



US commits \$7B to ambitious Power Africa initiative

Energy Alert

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By:

Speaking in Cape Town, South Africa, on June 30, President Barack Obama announced Power Africa, a new initiative to double access to power in sub-Saharan Africa.

More than two-thirds of the population of sub-Saharan Africa lacks access to electricity. Power Africa aims to add more than 10,000 MW of clean and efficient electricity generation capacity to bring electricity to at least 20 million households and commercial entities throughout the region.

In collaboration with an initial set of partner countries, Power Africa is seeking to deliver electricity and improve grid reliability for millions across the continent by building on Africa's power potential. The effort will include US assistance in developing recently discovered oil and gas reserves as well as clean geothermal, hydroelectric, wind and solar energy and assisting partner countries to develop newly discovered resources responsibly, build out power generation and transmission projects and expand the reach of mini-grid and off-grid solutions.

Partner countries

Power Africa's initial set of partner countries includes Ethiopia, Ghana, Kenya, Liberia, Nigeria and Tanzania.

Power Africa will also partner with Uganda and Mozambique on responsible oil and gas management.

Financial and technical commitment

Under this initiative, the United States will commit more than US\$7 billion in financial support over the next five years to this initiative. In particular:

- The US Agency for International Development (USAID) will provide US\$285 million in technical assistance, grants and risk mitigation to advance private sector energy transactions and help host governments adopt and implement policy, regulatory and other reforms necessary to attract private sector investment in the energy and power sectors.
- The Overseas Private Investment Corporation (OPIC) will commit up to US\$1.5 billion in financing and insurance to energy projects in sub-Saharan Africa.

- The US Export-Import Bank (Ex-Im Bank) will make available up to US\$5 billion in support of US exports for the development of power projects across sub-Saharan Africa.
- The Millennium Challenge Corporation (MCC) will invest up to US\$1 billion in African power systems through its country compacts to increase access and improve the reliability and sustainability of electricity supply through investments in energy infrastructure, policy and regulatory reforms, and institutional capacity-building.
- OPIC and the US Trade and Development Agency (USTDA) will provide up to US\$20 million in project preparation, feasibility and technical assistance grants to develop renewable energy projects, in coordination with the US-Africa Clean Energy Finance Initiative and the recently launched US-Africa Clean Energy Development and Finance Center in Johannesburg, South Africa.
- The US African Development Foundation (USADF) will launch a US\$2 million Off-Grid Energy Challenge to provide grants of up to US\$100,000 to African-owned and operated enterprises to develop or expand the use of proven technologies for off-grid electricity benefitting rural and marginal populations.

DLA Piper is one of the most active law firms on the continent of Africa, with a dedicated multi-disciplinary team of lawyers working on infrastructure development projects and related financings. Through our extensive global reach and strong local market knowledge, DLA Piper delivers legal services to a broad range of clients, including project sponsors, governments, parastatals, and banking and financial institutions in the power, oil and gas, renewables, telecommunications, mining and infrastructure sectors. To learn more about Power Africa and our extensive experience in energy and infrastructure development projects and financings in Africa, please contact:

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