



## **MEMORANDUM OF UNDERSTANDING**

For

**Power Africa**

Between

**the United States Agency for International Development**

and

**the Development Bank of Southern Africa**

### **Purpose**

1. Nearly two out of three people in sub-Saharan Africa do not have access to electricity, which limits access to quality health care, education, and economic opportunities for more than 600 million people. The United States Agency for International Development (“USAID”) and the Development Bank of Southern Africa (“DBSA”) (each a “Participant” and, together the “Participants”) are working to reduce this deficit by bringing additional power projects to financial close, strengthening and expanding transmission networks, and increasing energy investment in sub-Saharan Africa. By working together at both the strategic and operational levels, the Participants hope to extend the impact and increase the 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 specifically: (1) collaborate on climate-change action in the energy sector; (2) advance both on- and off-grid generation projects; (3) reinforce and expand sub-Saharan Africa’s transmission networks; (4) collaborate on the delivery of a mega-solar program in Botswana and Namibia; and (5) mobilize institutional investment to help bridge the gap in funding for Africa’s energy infrastructure. Drawing on over six years of collaboration and the Memorandum of Understanding between the DBSA and Power Africa signed on December 17, 2015, the Participants seek to strengthen their collaboration and expand the range and scope of their activities. This MOU articulates the commonalities between the objectives and approaches of the Participants, and reaffirms the basis for ongoing dialogue and cooperation.

## Participants

3. The United States Government (“USG”) launched Power Africa in June 2013 to leverage private and public sector partnerships to double access to electricity in sub-Saharan Africa. With strong support by both major parties, the United States Congress later passed the Electrify Africa Act of 2015, signaling 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 180 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 has also adopted transmission targets, including the installation of 5,000 kilometers of new transmission lines and mobilization of USD \$3 billion in support of transmission projects.
4. The DBSA as an infrastructure development finance institution owned by the government of South Africa, with a mandate in South Africa and the rest of the African continent, has a key role to play in supporting national development efforts through advancing regional development, expanding access to development finance and effectively integrating and implementing sustainable development solutions. DBSA’s role in supporting the national recovery, and transformation within the energy sector, is grounded on national, continental and global policy responses as well as the operational and business context in which DBSA development and financing activities take place.
5. DBSA recognizes that a responsive, client driven approach to supporting a just transition in Africa is required. Recognizing that access to energy is recognized as an essential human right, and that energy makes possible the investments, innovations and new industries that are the engines of jobs, inclusive growth and shared prosperity, DBSA seeks to provide financing and developmental support to enable a rapid and future oriented energy transition for Africa. DBSA will work with its financing and development partners to enable Africa to benefit from the technological, cost and societal shifts that the global energy transition is giving rise to.

## Goals and Objectives

6. USAID, through Power Africa, and the DBSA have the following strategic goals and objectives in common:
  - **Collaborate on climate change action in the energy sector:** Recognizing the need for rapid and forcible climate action to address rising global temperatures, which threatens lives, health, economic progress, and our ability to live on Earth, Power Africa and DBSA intend to identify and collaborate on opportunities to share information regarding climate change mitigation programming and explore opportunities to deploy innovative financial solutions, technical support and investments for renewable energy and supporting infrastructure. In addition, seeing the opportunity for job creation, economic growth, and environmental remediation

associated with clean energy development, the Participants intend to identify opportunities to support a just energy transition and revitalize energy communities.

- **Pursue renewable energy generation projects:** Recognizing the importance of renewable energy to addressing energy poverty in sub-Saharan Africa, Power Africa and DBSA intend to collaborate to identify and advance pipeline opportunities in support of DBSA's commitment of 3,000 MW. Power Africa intends to draw from its technical support resources, including Transaction Advisors and its toolbox, to support the DBSA in the development of both on and off-grid renewable energy projects across sub-Saharan Africa.
- **Advance systems, processes and investment to support increased transmission line development, reinforcement and regional integration:** Recognizing the importance of transmission line development, rehabilitation, maintenance and regional trading opportunities to sub-Saharan Africa's energy sector, the Participants seek to collaborate on transmission-related work streams, in particular sectoral master planning, enabling environment reform, systems operational readiness, mobilizing public and private sector finance for transmission and joint advocacy to sub-Saharan African governments. The Participants plan to draw on the *Power Africa Transmission Roadmap to 2030* for the identification of priority lines for investments.
- **Collaborate on the implementation of the Mega Solar initiative in Southern Africa:** The Participants intend to work collaboratively, to the extent that each is able, to advance large-scale solar development, referred to as Mega Solar, in Botswana and Namibia, which would contribute to shared objectives in the region. In particular, the Participants aim to work in conjunction with interested donors and development finance institutions to: (1) add between 300-500 new MW of solar capacity in Botswana and/or Namibia by 2024 to meet expected domestic demand for electricity and (2) add potentially 1,000-3,000 MW of new solar capacity to meet regional electricity demand by 2030.
- **Mobilize institutional capital for the benefit of sub-Saharan Africa's energy sector:** The Participants intend to share information and to the maximum extent possible align efforts to mobilize institutional investors to increase investment in sub-Saharan Africa's energy sector. The Participants intend to cooperate on opportunities to drive investment into the African power sector, inclusive of generation, transmission and distribution opportunities, and where possible, in support of transboundary projects. Cooperation may include identification of specific investment opportunities and technical assistance to African pension funds and their advisors as well as to the DBSA and other cooperating partners on structuring and delivering credit enhancement to crowd in capital. These efforts intend to support both the DBSA's investment pipeline and strategy and Power Africa's ambitions to leverage new and innovative sources of capital to support sub-Saharan Africa's energy markets.

## Roles and Responsibilities

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 pertaining to this collaboration and to schedule quarterly meetings and consultations as needed to evaluate their progress in implementing this MOU and to introduce or modify activities, as deemed necessary.

7. Under this MOU, USAID, through Power Africa, intends to accomplish the following, subject to the availability of funds and approvals:
  - Provide transaction advisory assistance, draw on Power Africa's toolbox and deliver market intelligence to help DBSA expand its portfolio of on- and off-grid generation projects and accelerate climate change action in the energy sector.
  - Coordinate with DBSA to implement the *Power Africa Transmission Roadmap to 2030*.
  - Share outcomes and learning from Power Africa's mobilizing institutional investors activities, in particular as it pertains to identifying suitable institutional investor partners for DBSA's pipeline.
  - Engage DBSA through the Unlocking Southern Africa Solar Program to participate in Power Africa's mega-solar initiative in Botswana and Namibia.
  - Explore climate interventions and investments and share information with DBSA on its climate related programming.
  
8. Under this MOU, DBSA intends to accomplish the following, subject to the availability of funds and approvals:
  - Expand domestic and regional renewable energy generation and transmission through our ongoing strategic partnership with Power Africa and other partners.
  - Advance transformation in the energy sector, through provision of early stage and quasi equity funding for developers.
  - Access technical assistance support from Power Africa for sustainable energy projects and projects related to the energy transition in the region.
  - Support the development of new, sustainable energy solutions, including energy storage solutions and the green hydrogen economy.
  - Strengthen the Southern African Power Pool (SAPP) by developing and utilizing innovative structures to ensure that regional energy projects can be banked
  - Strive to provide funding solutions for affordable cleaner energy that is accessible to the majority.
  - Share energy transaction opportunities with Power Africa.

## Implementation

9. The above lists represent illustrative areas for joint collaboration; as such, the Participants' planned contributions may be altered and/or expanded as mutually decided. Where applicable, the Participants intend to jointly mobilize and deploy their available resources in support of the energy programs and projects they prioritize through this collaboration.

After the signing of this MOU, the Participants intend to develop a work plan that includes a schedule to review progress towards mutually established goals, and organize a "kick off" meeting to be held sometime within the next six months.

### **Publicity and Communications**

10. Public communications related to this MOU should appropriately attribute the efforts of both Participants, in each case subject to their consent. Each Participant intends to respond to a communication request by the other within three business days.

Joint branding is expected to 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.

The Participants intend to respect each other's confidentiality policies, with the mutual understanding that they publicize their alliance and its objectives without disclosing any confidential or proprietary information of the other.

Each Participant may make the existence and content of this MOU publicly available by press release, public commentary, or other disclosure, and is expected to do so in accordance with their policies or procedures regarding the public disclosure of information and subject to the prior written consent of the other.

### **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 15 below and annual executive meetings. The Participants expect that joint efforts in many locations may necessitate more frequent, working-level contact and intend that the designated Points of Contact at the headquarters of each Participant facilitate establishing country-level Points of Contact as needed to coordinate implementation under this MOU.

## General Provisions

12. **Duration:** This MOU may commence upon the date of the last signature and is intended to continue for five years from the date of signature and may be extended in writing. The Participants may renew or extend it by mutual decision in writing. It is understood that either Participant may discontinue its participation in this MOU by giving thirty (30) days prior written notice to the other Participant.
13. **Modifications:** It is intended that the Participants may modify this MOU only in writing, signed by the Participants.
14. **Effect of MOU:** This MOU is not a treaty, is not legally binding, and does not give rise to rights or obligations under international or domestic law. The Participants specifically acknowledge that all activities contemplated under this MOU depend upon the availability of funds and 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 otherwise, the cooperation among the Participants as outlined in this MOU shall not be construed as a partnership or other type of legal entity or personality. Each Participant is expected to bear its own costs for any and all expenses incurred by itself related to this MOU. Nothing in this MOU shall be construed as superseding or interfering in any way with any arrangements, agreements or contracts entered into among the Participants, either prior to or subsequent to the signing of this MOU. Nothing in this MOU shall be construed as an exclusive working relationship.

## Points of Contact

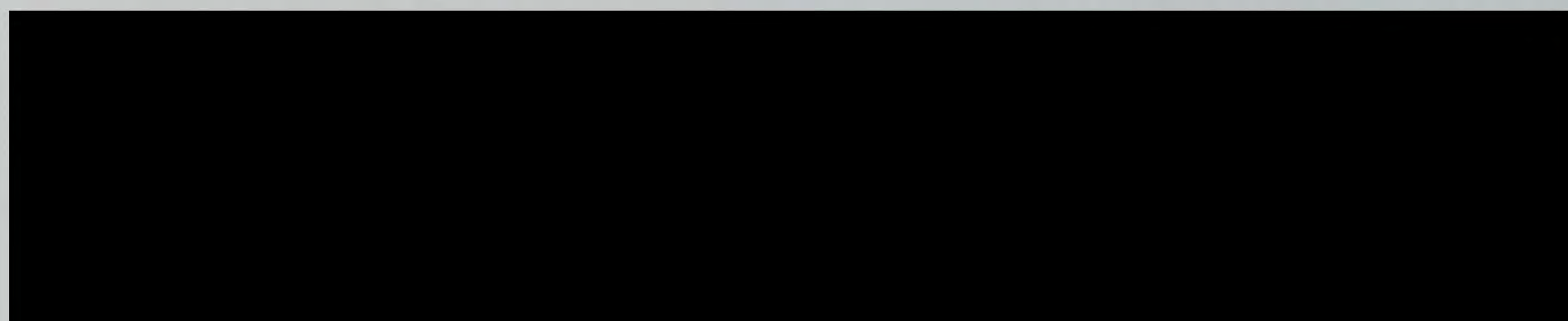
15. The primary Points of Contact for each Participant for administering this MOU appear below. Each Participant may, by written notice, replace or identify additional representatives.

USAID

1300 Pennsylvania Avenue, NW  
Washington, D.C. 20523

DBSA

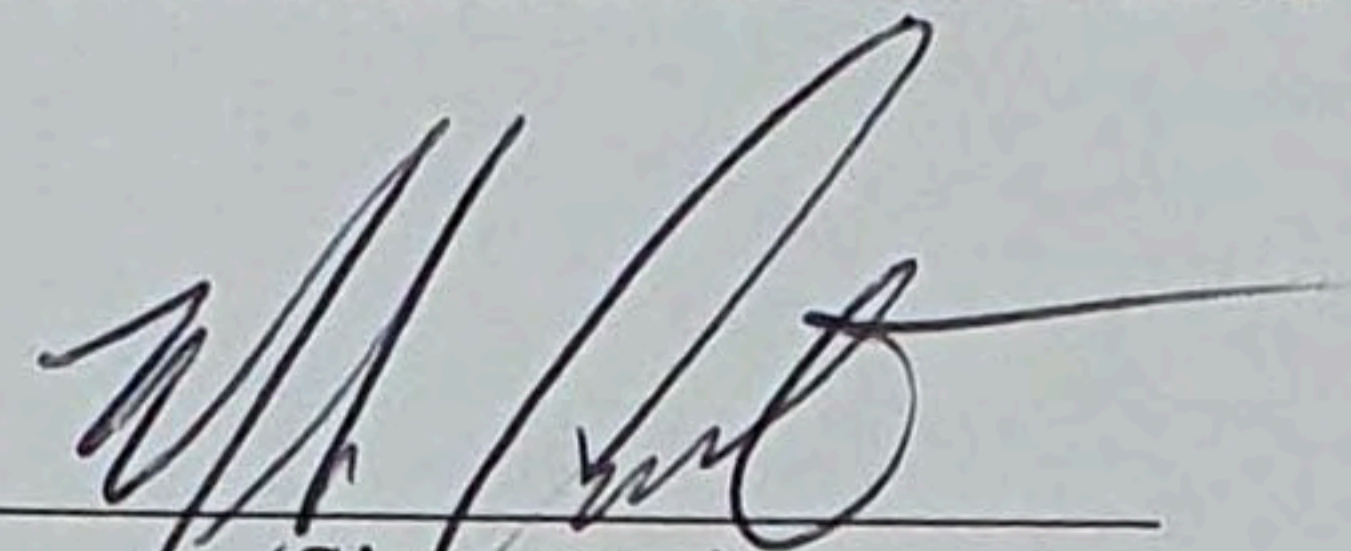
1258 Lever Road, Headway Hill, Midrand  
Gauteng, 1685

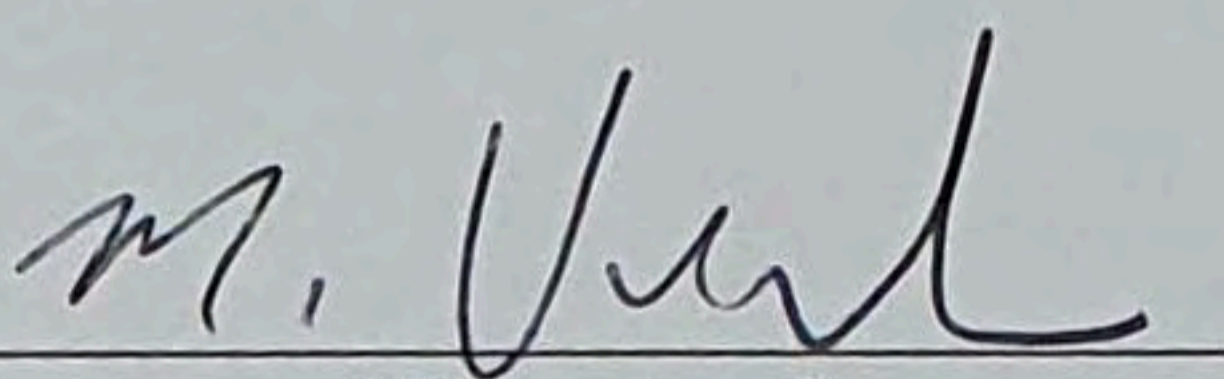


The Participants, each acting through its duly authorized representative, have caused this Memorandum of Understanding to be signed in their names and delivered as of this \_\_\_ day of November, 2021.

**UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT**

**THE DEVELOPMENT BANK OF  
SOUTHERN AFRICA**

By:   
(Signature)

By:   
(Signature)

**Mr. Mark Carrato  
Power Africa Coordinator**

**Mr. Mohan Vivekanandan  
Group Executive: Origination &  
Client Coverage**

Date: 11/16/21

Date: 16 | 11 | 2021

Place: London, AEF

Place: London