signature by the Participants.

**UNITED STATES AGENCY FOR
INTERNATIONAL
DEVELOPMENT**

**AFRICAN UNION DEVELOPMENT
AGENCY**

By: _____

Mark Carrato
Acting Power Africa Coordinator

Date: _____

Place: _____

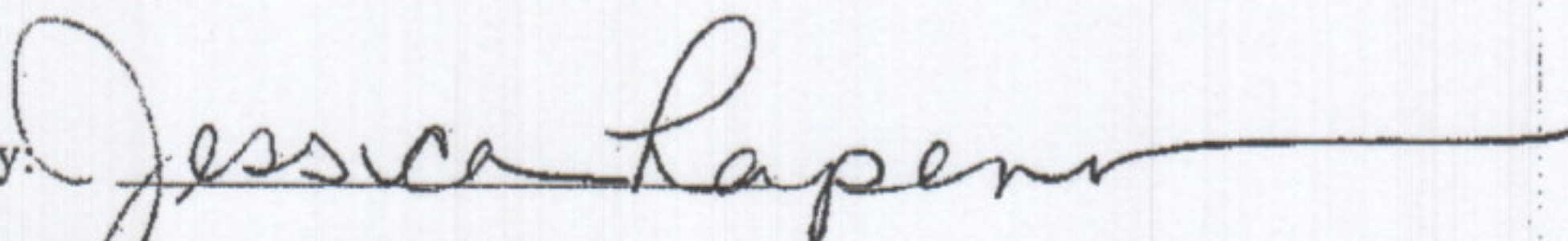
By: _____

Ibrahim Assane Mayaki, Ph.D.
Chief Executive Officer

Date: _____

Place: _____

Witnessing

By: 

The Honorable Jessye Lapenn
Ambassador of the United States of
America to the African Union and
Permanent Representative of the
United States of America to the United
Nations Economic Commission for
Africa

Date: September 18, 2020

Place: Addis Ababa