

**Appendix**

**COOPERATION FRAMEWORK**

**Between**

**THE GOVERNMENT OF KENYA,  
ACTING THROUGH THE MINISTRY OF ENERGY,**

**And**

**THE GOVERNMENT OF THE UNITED STATES OF AMERICA,  
ACTING THROUGH THE UNITED STATES AGENCY FOR INTERNATIONAL  
DEVELOPMENT,**

**Regarding**

**Power Africa Activities in Kenya**

THIS COOPERATION FRAMEWORK (“2018 Power Africa CF”) is made between the Government of Kenya (“GOK”), acting through its Ministry of Energy (“MOE”), and the Government of the United States of America (“USG”), acting through the United States Agency for International Development (“USAID”) (the USG and GOK, each hereinafter referred to as a “Participant”, and together, as the “Participants”). This CF replaces the Power Africa Cooperation Framework signed on July 18 and July 30, 2014 (“2014 Power Africa CF”) (attached). This CF sets forth the intentions of the Participants to further align their efforts. This CF provides a general framework on which joint activities should be based for implementation purposes. This CF does not impose any legally binding obligations (financial or otherwise) on either of the Participants.

**WHEREAS:**

The USG 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 electrical power capacity and 60 million new electricity connections across sub-Saharan Africa by 2030 by unlocking sub-Saharan Africa’s wind, solar, hydropower, gas, geothermal and other resources. Subsequently, the U.S. Congress passed the Electrify Africa Act of 2015, through which Power Africa aims to add more than 20,000 MW of new power generation, and to connect 50 million people to electricity in sub-Saharan Africa by 2020.

Power Africa is a partnership among USG departments and agencies, African governments, multilateral and bilateral development partners and more than 140 private sector partners. The USG’s initial commitment of \$7 billion has since leveraged more than \$54 billion in total commitments from its public and private sector partners to date. Power Africa currently is tracking more than 800 potential power-generation projects in sub-Saharan Africa.

Under the new Power Africa Strategy unveiled in March 2018 (Power Africa 2.0), the USG intends to increase its focus on access, transmission and distribution infrastructure, the necessary enabling environment for sustained private investment in the power sector, and facilitating African countries' journey towards self-reliance. In particular, the USG plans to support critical reforms and strong power sector institutions, with a particular focus on improving the operational and financial performance of utilities. It intends to specifically target reforms necessary to level the playing field for investors, including U.S. businesses, and increase investor confidence, such as strong legal and regulatory frameworks, strategic integrated energy sector planning, and clear and transparent procurement processes.

Power Africa draws on the tools of multiple USG agencies, including USAID, the Department of State ("State"), the Overseas Private Investment Corporation ("OPIC"), the Export-Import Bank ("EXIM"), the U.S. Trade Development Agency ("USTDA"), the Millennium Challenge Corporation ("MCC"), the Department of Treasury, the Department of Commerce ("DOC"), the Department of Energy, the U.S. African Development Foundation ("USADF"), the U.S. Department of Agriculture, and the U.S. Army Corps of Engineers, to partner with the private and public sectors to increase significantly the amount of electricity available in sub-Saharan Africa, and expand access to homes and businesses. USAID coordinates Power Africa and serves as the Power Africa Secretariat, led by the Power Africa Coordinator appointed by the USAID Administrator.

**AND**

**Considering that**, the GOK and the USG share a long history of partnership, including but not limited to the 2014 Power Africa CF;

**Reaffirming that**, the joint commitments they made under the 2014 Power Africa CF to support the development of Kenya's power sector;

**Considering that**, the GOK seeks to achieve universal electricity access by 2020, has further identified infrastructure development as a strategic priority in the Kenya Vision 2030 strategic framework, and has articulated an economic development agenda known as the "Big Four", which sets targets in the areas of food security, affordable housing, manufacturing, and healthcare, to be achieved by the year 2022;

**Considering that**, the GOK acknowledges electricity to be a critical enabler in the realization of the Big Four economic development agenda;

**Reaffirming that**, the joint commitments made in the 2014 Power Africa CF to increase electricity generation capacity and expand electricity access through a complementary focus on increased private sector investment and public policy reform;

**Considering that**, since Power Africa's launch in 2013, Kenya has added 4.4 million new electricity connections and over 1 million additional connections through solar home systems to off-grid customers, and 572 new MW of power generation, bringing the total installed generation capacity to 2,340 MW;

**Considering that** Power Africa and its partners have helped increase off-grid connections since 2013, and have helped bring an additional 477 MW of new power generation to financial close that are now under construction; and

**Considering that,** working together, by 2023, Power Africa and Kenya aim to add up to 5.45 million new connections, both on and off-grid, and 2,100 MW of new generation capacity,

**Now, therefore,** desiring to establish a mutually beneficial cooperation, the Participants have reached the following understandings:

## **SECTION I PARTNERSHIP FOCUS AREAS**

The Participants intend to collaborate on the following issues:

1. **Advance power generation transactions.** The Participants intend to work together to bring power sector transactions to financial close and commercial operation.
2. **Strengthen the Enabling Environment.** The Participants intend to work together to advance needed enabling environment reforms, including, but not limited to a strong, transparent legal and regulatory framework, clear and transparent procurement, cost-reflective, affordable and competitive tariffs, and credit-worthy off-taker.
3. **Deepen Collaboration to Expand Electricity Access.** The Participants intend to enhance their collaboration through support in planning and development of robust transmission and distribution systems with improved technical and commercial efficiency to enable the achievement of universal electricity access. Focus also is intended to be given to the off-grid and mini-grid interventions to ensure areas far from the interconnected grid utilize available interventions to access acceptable levels of electrification.
4. **Facilitate cross-border trade.** The Participants intend to work together to develop principles and frameworks which will support cross-border electricity trade.

The above list of issues is illustrative and the Participants' planned areas of collaboration under Power Africa are not intended to be limited to these activities.

## **SECTION II GENERAL INTENTIONS OF THE PARTICIPANTS**

### **GOK Intentions:**

The GOK expresses its continued support for Power Africa, which continues to align with GOK objectives outlined in Vision 2030 and the economic development agenda known as the "Big Four."

*General Intentions:*

1. Accordingly, the GOK reaffirms its intention to achieve Universal Electricity Access by 2022, through increased energy generation and connections, and engaging in activities to promote:
  - a. The adequate, reliable and cost-effective electricity supply; and
  - b. A conducive environment for private-sector investment in the energy sector.

*Specific Intentions:*

2. Accordingly, the GOK intends to carry out, inter alia, key policy reforms and activities to support the following:
  - a. Enactment of the 2017 Energy Bill, and strong, transparent legal and regulatory frameworks that facilitate both public and private investment in the power sector, including clarifying policy and regulations related to off-grid technologies and public-private partnerships (“PPP”);
  - b. Cost-reflective, affordable and competitive tariff structures and creditworthy off-taker;
  - c. Technical and commercial efficiency of energy sector entities, including steps to improve the operational and financial performance of the Kenya Electricity Generating Company (“KenGen”), Kenya Electricity Transmission Company (“KETRACO”), and the Kenya Power and Lighting Company (“KPLC”);
  - d. Clear and transparent procurement processes to build investor confidence, which may include renewable energy auctions, best-value procurements, streamlined processes with standardized Power Purchase Agreements and Government Letters of Support, and ultimately the transition to competitive procurements to increase transparency in bidding, crowd in new investors (including U.S. businesses), and drive down power costs;
  - e. Sound, strategic, and integrated electricity sector planning that leverages regional power resources and promotes a strong regional power pool;
  - f. Reliable system operations in line with the new Kenya Electricity Grid Code, and regional interconnectors in accordance with the East African Power Pool’s Interconnection Code to facilitate cross-border power trade;
  - g. Streamlined and transparent processes for regulatory approvals and licenses to support project development;

- h. Strategic use of on-grid, off-grid, and small-scale solutions in realization of Universal Access objectives;
  - i. Adherence to internationally-recognized environmental and social safeguard standards and best practices, including community engagement; and
  - j. Gender equality and female empowerment.
3. The GOK intends to provide quarterly updates on newly connected consumers in a format agreed to with Power Africa and KPLC.
4. The GOK expresses its appreciation and support for the resources (including human, in-kind, and financial) that USG agencies intend to make available through Power Africa.

### **USG Power Africa Intentions:**

The USG expresses its continued support for the GOK to implement its commitments outlined in the 2014 Power Africa CF and this CF.

#### *General Intentions:*

1. Power Africa intends to draw on the expertise and resources of various USG agencies as appropriate to unlock energy resources, enhance energy security, decrease poverty, and advance economic growth in Kenya. The USG, through its on-going Power Africa development programs across sub-Saharan Africa, seeks to continue to support institutions maintaining a willingness, capability, and commitment to establish an environment conducive to private investment. In addition to its on-going development plans, and subject to the availability of funds, the USG plans to take the following steps:

#### *Specific Intentions:*

2. Across all of sub-Saharan Africa, Power Africa support may include, but is not intended to be limited to the following:
  - a. The USG, through USAID, intends to provide more than \$150 million over the next two years to achieve the objectives of this MOU, subject to the availability of funds. Additional resources are expected to be committed in subsequent years subject to the availability of funding. USAID plans to continue to provide a wide range of technical assistance in support of utilities, host-government institutions, the private sector, and other power sector entities. This assistance is expected to focus on expanding market opportunities by strengthening institutional and technical capacity and advancing critical power sector reforms.
  - b. The USG, through OPIC, intends to make financing and insurance support available to energy projects in sub-Saharan Africa.

- c. The USG, through EXIM, intends to endeavor to mobilize up to \$5 billion in support of U.S. exports for the development of power projects across sub-Saharan Africa with the expectation that this will increase trade opportunities for Power Africa Countries, thus increasing economic growth.
- d. The USG, through the DOC's U.S. and Foreign Commercial Service intends to work to facilitate and promote commercial opportunities for U.S. companies as such opportunities are developed by Power Africa teams on the ground. The Commercial Service has an active working relationship with U.S. Government funding agencies, including EXIM, OPIC and USTDA. Utilizing this working relationship, Commercial Service staff assist U.S. exporters to package their products with attractive financing, often helping to overcome obstacles and deliver successful results.
- e. The USG, through the DOC, aims to focus on driving investment into power generation projects in Africa by providing technical assistance to African governments through the Office of the General Counsel's Commercial Law Development Program.
- f. The USG, through USTDA, has greatly expanded its support for energy project preparation. USTDA has greatly increased its energy portfolio in sub-Saharan Africa since the launch of Power Africa, supporting 76 Power Africa projects and activities that have the potential to support 2,910 MW of new generation capacity and leverage over \$9.7 billion in financing from public and private sources. USTDA intends to support additional project planning assistance that helps early-stage energy projects achieve financial close and implementation.
- g. The USG, through MCC, is implementing power-sector compacts valued at approximately \$1.5 billion in Malawi, Liberia, Ghana and Benin, along with a threshold program partly focused on power in Sierra Leone. In addition, MCC is developing power sector focused compacts in Senegal and Burkina Faso and a threshold program partly focused on power in The Gambia.
- h. State, through its overseas embassies and Washington-based offices, engages African governments through diplomacy and technical assistance to advance technical and policy reforms that stimulate private investment and encourage good governance in the power sector. State also provides commercial advocacy and commercial services to support U.S. companies in Africa, including energy investments.
- i. The USG, through USADF, along with USAID and General Electric Africa, has awarded more than 75 grants worth more than \$7.5 million to African-owned and managed local entrepreneurs through the Power Africa Off-Grid Energy Challenge, which has resulted in more than 40,000 new connections in remote areas of nine countries, leveraging over \$4.5 million in private investments with the goal to create more than 49,000 new connections. USADF intends to provide up to \$100 million to Sub-Saharan Africa over the next three years across its energy, agriculture and youth entrepreneurship portfolios, subject to the availability of funds.

- j. The Department of Energy supports Africa's energy security growth and investment, and facilitates implementation of a broad range of energy solutions, including clean coal, natural gas, nuclear and renewable energy by engaging African governments via technical assistance and policy engagement and by supporting U.S. energy investment in Africa.
3. In Kenya, Power Africa support is intended to include, but may not be limited to:
    - a. Support to the GOK and utilities to improve their power generation, transmission and distribution planning, which may include without limitation updating their electricity demand forecasts and least cost generation and procurement plans, properly aligning their generation and transmission sub-sectors, optimizing the use of on and off-grid solutions in support of the GOK's goal to achieve universal access, and optimizing the potential regional power trade to mitigate oversupply;
    - b. Support the GOK to develop and implement a renewable energy auction framework to effectively address the pipeline of renewable energy projects;
    - c. Support the MOE in implementing strategies to restructure tariffs;
    - d. Support the Energy Regulation Commission in the implementation of the new Grid Code and the development and implementation of transmission wheeling tariffs;
    - e. Work with the KenGen to implement its Horizon II growth strategy and advance projects in its pipeline, including public-private partnerships;
    - f. Support KETRACO on transmission project management and the development of transmission projects using a PPP model;
    - g. Support the implementation of the 2017 Energy Bill once enacted, and strengthen the capacity of County Governments to develop and implement their respective County Energy Plans in accordance with the Bill;
    - h. Support KPLC in implementation of the 2018-2023 Corporate Strategy, and in development/implementation of a distribution masterplan to strengthen the system, improve operational efficiencies and performance, achieve loss reductions, and provide a robust distribution grid capable of supporting Kenya's universal electrification goals;
    - i. Work with KPLC, KETRACO and the private sector to ensure Kenya's operational and commercial readiness for regional power trade with other EAPP member states;
    - j. Support the development and implementation of the Ethiopia-Kenya-Tanzania power wheeling framework, to leverage regional power resources and promote a strong regional power pool;

- k. Support efforts to level the investment playing field, including best-value procurements, streamlined processes with standardized Power Purchase Agreements and Government Letters of Support, and ultimately the transition to competitive procurements to increase transparency in bidding, crowd in new investors (including U.S. businesses), and drive down power costs; and
- l. Support development policies and regulations related to off-grid technologies and public-private partnerships to promote private investment across the power sector.

**SECTION III  
GENERAL PROVISIONS**

- 1. The Participants may modify this CF by mutual consent. The Participants should memorialize such modifications in writing.
- 2. This CF is intended to take effect on the date listed on the signature page below, and to remain in effect until December 31, 2023. The Participants may renew this CF by mutual consent. The Participants should memorialize such renewals in writing.
- 3. Either Participant may discontinue this CF at any time. The discontinuing Participant should endeavor to provide at least sixty (60) days' prior written notice to the other Participant.
- 4. This CF is a non-legally binding expression of the current intentions of the Participants. It does not, nor is it intended to, create or impose any binding legal or financial rights or obligations on either Participant under domestic or international law.
- 5. The Participants intend to work together to develop an Implementation Plan for this CF with key targets and goals that describes the roles and responsibilities of different entities and to monitor progress towards those goals.

**SECTION IV  
POINTS OF CONTACT**

Any notices pursuant to this CF may be given in writing and delivered to the following points of contact:

In the case of USAID/Power Africa:

U.S. Embassy Nairobi  
United Nations Avenue, Gigiri  
P. O. Box 629, Village Market 00621  
Nairobi, Kenya.  
Email: [usaidke@usaid.gov](mailto:usaidke@usaid.gov)

United States Agency for International Development  
1300 Pennsylvania Avenue NW  
Washington, D.C. 20523  
Attention: Power Africa Coordinator's Office  
Email: [powerafrica@usaid.gov](mailto:powerafrica@usaid.gov)

In the case of the MOE:

Ministry of Energy  
Kenyatta Avenue,  
P.O Box 30582-00100  
Nairobi, Kenya.  
Email: [ps@energymin.go.ke](mailto:ps@energymin.go.ke)  
Attention: Principal Secretary

or at such other contact information as may be given from time-to-time.

Signed at Nairobi, in two originals, in the English language:

FOR THE GOVERNMENT OF  
KENYA, ACTING THROUGH ITS  
MINISTRY OF ENERGY:

FOR THE GOVERNMENT OF  
THE UNITED STATES OF AMERICA,  
ACTING THROUGH THE UNITED  
STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT:

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Dr. Eng. Joseph K. Njoroge, CBS  
Principal Secretary,  
Ministry of Energy.

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Andrew M. Herscowitz  
Power Africa Coordinator,  
United States Agency for International  
Development.

Date:

Date:

*Witnessed by:*

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Robert F. Godec  
U.S. Ambassador to Kenya

Date: