MEMORANDUM OF UNDERSTANDING
BETWEEN
EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK
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 Eastern and Southern African Trade and Development Bank (hereafter "TDB" or "Trade and Development Bank"), a multilateral African financial institution, and the United States Agency for International Development ("USAID"), acting through Power Africa ("Power Africa") (each of TDB 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. TDB intends to implement this MOU through its operational departments with guidance from its Shareholders, Board of Directors, and its Management.

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, and (3) create jobs and explore potential markets in TDB member countries and the United States. This MOU provides a 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 the goals of ‘Power Africa’, 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.
6. Power Africa involves a partnership-driven model among twelve USG departments and agencies, African governments, seventeen (17) multilateral and bilateral development partners, and 145 private sector partners. New partners that offer strategic value to Power Africa are added on a recurrent basis. By 2030, Power Africa’s deal flow could lead to tens of thousands of new jobs and tens of billions of dollars of foreign direct investment.

7. TDB was established in 1985 under the Treaty of 1981 that established the Common Market for Eastern and Southern Africa (COMESA) and for which TDB is the financial arm. At the end of 2017, TDB reported USD $5.26 billion in assets and in secured its first investment grade rating from Moody’s and Global Credit Ratings (“GCR”). TDB membership includes COMESA and non-COMESA states, non-regional countries, and institutional shareholders. As of 2018, membership includes: 21 member states, the People’s Republic of China (the People’s Bank of China), the Republic of Belarus (Paritebank) and 13 institutional investors, including the African Development Bank (AfDB), the Rwanda Social Security Board and the Organization of Petroleum Exporting Countries (OPEC) Fund for International Development (OFID). Its mission is to be at the forefront of extending reliable financial and non-financial services to advance trade, development, and regional economic integration through customer-focused and innovative instruments. Its goal is to be the preferred and leading regional development financial institution in Eastern and Southern Africa. TDB’s standard product portfolio includes: debt, equity, quasi-equity and guarantees.

8. To advance the goals of TDB vis-à-vis its African member countries, and with reference to TDB’s Charter (1985), as well as the goals of Power Africa and the Electrify Africa Act, TDB intends to increase its exposure in the energy sector from 8% to approximately 20% of the loan book (USD 400 million) for power sector financing in sub-Saharan Africa (see Attachment I). TDB further intends to leverage its suite of existing financial products and lines of credit, including an existing $50 million loan facility made available for power sector lending to TDB by Standard Chartered Bank, and supported by a USAID Development Credit Authority (DCA) guarantee, to collaborate with USAID as well as the various other U.S. Government agencies and departments involved in Power Africa, and other 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., United States of America, working with the USG agencies and departments supporting Power Africa, and TDB’s operational departments guided by 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 TDB and USAID is to deepen collaboration to bring additional power projects to financial close, support transmission and distribution line expansion, and increase energy access, for the purpose of reducing energy poverty and promoting economic growth in sub-Saharan Africa. This will be aligned with Power Africa’s goals to bring 30,000 new MWs to financial close and establish 60 million first-time electricity connections by 2030. To achieve this, the Participants intend to collaborate by sharing information and exploring opportunities on the following issues:

1. Leverage financial products and cooperation opportunities to advance power sector transactions: Each Participant has technical skills, resources and expertise related to creating and managing financial products for the benefit of power project development. The Participants intend to (a) 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 solutions including but not limited to lines of credit, co-financing, blended financing, syndicated loans, bilateral loans and guarantees through Power Africa related institutions and TDB’s suite of financial products, (b) identify ways in which to reduce the cost of capital, and (c) encourage deal referral. Specific geographical areas for collaboration will include TDB’s member countries within Sub-Saharan Africa from time to time (currently Burundi, Comoros, Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Seychelles, Somalia, Sudan, South Sudan, Swaziland, Tanzania, Uganda, Zambia and 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 Power Africa teams at U.S. Embassies and TDB personnel in particular countries to advance the goals of this MOU.

2. Identify opportunities to provide Transaction Advisory assistance. Where feasible and appropriate, USAID and/or the other U.S. Government agencies and departments involved in Power Africa shall provide transaction advisory assistance through its implementing partners to
support TDB’s pipeline of power sector transactions as and when the need arises, including (a) to support detailed feasibility and environmental studies to bring power transactions to a bankable stage, (b) to provide guidance regarding the IPP, regulatory and legal framework in priority areas of operation, and (c) to share market intelligence and insights.

3. **Capacity building assistance.** TDB on the one hand, and USAID and the other U.S. Government agencies and departments involved in Power Africa on the other hand, intend to support each other, through Power Africa teams at various U.S. Embassies and other representatives in Africa, in working with government officials of particular African countries, power companies or potential consumers. USAID and/or the other U.S. Government agencies and departments involved in Power Africa will endeavor to provide capacity building assistance to TDB staff through seminars and training events.

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 jointly developed and 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. USAID and/or the other U.S. Government agencies and departments involved in Power Africa and TDB will each 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 USAID and/or the other U.S. Government agencies and departments involved in Power Africa and TDB.

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, transmission and distribution across renewable and conventional energy sources in the relevant African countries, with the consent of other partners, as relevant. Power Africa’s Development
Partnerships team will invite TDB to participate in a quarterly data verification event to ensure that information on TDB supported power sector transactions are included in the Power Africa Tracking Tool (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.

7. To ensure compliance with country and activity prohibitions and restrictions, USAID’s contributions to individual projects and activities developed under this MOU must be vetted for consistency with applicable U.S. legal restrictions and authorities.

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, 2023. 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 USAID (acting through Power Africa):

USAID (acting through 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 Trade and Development Bank

Eastern and Southern African Trade and Development Bank
TDB, Nairobi Office
197 Lenana Place, Lenana Road
P.O.Box 48596-00100
Nairobi, Kenya
Attention: The President and the Executive, Corporate Affairs and Investor Relations
+254 732 192 000

[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 Johannesburg on 7 November 2018.

FOR THE EASTERN AND SOUTHERN FOR THE UNITED STATES AGENCY FOR AFRICAN TRADE AND DEVELOPMENT INTERNATIONAL DEVELOPMENT: BANK

By: Admassu Tadesse
Title: President

By: Ramsey Day
Title: Senior Deputy Assistant Administrator
Africa Bureau

By: Mary Kamari
Title: Executive, Corporate Affairs & Investor Relations

Attachments:

I. TDB Projects to be Incorporated under this MoU
II. Draft Implementation Framework