



THE WHITE HOUSE
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FACT SHEET: Power Africa

Today the President 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 is without electricity, and more than 85 percent of those living in rural areas lack access. Power Africa will build on Africa's enormous power potential, including new discoveries of vast reserves of oil and gas, and the potential to develop clean geothermal, hydro, wind and solar energy. It will help countries develop newly-discovered resources responsibly, build out power generation and transmission, and expand the reach of mini-grid and off-grid solutions.

According to the International Energy Agency, sub-Saharan Africa will require more than \$300 billion in investment to achieve universal electricity access by 2030. Only with greater private sector investment can the promise of Power Africa be realized. With an initial set of six partner countries in its first phase, Power Africa will add more than 10,000 megawatts of cleaner, more efficient electricity generation capacity. It will increase electricity access by at least 20 million new households and commercial entities with on-grid, mini-grid, and off-grid solutions. And it will enhance energy resource management capabilities, allowing partner countries to meet their critical energy needs and achieve greater energy security.

Power Africa is Rooted in Partnership

The United States and its partners will work with an initial set of Power Africa partner countries, including Ethiopia, Ghana, Kenya, Liberia, Nigeria, and Tanzania. These countries have set ambitious goals in electric power generation and are making the utility and energy sector reforms to pave the way for investment and growth. Power Africa will also partner with Uganda and Mozambique on responsible oil and gas resources management.

Power Africa will bring to bear a wide range of U.S. government tools to support investment in Africa's energy sector. From policy and regulatory best practices, to pre-feasibility support and capacity building, to long-term financing, insurance, guarantees, credit enhancements and technical assistance Power Africa will provide coordinated support to help African partners expand their generation capacity and access.

The United States will commit more than \$7 billion in financial support over the next five years to this effort, including:

- The **U.S. Agency for International Development (USAID)** will provide \$285 million in technical assistance, grants and risk mitigation to advance private sector energy transactions and help governments adopt and implement the 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 \$1.5 billion in financing and insurance to energy projects in sub-Saharan Africa.
- The **U.S. Export-Import Bank (Ex-Im)** will make available up to \$5 billion in support of U.S. exports for the development of power projects across sub-Saharan Africa.
- The **Millennium Challenge Corporation (MCC)** will invest up to \$1 billion in African power systems through its country compacts to increase access and the reliability and sustainability of electricity supply through investments in energy infrastructure, policy and regulatory reforms and institutional capacity building.
- **OPIC and the U.S. Trade and Development Agency (USTDA)** will provide up to \$20 million in project preparation, feasibility and technical assistance grants to develop renewable energy projects. These efforts will be coordinated through the U.S. - Africa Clean Energy Finance Initiative (US-ACEF) and supported by the recently launched U.S. - Africa Clean Energy Development and Finance Center (CEDFC) in Johannesburg, South Africa.
- The **U.S. African Development Foundation (USADF)** will launch a \$2 million Off-Grid Energy Challenge to provide grants of up to \$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.
- In 2014, **OPIC and USAID** will jointly host an African energy and infrastructure investment conference. The conference will bring investors, developers, and companies together with U.S. and African government officials to demonstrate the opportunities for investment and the tools and resources available from the U.S. government and other partners to support investment.

Power Africa will also leverage private sector investments, beginning with more than \$9 billion in initial commitments from private sector partners to support the development of more than 8,000 megawatts of new electricity generation in sub-Saharan Africa. Examples of commitments to-date include:

- **General Electric** commits to help bring online 5,000 megawatts of new, affordable energy through provision of its technologies, expertise and capital in Tanzania and Ghana.
- **Heirs Holdings** commits to \$2.5 billion of investment and financing in energy, generating an additional 2,000 megawatts of electricity capacity over next five years.
- **Symbion Power** aims to catalyze \$1.8 billion in investment to support 1,500 megawatts of new energy projects in Power Africa countries over the next five years.
- **Aldwych International** commits to developing 400 MW of clean, wind power in Kenya and Tanzania – which will represent the first large-scale wind projects in each of these countries, and an associated investment of \$1.1 billion.
- **Harith General Partners** commits to \$70 million in investment for clean, wind energy in Kenya and \$500 million across the African power sector via a new fund.
- **Husk Power Systems** will seek to complete installation of 200 decentralized biomass-based mini power plants in Tanzania – providing affordable lighting for 60,000 households.
- **The African Finance Corporation** intends to invest \$250 million in the power sectors of Ghana, Kenya and Nigeria, catalyzing \$1 billion in investment in sub-Saharan Africa energy projects.

Power Africa Will Help Attract Investment in Africa's Energy Sector

Power Africa directly addresses constraints to investment in order to accelerate progress. Instead of taking years or even decades to create an enabling environment for energy sector investment, Power Africa takes a transaction-centered approach that provides incentives to host governments, the private sector, and donors. These incentives galvanize collaboration, producing near-term results and driving forward systemic reforms that pave the way to future investment. To achieve these ambitions, Power Africa includes:

- An interagency Transactions Solutions Team to provide the catalysts needed to bring power and transmission projects to fruition by leveraging financing, insurance, technical assistance, and grant tools from across the U.S. government and our private sector partners.
- Field-based Transaction Advisors, who have already begun their work in each of the partner countries, to help governments prioritize, coordinate, and expedite

the implementation of power projects, while simultaneously building the capacity of existing host government ministries to deliver results.

Power Africa Will Build Capacity for Project Delivery and Energy Sector Reform

Building host-government capacity to develop, approve, finance and ultimately bring power projects on line is critical to the success of the initiative. To support this need, Power Africa will work with host governments to launch or further develop “delivery units” charged with driving progress on specific projects. These delivery units will help increase technical skills and accelerate energy sector regulatory, market structure and enabling environment reforms.

In Tanzania for example, Power Africa will support the “Big Results Now!” program, which is establishing new delivery units within government ministries. In Nigeria, Power Africa will provide staffing support, capacity building and technical assistance to an existing delivery unit. Establishment of a delivery unit in Ghana will be closely coordinated with the MCC’s Compact slated for signature in 2014.

Transparent Natural Resource Management

The recent discoveries of oil and gas in sub-Saharan Africa will play a critical role in defining the region’s prospects for economic growth and stability, as well as contributing to broader near-term global energy security. Yet existing infrastructure in the region is inadequate to ensure that both on- and off-shore resources provide on-shore benefits and can be accessed to meet the region’s electricity generation needs.

Although many countries have legal and regulatory structures in place governing the use of natural resources, these are often inadequate. They fail to comply with international standards of good governance, or do not provide for the transparent and responsible financial management of these resources.

Power Africa will work in collaboration with partner countries to ensure the path forward on oil and gas development maximizes the benefits to the people of Africa, while also ensuring that development proceeds in a timely, financially sound, inclusive, transparent and environmentally sustainable manner.

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