

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**THE AFRICAN TRADE INSURANCE AGENCY**  
**AND**  
**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**(ACTING THROUGH POWER AFRICA)**  
**FOR**  
***REDUCING ENERGY POVERTY AND INCREASING ACCESS TO ENERGY IN AFRICA***



## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is entered into between the African Trade Insurance Agency (“ATI”), a multilateral financial institution established by an International Treaty and registered under Article 102 of the Treaty of the United Nations Charter and having diplomatic privileges and immunities under its Headquarters Agreement with the Republic of Kenya and having its registered office located at Kenya Re Towers, 5th Floor, Off Ragati Road, P.O. Box 10620, GPO 00100, Nairobi, Kenya, and the United States Agency for International Development (“USAID”), acting through Power Africa (“Power Africa”) (each of the ATI and Power Africa hereinafter referred to as a “Participant,” and together, as the “Participants”).

### WHEREAS:

1. USAID intends to implement this MOU through the Power Africa Coordinator’s Office housed within USAID in furtherance of the goals of Power Africa. The ATI intends to implement this MOU through its operational departments with guidance from its Shareholders, Board of Directors, and its Management, and where appropriate, through the Regional Liquidity Support Facility (“RLSF”) and the African Energy Guarantee Facility (“AEGF”).
2. The Participants seek to coordinate their respective strengths, expertise and resources and to support one another’s efforts to (1) catalyze sustainable development of power sectors across sub-Saharan Africa (2) increase the bankability of power transactions in sub-Saharan Africa (3) create jobs and explore potential markets in ATI member countries and the United States. This MOU provides a proposed framework under which joint activities might be based, but it does not impose any legally binding obligations (financial or otherwise) on either of the 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. The United States Congress later unanimously passed the Electrify Africa Act of 2015 (the “Electrify Africa Act”), which represents a legislative achievement and testament to the leadership of Congress in advancing solutions to pressing development issues. On February 8, 2016, the Electrify Africa Act was signed into law, signaling to the global community that expanding electricity access in sub-Saharan Africa is a long-term bipartisan foreign policy priority of the USG.
4. In particular, Section 3 of the Electrify Africa Act states, in part, that “[i]t is the policy of the United States to partner, consult, and coordinate with the governments of sub-Saharan African countries, international financial institutions, and African regional economic communities, cooperatives, and the private sector, in a concerted effort to—(1) promote first-time access to power and power services for at least 50,000,000 people in sub-Saharan Africa by 2020 in both urban and rural areas; [and] (2) encourage the installation of at least 20,000 additional megawatts



of electrical power in sub-Saharan Africa by 2020 using a broad mix of energy options to help reduce poverty, promote sustainable development, and drive inclusive economic growth...”

5. The Electrify Africa Act aligns with and furthers Power Africa’s goals, which targets adding at least 30,000 megawatts (MW) of new, cleaner electrical power capacity and 60 million electrical connections across sub-Saharan Africa by 2030 by drawing upon sub-Saharan Africa’s substantial natural resources. Power Africa involves a partnership-driven model among twelve USG departments and agencies, African governments, multilateral and bilateral development partners and more than 140 private sector partners. By 2030, Power Africa’s deal flow could lead to tens of thousands of U.S. jobs and billions more in U.S. exports.
6. ATI was launched in 2001 with the financial and technical support of the World Bank and the backing of seven African countries. Since 2003, it has supported over \$25 billion worth of trade and investments across the continent, and secured an investment grade rating of ‘A’ from Standard and Poor’s. ATI is a multilateral institution, recognized under a United Nations charter, and today is majority owned by 13 African countries. Its shareholders also include public and private entities, including the African Development Bank (AfDB), the Trade Development Bank, PTA Reinsurance Company, and the Common Market for Eastern and Southern Africa (COMESA). Its mission is to attract investments and to facilitate trade related to its member countries by offering credit and political risk insurance products. Its goal is to help increase investments into its African members countries and two-way trade flows between Africa and the world. ATI’s standard product portfolio includes: commercial credit risk insurances, political risk insurances, political violence, terrorism and sabotage insurances, and bond insurance.
7. ATI is in the process of setting up two new facilities in 2017: the RLSF and the AEGF. The RLSF is designed to help Independent Power Producers (“IPPs”) to obtain the liquidity that they need in the event that their off-taker delays payment. The RLSF will provide immediate cash collateral supported by guarantees to a bank that will in turn open a standby L/C to the benefit of the IPP. KfW co-developed the RLSF, which is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) with an investment grant of EUR €31.6M (USD \$36.8M), and a technical assistance grant of EUR €1.3M (USD \$1.5M). ATI will implement the RLSF. The AEGF, to be launched in the second half of 2017, will increase ATI’s capacity to insure (and reinsure) large and very large projects. It is funded by the European Investment Bank (“EIB”) and MunichRe.
8. To advance the goals of ATI vis-à-vis its African member countries, and with reference to ATI’s Treaty and Charter, as well as the goals of Power Africa and the Electrify Africa Act, the ATI intends to support power projects in sub-Saharan African countries for an aggregate of **400 MW, and 500,000 new indirect electricity connections by 2020** (see Attachment I). ATI intends to advance its pipeline of projects, and work closely with banks, investors, financial advisors and governments to bring them to financial close. ATI intends to leverage existing insurance products and its two new facilities to collaborate with Power Africa partners, in particular U.S. companies, and to advance power deals in sub-Saharan Africa.



**AND**

**CONSIDERING THAT**, the Participants' efforts to advance the energy sector in sub-Saharan Africa, including through the provision of viable finance and insurance products, are intended to create favorable market conditions and attract investment. Increasing access to electricity would enhance energy security, decrease poverty, and advance economic growth.

**CONSIDERING THAT**, through coordination and collaboration among the Power Africa Coordinator's office in Pretoria, South Africa and Washington, D.C., working with the USG agencies and departments supporting Power Africa, and the ATI's operational departments supported by its Shareholders, Board of Directors and Management, the Participants intend to work together to support key activities that meet the shared goals of improving sub-Saharan Africa's energy investment environment, and increasing energy availability and access in Africa through Power Africa.

**CONSIDERING THAT**, the Participants intend to leverage one another's expertise, relationships and resources to achieve their shared goals to accelerate Africa's renewable energy potential and expand energy access across the continent.

**NOW THEREFORE**, desiring to establish a mutually beneficial collaboration, the Participants hereby record the following intentions:

**SECTION I**  
**Partnership Focus Areas**

The primary intention of the partnership between the ATI and USAID is to deepen collaboration to bring additional power projects to financial close and increase energy access, for the purpose of reducing energy poverty in sub-Saharan Africa. This will strengthen ATI's intention of supporting 400MW and creating 500,000 new electricity connections, aligning with, Power Africa's goals to bring 20,000 new MWs to financial close and establish 50 million first-time electricity connections by 2020. To achieve this, the Participants intend to collaborate by sharing information and exploring opportunities on the following issues:

- 1. Identify opportunities to collaborate in support of the RLSF and the AEGF.** The Participants intend to collaborate in support of the RLSF and AEGF, and with their partners KfW, EIB, and MunichRE in the following ways: (i) identify eligible projects to access the RLSF and AEGF; and (ii) create linkages between the RLSF, AEGF and USAID's Development Credit Authority. In addition, Power Africa intends to undertake the following: (a) facilitate RLSF engagement with host governments, (b) where feasible, provide technical assistance to help ATI understand the IPP, regulatory and legal frameworks in priority areas of operation, and (c) engage Transaction Advisors to provide support to ATI's efforts.
- 2. Leverage financial guarantees and insurance products to facilitate power sector transactions.** Each Participant has technical skills, resources and expertise related to creating and managing financial guarantees and/or insurance products for the benefit of power project



development. The Participants intend to coordinate their efforts in this space, including by sharing their respective strategic approaches and coordinating support to assist power projects, including Power Africa projects and in particular U.S. company-affiliated projects, to access credible, sustainable financial and insurance products. Specific geographical areas for collaboration will include ATI's thirteen member countries (Benin, Burundi, Cote d'Ivoire, Democratic Republic of Congo, Ethiopia, Kenya, Madagascar, Malawi, Rwanda, Tanzania, Uganda, Zambia, Zimbabwe) but may expand beyond this as the need and opportunity arises. This collaboration may include sharing and aggregating project information and pipeline and leveraging the Power Africa Tracking Tool. Such collaboration might include, but not be limited to, joint missions to countries where the Participants are working together, as well as regular meetings between U.S. Embassy and ATI personnel in particular countries to advance the goals of this MOU.

- 3. Advocacy and capacity building assistance.** Both the ATI and Power Africa intend to support each other, through Power Africa teams at various US Embassies and other representatives in Africa, in working with government officials of particular African countries, power companies or potential consumers. Power Africa will endeavor to provide capacity building assistance to ATI member countries, insurance product recipients, and financial intermediaries as and when deemed appropriate.

The above list is illustrative. The Participants' planned areas of collaboration are not intended to be limited to these activities. Where applicable, the Participants intend to jointly mobilize and deploy their resources in support of the energy programs and projects they prioritize through this collaboration. An Implementation Framework will be used to track progress against commitments (see Attachment II).

## **SECTION II**

### **General Intentions of the Participants**

1. The Participants intend to carry out their respective objectives under this MOU in conformity with their respective laws, regulations, rules, procedures and internal policies.
2. The Participants intend to join efforts and to maintain a close working relationship in order to achieve the objectives of this collaboration. Power Africa and ATI will designate a point of contact (POC) for the partnership. The Participants intend to inform their respective personnel in sub-Saharan Africa and their respective interagency counterparts of this joint commitment to collaboration between Power Africa and the ATI.
3. 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 in order to evaluate the progress of implementation of this MOU and to introduce or modify activities, as deemed necessary. As part of this collaboration, the Participants intend to share information regarding deal flow and new tenders and quotas to power production through renewable and conventional energy sources in the African countries, with the consent of other partners, as relevant. Power Africa's Development Partnerships team will invite ATI to



participate in a quarterly data verification event to ensure that information on ATI supported power generation transactions is included in the PATT.

4. The Participants endeavor to honor each other's confidentiality policies, with the mutual understanding that the Participants intend to publicize this alliance and its objectives without disclosing any information shared by one Participant with another that it designated as confidential or proprietary.
5. Neither Participant intends to use, in any manner whatsoever, the name, emblem, logo or official seal of the other Participant, or any abbreviation thereof in connection with their business, mission or otherwise, unless expressly authorized by the other Participant in writing.
6. The Participants intend to coordinate with each other on all press releases or public statements regarding collaboration activities under this MOU.

### **SECTION III** **General Provisions**

1. **Modifications.** This MOU may be modified by mutual written consent of the Participants.
2. **Duration and renewal.** This MOU begins on the date of the last signature below and is intended to remain in place until **December 31, 2020**. This MOU may be renewed by mutual consent of the Participants in writing.
3. **Termination.** This MOU may be terminated by mutual consent of the Participants, or by either Participant acting alone, with the expectation that such Participant will provide sixty (60) days' prior written notice to the other Participant.
4. **Non-binding expression of intent.** This MOU is not legally binding in any respect upon either Participant and only represents an expression of the intentions of the Participants. It does not, nor is it intended to, create any binding legal, financial or other rights or obligations for either Participant under domestic or international law.

### **SECTION IV** **Points of Contact**

Any notices pursuant to this MOU may be given in writing and delivered to the following points of contact, or at such other address as may be given from time-to-time:

In the case of Power Africa:

Power Africa/U.S. Embassy/Pretoria  
100 Totius Street, Groenkloof,  
Pretoria, South Africa 0027

Attention: Power Africa Coordinator  
Telephone: +27 12 452-2000

In the case of the African Trade Insurance Agency:

The Chief Executive Officer  
The African Trade Insurance Agency  
Kenya Re Towers, 5th Floor, Off Ragati Road  
P. O. Box 10620  
GPO 00100  
Nairobi, Kenya  
Fax : +254-20-271-9701  
Tel: +254-20-272-6999  
E-mail: [info@ati-aca.org](mailto:info@ati-aca.org)

*[Signature page follows.]*



**IN WITNESS WHEREOF**, this Memorandum of Understanding has been duly executed by the authorized representative of the Participants in two (2) original counterparts in English, each of which shall be deemed to be an entire and original text.

SIGNED at Nairobi on 25<sup>th</sup> Sept, 2017.

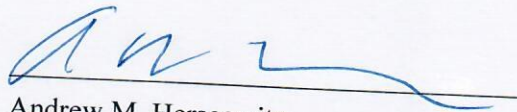
**FOR THE AFRICAN TRADE  
INSURANCE AGENCY:**

**FOR THE UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT:**



By: George Otieno

Title: CEO



Andrew M. Herscovitz

Coordinator, Power Africa

**Attachments:**

- I. ATI Statement of Commitment to Support and Engage with Power Africa
- II. Draft Implementation Framework