

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE UNITED STATES OF AMERICA
AND
THE EUROPEAN UNION
FOR
REDUCING ENERGY POVERTY AND INCREASING ENERGY ACCESS IN SUB-SAHARAN AFRICA

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made between the United States of America (US), through the Office of the Coordinator for Power Africa (hereafter referred to as “Power Africa”), a United States Presidential initiative coordinated by the United States Agency for International Development, and the European Union (EU), through the European Commission’s Directorate-General for International Cooperation and Development (DG DEVCO, collectively referred to as the “Participants”). The Participants seek to share their respective strengths, expertise and resources to support their common goals in Sub-Saharan Africa of reducing energy poverty and increasing access to sustainable energy.

This MOU sets forth the intentions of the Participants to work together to support the sustainable development of the energy sector in Sub-Saharan Africa. It builds on the agreement expressed in the EU-US Summit statement of 26 March 2014, which took note of the progress of the EU-US development dialogue and called attention of both sides to universal access to sustainable energy, notably in Africa, through public and private investment and appropriate investment security, and to further coordination of both parties’ support to the Sustainable Energy for All initiative launched by the United Nations Secretary-General. It also supports the commitments made in the EU-US Energy Council Joint Statement of 3 December 2014 to cooperate in promoting sustainable energy in other parts of the world. This MOU provides a proposed framework on which joint activities might be based, but does not impose any legally binding obligation (financial or otherwise) on either of the Participants.

The EU's "Agenda for Change" recognises energy as a key driver for sustainable and inclusive growth.¹ Three challenges were identified in the field of energy (i) price volatility and energy security, (ii) climate change, including access to low carbon technologies and (iii) access to secure, affordable, clean and sustainable energy services.

The European Commission has put in place a comprehensive set of actions to combat energy poverty. Through 2020, the EU budget alone will be allocating more than EUR 2.5 billion in grants to support sustainable energy in Sub-Saharan Africa, with an estimated leveraging of up to EUR 20 billion in financing and investment.² Additional assistance provided by EU Member States will at least double this amount. With these investments, the EU expects to bring electricity to more than 100 million people in Sub-Saharan Africa by 2020. This would contribute to bringing access to electricity to 500 million people by 2030,³ help provide a solution to the shortfalls in energy infrastructure, and power businesses, schools, homes and hospitals.

United States President Barack Obama launched **Power Africa** in 2013 to leverage private and public sector partnerships to double access to electricity in Sub-Saharan Africa. Power Africa 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 unlocking Sub-Saharan Africa's substantial wind, solar, hydropower, natural gas, and geothermal resources.

Power Africa is a partnership among US Government agencies, the World Bank, the African Development Bank, the Government of Sweden, the United Nations' Sustainable Energy for All initiative, the African Union's New Partnership for Africa's Development (NEPAD), and approximately 100 public and private sector entities, including several African governments. To date, the Power Africa partners collectively have committed more than USD 30 billion in grants, financing and investment to advance Power Africa's goals. This USD 30 billion commitment includes USD 7 billion from the US Government, USD 5 billion from the World Bank, USD 3 billion from the African Development Bank, USD 1 billion from the Government of Sweden and more than USD 20 billion from the private sector.

The **European Commission** has earmarked funds for bilateral and regional cooperation and established several tools to tackle different issues, such as the EU blending facilities and **ElectriFI**, the new initiative for rural electrification in the framework of Sustainable Energy for All. ElectriFI is an innovative convertible grant

¹ As set out in the Commission Communication "Increasing the impact of EU Development Policy: an Agenda for Change" (COM(2011) 637 final) and endorsed by the Council in its conclusions of 14 May 2012 (doc. 9369/12).

² On the basis of leverage levels reached during the 10th European Development Fund (2008-2013).

³ European Commission initiative 'Energising Development'.

scheme that aims to boost investments that increase access to electricity and modern energy services. This should be a driver for development, by unlocking the potential resources of the private sector.

Power Africa uses an innovative transaction-based model whereby private investments are leveraged to help push policy and regulatory reforms that enable key energy projects to advance. In addition, Power Africa demonstrated its commitment to increasing access for people living away from the electrical grid by launching **Beyond the Grid** during the US-Africa Energy Ministerial in 2014.

The **Participants** fully support the efforts of Sustainable Energy for All to ensure universal access to modern energy services, to double the rate of improvement in energy efficiency, and to double the share of renewable energy in the global energy mix, by 2030.

During the EU-US Development Dialogue in 2014, the Participants declared their intent to develop a “partnership framework” to support their cooperation around energy in Africa. This MOU further articulates the intention to partner and coordinate efforts and is intended to provide the foundation for collaboration at the country level in Sub-Saharan Africa.

The Participants’ efforts to advance the energy sector in Sub-Saharan Africa are intended to support poverty reduction and inclusive and sustainable growth, sustainability and climate compatibility, and partner country ownership and collaboration. Increasing access to electricity would enhance energy security, decrease poverty, and advance economic growth.

Recognising that through coordination and collaboration between the Power Africa Coordinator’s office (in South Africa and Washington, D.C., US), the EU and the bilateral and regional government offices and EU delegations in Sub-Saharan Africa, the Participants intend to work together to support key activities that meet the shared goals of increased sustainable energy availability and access. This collaboration is expected to extend to the regional and national level, where the US and the EU intend to coordinate to support projects of mutual interest. The Participants intend to leverage one another’s expertise, relationships and resources to achieve common goals.

NOW THEREFORE, desiring to establish a mutually beneficial cooperation, the Participants have reached the following understanding:

Section I: Partnership focus areas

The Participants share common goals and intend to collaborate in the following ways:

- (a) **Expand small-scale and off-grid efforts and encourage energy efficiency to increase access to electricity across Sub-Saharan Africa.** This objective reflects Power Africa's target to double access to electricity in Sub-Saharan Africa and the EU's goals to significantly expand the availability of sustainable and modern energy services to the African population, including the rural poor, and increase the share of renewable energy sources in the energy mix. Both Participants already have demonstrated their expertise and commitment to increase access through activities that support rural electrification projects, mini and off-grid transactions, and financial and technical support to off-grid technologies and approaches. The Participants expect to continue their respective work in these areas, particularly through innovative instruments and initiatives such as the EU's ElectriFI, the Africa-EU Energy Partnership (AEEP) and Power Africa's Beyond the Grid. The Participants intend to identify additional opportunities where they can leverage one another's expertise, instruments, reach and resources, in line with the Participants' and partner countries' strategic priorities and policies.

NEXT STEPS: To facilitate this collaboration, the Participants plan to schedule regular coordination meetings between Power Africa's Beyond the Grid team and the EU's ElectriFI teams at the headquarters level and explore the possibility of developing a specific collaboration framework for off-grid and small-scale efforts.

- (b) **Leverage respective technical assistance mechanisms to maximise support across Sub-Saharan Africa.** Both Participants have comprehensive technical assistance (TA) facilities at their disposal to facilitate the development and execution of potential energy projects, support regulatory reforms of partner governments, and improve capacities of the utilities in the power sector. The Participants have some discrete and some overlapping geographic focus areas where they can extend their technical assistance. The Participants can leverage one another's facilities to extend their shared reach, referring stakeholders to one or the other participant's technical assistance facility depending on geographic focus area, local conditions, technical needs and strategic objectives. The Participants intend to strengthen mutual sharing of information, particularly regarding technical assistance activities and pipelines of project.

NEXT STEPS: To facilitate this collaboration, the Participants plan to schedule an initial coordination meeting at which they intend to provide a general overview of the available technical assistance instruments. Where these technical assistance instruments can provide particular added value to the teams advancing policies, activities and transactions at the local level, the elaboration of joint

requests under the instruments can be explored. In addition, the Participants plan to share terms of reference and activity descriptions (as permitted and feasible) and intend to explore the possibility of participating, as appropriate, in one another's procurement processes to ensure that future technical assistance instruments developed advance the Participants' mutual goals.

- (c) **Coordinate on policy dialogue and key regulatory reforms that help to improve the business enabling environment for energy sector investment.** The Participants intend to consider entering into Joint Declarations with third countries and other relevant donors on policy principles. In addition, at the country level, the Participants' teams plan to look for opportunities to cooperate on specific policy reform activities.

NEXT STEPS: To facilitate this collaboration, the Participants plan to identify beneficiary countries of particular relevance and identify specific areas of collaboration for supporting African governments in the implementation of policy reforms. In addition, the Participants intend to consider Power Africa's Enabling Environment Principles and the EU's policy priorities in the field of sustainable energy development cooperation to seek common ground in developing future Joint Declarations and collaboration frameworks.

- (d) **Explore opportunities to make use of blending facilities and other financial instruments to leverage financial support to specific energy projects.** The Participants should seek the participation of US, European, and African financial institutions as co-financiers of energy infrastructure projects under blending and financing facilities.

NEXT STEPS: To facilitate this collaboration, the Participants endeavour to leverage private sector investment to support the further development of projects that have reached or are approaching bankability status and are seeking financing or risk mitigation instruments. After identifying specific energy projects or a portfolio of projects, the Participants plan to bring together facility teams and teams managing specific financial product suites to collaborate on finding solutions to additional project gaps. In addition, the Participants plan to seek opportunities to deploy their respective Technical Assistance instruments to advance projects that such facilities support.

- (e) **Explore opportunities to expand energy efficiency awareness and investments across Sub-Saharan Africa to seek to ensure the many benefits efficiency provides are captured.** The Participants expect to continue their respective work in these areas, including focuses on energy efficiency in urban and peri-urban areas, transmission and

distribution systems and end-use, and should seek to identify specific opportunities to collaborate, leverage and expand these initiatives.

NEXT STEPS: To facilitate this collaboration, the Participants plan to schedule regular coordination meetings between their energy efficiency teams to identify specific opportunities to collaborate. These discussions should initially focus on sharing information about existing and future activities notably in urban and semiurban contexts, and discussing opportunities to collaborate under SE4All.

The above list is illustrative. The Participants' collaboration is not intended to be limited to these activities. The scope of this MOU extends to an enhanced cooperation at country-level. Power Africa's in-country teams intend to work with the EU and other counterparts to identify possible opportunities for country-specific collaboration. The Participants intend to share information about promising investment projects and the barriers to their implementation. Where applicable, the Participants intend to jointly rally and deploy their resources in support of the energy programs/ projects they prioritise.

NEXT STEPS: The Participants plan to inform their respective embassies in Sub-Saharan Africa of this MOU and to ask that their respective teams meet with one another to develop specific areas of potential collaboration.

Section II: Designated Points of Contact:

For the purpose of implementation of this MOU, a point of contact is appointed in each organisation as follows:

(a) US:

The Office of the Coordinator for Power Africa is expected to be the lead point of contact, with support from the Power Africa donor coordination team and other Power Africa implementers.

(b) EU:

The Directorate for Sustainable Growth and Development of the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO) is expected to be the lead point of contact, with support from the DG DEVCO's Energy team, the European External Action Service, DG ENER and other relevant services.

Section III: General Intentions of the Participants:

1. The Participants intend to carry out their respective tasks as foreseen in this MOU and in conformity with their respective legal and policy authorities. The Participants intend to join efforts and to maintain a close working relationship in order to achieve the objectives of this collaboration.
2. The Participants intend to keep each other informed, as appropriate, of relevant activities pertaining to this collaboration and to hold meetings and consultations at the staff level whenever needed in order to evaluate the progress of implementation of this MOU and to introduce or modify activities, as deemed necessary.
3. At least once per year, the Participants plan to meet at the senior level to review and evaluate progress on this partnership and to share each Participant's annual report or other monitoring, evaluation and progress tracking tools to measure the progress being made towards each Participant's high level goals of increasing access to electricity and to evaluate the impact of joint activities in advancing energy projects and in leveraging private sector investment. Those meetings will be open to other associated and support service on both sides.
4. This MOU does not in any way commit either Participant to financial or human resource obligations.
5. Neither Participant should use the name, emblem, logo or official seal of the other Participant, or any abbreviation thereof in connection with their business or otherwise, unless expressly authorised by the other Participant in writing.
6. The Participants intend to coordinate with each other on all press releases or public statements regarding partnership activities under this MOU.
7. This MoU is a non-binding expression of the current intentions of the Participants. It does not, nor is it intended to, create any binding, legal or financial rights or obligations on either side under domestic or international law.

Section IV: General Provisions

1. **Modification.** This MOU may be modified by written consent of the Participants.
2. **Duration and renewal.** This MOU is intended to become operative on the date of signature and to remain operative until end 2020. It may be renewed by mutual consent of the Participants.

3. **Discontinuation.** This MOU may be discontinued by mutual consent of the Participants or by either Participant.

Section V: Notices

1. Any notices pursuant to this MOU should be given in writing and delivered to the following addresses:

- 1.1. For the US:

Address: Power Africa/USAID/Pretoria
100 Totius Street, Pretoria 0027, South Africa

Attention: Power Africa Coordinator
Mr Andrew M. Herscowitz

With a copy to Amanda Van den Dool (avandendool@usaid.gov) and Elizabeth Cohan (ecohan@usaid.gov).

- 1.2. For the EU:

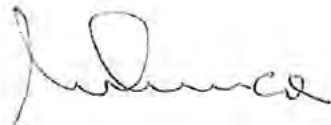
Address: Directorate-General for International Cooperation and
Development
European Commission
1049 Brussels, Belgium

or at such other address as may be given from time to time in accordance with the terms of this notice provision.

Signed at Addis Ababa, 14 July 2015



For the United States of America:



For the European Union: