

IMPROVING THE ENABLING ENVIRONMENT CREATING SELF-RELIANCE IN THE POWER SECTOR

Updated March 2024

Power Africa partners with African governments, utilities, and professional associations to strengthen the enabling environment for strong, functional, and sustainable power systems. The energy sector reforms we support pave the way for increased megawatts and connections needed to achieve universal energy access across the continent, and contribute to our partner countries' agendas for socioeconomic development and environmental sustainability.



POWER AFRICA ENABLING ENVIRONMENT FOCUS AREAS



Transparent Legal and Regulatory Frameworks: Power Africa advocates for and helps develop well-crafted independent power producer (IPP) laws and other legislation that establish clear lines of accountability among private developers, governments, and regulators. These types of reforms reduce investor risk and encourage increased private investment. Our efforts are strengthening Africa's regulators, helping them become more politically independent, have clear authorities, and make evidence-based decisions.



Sound, Strategic, and Integrated Power Sector Planning: Power Africa supports governments undertaking long-term power sector planning that prioritizes an optimal generation mix, distribution and transmission infrastructure and off-grid solutions. Planning provides clarity for developers and investors by outlining a clear vision for sector development.



Clear and Transparent Procurement Processes: Power Africa supports competitive procurement processes that reflect international best practices, increase investor confidence, lower costs, and facilitate sustainable investments.



Utility and Electricity Tariff Reform: Creditworthy, commercially viable utilities and cost-reflective tariffs are essential for power sector expansion. Power Africa draws on energy expertise to strengthen utility operations and management and determine the true cost of delivering power.



Strengthened Environmental & Social Standards and Gender Equality: Power Africa offers companies and countries the tools to mitigate identified environmental impacts and meaningfully engage local communities, thus de-risking transactions and creating shared value for all stakeholders. We support programs to promote women's participation in the energy sector and ensure that women and men benefit equally from increased access to electricity.



Strengthened National and Regional Power Pools: Power Africa provides technical and budgetary support to regional power pools to facilitate cross-border trade, enhance energy security, and harness regional energy resources at a lower cost.

POWER AFRICA ENABLING ENVIRONMENT INTERVENTIONS

Each country's power sector has its own unique structure. Power Africa tailors our policy reform support based on careful analysis and feedback from our private sector and government partners.

SENEGAL

In Senegal, USAID partnered with the Ministry of Energy and the national utility to improve demand forecasting, resulting in a generation and transmission master plan through 2035. The plan includes integration of 632 MW of grid-connected solar and wind power.

NIGERIA

In Nigeria, USAID supported the Government's adoption of an innovative service-based tariff regime. This tariff reform is expected to significantly increase Nigerians' use of power supplied by the grid, thereby greatly reducing dependence on diesel generators. An estimated 3.5 MT reduction in CO₂ emissions is expected in 2021 due to this reform.

KENYA

In Kenya, Power Africa, in collaboration with private sector, successfully advocated the Government of Kenya to reinstate a VAT exemption on solar home systems (SHS). The reversal of the new tax measure followed an impact study conducted by USAID that found VAT exemptions of SHS would increase generation-related capital expenditures for mini-grid developers by roughly 12 percent.

CÔTE D'IVOIRE

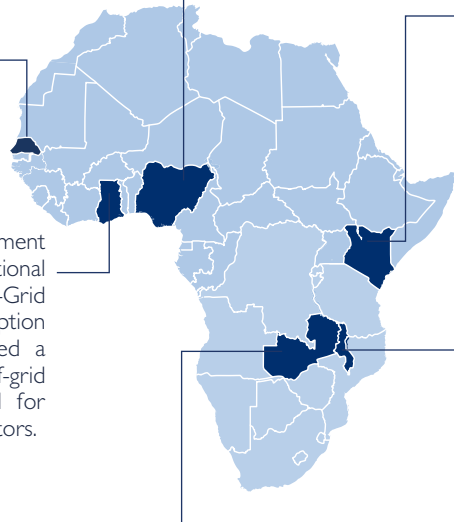
Power Africa worked with the Government of Côte d'Ivoire to develop a national renewable energy policy and an Off-Grid Electrification Action Plan. The adoption and release of these policies provided a policy and regulatory framework for off-grid electrification, improving the potential for investment by the public and private sectors.

MALAWI

Providing transaction advisory support and technical assistance to the Government of Malawi to design and implement competitive procurement of 350 MW of hydroelectric power for the Mpatamanga Hydropower Project. This ongoing project will be the first competitive tender in Africa to identify a strategic sponsor to develop, finance and operate a large-scale hydropower project.

ZAMBIA

In Zambia, USAID helped the government develop a detailed geospatial map, a key input into the Zambian National Electrification Strategy, which was supported by the World Bank, a Power Africa partner. The strategy allowed private developers to more effectively plan their investments in the off-grid sector and increase sales.



SOUTHERN AFRICA

In Southern Africa, the U.S. Department of State's Bureau of Energy Resources' Power Sector Program partnered with Southern Africa's Regional Electricity Regulators Association (RERA) to support the development and implementation of an Independent Power Producer (IPP) Framework used in Malawi, Namibia, and South Africa to attract private clean energy investment.

Power Africa promotes women's advancement in the energy sector through support to USAID's Engendering Utilities program. The program works directly with electricity and water utilities in developing countries to increase economic opportunities for women and improve gender equality in the workplace. By improving labor market participation by women, power sector utilities can increase operational efficiencies that will bring greater economic value to energy companies — a win-win for women and the African energy sector.

Power Africa builds capacity across the continent through the "Understanding" book series, a collaboration with the U.S. Department of Commerce's Commercial Law Development Program and the African Development Bank's African Legal Support Facility. With over 60,000 copies in print (in English and French), Understanding Power Purchase Agreements, Understanding Transmission Finance, Understanding Power Project Financing, Understanding Power Project Procurement and Understanding Natural Gas and LNG resource of options are used by African governments as "playbooks" for power project tendering and negotiations.

POWER AFRICA TOOLS & RESOURCES

Power Africa Enabling Environment Tracker:

Interactive data visualization with results for more than 20 country-level indicators (usaid.gov/powerafrica/enablingenvironmentreforms)

Power Africa Toolbox:

Over 200 tools and resources to unlock obstacles facing private sector power deals in sub-Saharan Africa (usaid.gov/powerafrica/toolbox)

Power Africa Understanding Series:

Guides for stakeholders to interpret, negotiate, and develop power projects in sub-Saharan Africa (usaid.gov/powerafrica/newsroom/resource-library)



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ABOUT POWER AFRICA

A U.S. government-led partnership, Power Africa harnesses the collective resources of the public and private sectors to double access to electricity in sub-Saharan Africa.