THE IMPETUS & OPPORTUNITY
Access to electricity is an essential driver of sustainable economic growth and development, yet only 24 percent of African households have access to reliable power. Without dependable electricity, businesses struggle to meet demand, often relying on highly expensive diesel generation. To meet the power need in Africa, it is estimated that $40 billion in investment is needed annually, which far outstrips the capacity of governments or donors. Therefore, to meet Africa’s power demand, investment must be driven by the private sector.

To help address this need, a working group of IGD network CEOs and senior executives have come together to create a new power development approach that will dramatically shorten the time between conceptual need and commercial operation date of new power facilities. In doing so, the working group hopes to create a standardized, replicable process necessary to meet Africa’s power needs in a more timely way. We anticipate that this will enable significantly greater investment by streamlining the investment process and engaging more potential investors.

THE NEW APPROACH
The working group employs the following approach:

- Developing standardized documentation (e.g., power purchase agreements) with buy-in from developers, lenders, and governments.
- Working with USAID, AFDB, DFID, and others to address barriers to project development including the need for feasibility studies, engineering work, etc.
- Selecting three to four countries to demonstrate that the approach can work in multiple contexts.
- Identifying investment-ready projects as pilots to prove the approach.
- Implementing a replicable process that is simplified and applicable in multiple countries.
- Sharing these projects with a range of potential investors and project participants, including independent power developers, financial institutions, equipment manufacturers,

GOALS
The working group aims to bring significant megawatts on stream in a reduced time frame, removing years from the current process and facilitating millions of dollars in increased investment.

BACKGROUND: IGD & POWER AFRICA
In June 2013, President Barack Obama announced Power Africa, a U.S. Government initiative that brings together public sector and private sector partners to bridge the gap between Africa’s power shortage and its economic potential. IGD was honored to be named a founding partner of this initiative, and will make available the standardized documentation and pre-fabricated package developed in the working group.
and engineering, procurement, and construction companies.

- **Advocating for improvements in policies** at the U.S. and local government levels.

**UPDATE**

In March 2014, with IGD’s Chairman Robert Mosbacher Jr., participating as a key advisor, the Department of Commerce’s Commercial Law Development Program (CLDP) hosted a successful meeting with twenty leading power project finance attorneys as well as investors, lenders, and offtakers on creating a standardized annotated PPA document.

The “PPA Annotation Handbook” has been recently published and the initial results were presented to participants at the “Driving Private Investment in Power Africa” event. This event was hosted in collaboration with the United States Department of Commerce in August, 2014. At the event, IGD convened a panel of top CEOs and senior executives from IGD member companies for a roundtable discussion. The panel was attended by African government officials and private sector leaders visiting Washington, D.C. for the U.S.-Africa Leaders Summit. Participating IGD member companies included ContourGlobal, Symbion Power, Africa Finance Corporation (AFC), General Electric Company (GE), Standard Chartered Bank, Press Corporation Limited (PCL), and SkyPower.

**THE WORKING GROUP**

The working group meets periodically to review progress on the initiative and provide guidance. Rob Mosbacher, IGD member and Board Chair, chairs the group.

**IGD MEMBERS:**

- Andrew Alli (President & CEO, Africa Finance Corporation, Nigeria)
- Henry Aszklar (CEO, Africa Power International)
- Joe Brandt (CEO, ContourGlobal)
- Mathews Chikaonda (Group CEO, Press Corporation Limited, Malawi)
- Shahzaad Dalal (Vice Chairman, IL&FS Investment Managers)
- Brian Herlihy (CEO, Black Rhino Group and Former CEO & Founder, SEACOM)
- Paul Hinks (CEO, Symbion Power)
- Robert Mosbacher, Jr. (Former President & CEO, OPIC and Chairman, Mosbacher Energy Company)
- Brian Kubeck (Sithe Global)
- Kerry Adler (SkyPower Global)

**EXTERNAL MEMBERS:**

- Stuart Solsky (Partner, Baker Botts)
- David Powers (Partner, Baker Botts)
- Bobby Pittman (Managing Director, Kupanda Capital)

**BACKGROUND**

(continued)

As a founding partner of Power Africa, IGD has been a close partner with the U.S. Government to reach the goal of doubling access to power in sub-Saharan Africa. At IGD’s urging and continuing support, the U.S. Department of Commerce, with support from USAID, is currently working with government and private sector stakeholders in sub-Saharan Africa to streamline the project development process through the annotation and explanation of core provisions in power purchase agreements (PPAs) and related documents. Specifically, it is providing technical assistance to African governments through the Department of Commerce’s Commercial Law Development Program (CLDP).