



USAID
FROM THE AMERICAN PEOPLE

USAID's Africa Infrastructure Program (AIP)

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USAID's Africa Infrastructure Program (AIP)

- **AIP Was Established to Address Barriers to Private Investment and Move Projects Forward to Financial Closure**
- **AIP Provides Expert Electricity and Project Finance Advisors and Capacity Building Support to Government Officials on:**
 - Internationally accepted practices for project finance and development
 - Legal, policy, regulatory, financial, framework necessary to close PS generation and transmission projects
 - The evaluation and negotiation of deals
 - Resolving problems, improving understanding, ensuring fair negotiations, and getting projects to financial closure
- **AIP is one of Several Facilities Offered by Donors Whose Objective is to Advance SSA Electricity Sector Projects**
 - Works with Other Donors and Advisers to Remove Barriers Preventing SSA Electricity Sector Projects from Being Financed and Constructed
 - Similar to PPIAF, PIDG, PIDA?

Types of AIP Assistance

- **CAPACITY BUILDING**
 - Legal, Policy/Investment Framework
 - Regulatory Reform
 - Tariff Formulation
 - Sample Contract Terms
 - RE Intermittence/Integration Analysis
 - Related to Immediate Development of Current Projects
 - Stakeholder Concerns
- **TRANSACTION SUPPORT**
 - Project Structuring
 - Risk Mitigation
 - Financial Engineering
 - Contract Negotiation Support
 - Stakeholder Mobilization
 - Funds Mobilization
 - Environmental issues
 - Transmission, Other Technical

Where Does AIP Fit into Project Development Process?

PROJECT DEVELOPMENT CYCLE

	TRADITIONAL USAID T.A.	USTDA/OTHER DONORS	USAID AFRICA INFRASTRUCTURE PROGRAM (AIP)	USEXIM OPIC			
	Project Definition	Project Feasibility	Project Advancement	Project Development	Project Finance	Construction	Start Operation
	<ul style="list-style-type: none"> Define buyers needs Identify sites Assess legal/regulatory Support/encourage acceptable legal, policy, regulatory, and institutional changes Assess input (gas/water) availability 	<ul style="list-style-type: none"> Evaluate site Establish system configuration Prefeasibility Analysis Preliminary proformas Define project scope & schedule Full feasibility study Environ-mental impact assessment 	<ul style="list-style-type: none"> Enhance project configuration Select partners Negotiate key agreement LOIs Define structure Form local companies Upgrade financial engineering 	<ul style="list-style-type: none"> Negotiate all contracts Secure permits/licenses Finalize agreements Finalize partnership/management Select construction companies 	<ul style="list-style-type: none"> Financial structuring Identify equity partners Identify / negotiate with lenders Again finalize agreements 	<ul style="list-style-type: none"> Pay EPC/ plant construction Monitor construction Progress to schedule 	<ul style="list-style-type: none"> Verify plant performance Manage operation to meet agreement requirements and financial expectations

Examples of USAID Africa Infrastructure Program (AIP) Assistance

Project Name	Country	Type	Size	Potential Projects (\$M)	Description
1. Lake Turkana Wind Project (LTWP)	Kenya	IPP Wind	300 MW	\$ 684	Capacity building and transaction support to Kenya in discussions re: transmission line, critical to LTWP project closure and other renewable energy (RE) and geothermal projects in region.
2. Mozambique Wind Energy	Mozambique	IPP Wind	Est. 200+ MW	\$ 700+	Capacity building and transactional support to Ministry of Energy establishing RE regulatory framework, tariff structure, solicitation procedures, integration, and negotiation of wind projects into Namibian grid.
3. Namibia Wind Energy	Namibia	IPP Wind	Est. 50-100 MW	\$ 300+	Support Electricity Control Board develop RE regulatory and tariff framework , and help GoN evaluate and negotiate RE/IPP projects.
4. Gas Planning & Market Development	Ghana	Gas Flaring	Est. 1000+ MW	\$ 1,200	Supporting GoG Ministry of Energy efforts to develop gas master plan, regulations, and gas/ IPP markets for associated /flared gas from O&G development
5. Gas Flaring Market Development	Nigeria	IPP Gas	Est. 1000 MW	\$1,500	Capacity Building and TA to Nigerian IPP Association supporting projects using previously flared gas, First Solar in preparing and closing RE projects, and GoN on tariffs and guidelines for RE and IPP projects.

Further Examples of USAID AIP Assistance (2)

Project Name	Country	Type	Size	Potential Projects (\$M)	Description
6. Geometric Power	Nigeria	IPP Gas	250 MW	\$ 435	Providing financial and regulatory experts to GP to close project which will use gas previously flared by Shell Oil.
7. Renewable Energy Workshop	Kenya	RE	N/A	N/A	Prepared 2 day RE workshop/ training for Kenya, Mozambique, SA, and Namibian officials on unique development, financing, and operational characteristics of RE technologies and projects.
8. Nigerian Gas Sector Analysis	Nigeria	Gas Sector/ Flaring	750+ MW	\$1300	Gas experts providing gas sector analyses supporting World Bank in provision of Partial Risk Guarantees on gas and power contracts. Three recipient Nigerian IPP Projects will consume previously flared gas.
9. GECAD and CenPower Projects	Ghana	IPP/Gas Flaring	520 MW	\$ 650	Transmission and gas experts supporting GRIDCO negotiate Transmission Service, Wheeling, Grid Connection and Gas Sales Agreements.
10. Electric Sector Policy Support	South Africa	IPP /RE/ CE Devel.	2000+ MW	Major	Assist SA Dept. of Energy addressing structural/ policy/ tariff issues ushering in IPPs, new RE resources, KWh imports, and associated enabling policies
11. Mmamabula Power Project	Botswana	IPP Coal	1200 MW	\$ 2,300	Legal, financial, EPC, market, and env. experts support to GoB in negotiations with CIC Energy on Mmamabula

AIP -- Project Selection Criteria

- **Sub-Saharan Generation or Transmission**
- **Government Support:** Host Country Support and Commitment
- **Transaction Orientation** (Full Feasibility, EIS, Draft Agreements) **or**
Capacity Building Supporting Projects 12-18 Months to Financial Close
- **Viability:** Technical, Financial, Commercial, Legal, etc.
- **Environmental:** Meets USAID and World Bank Environmental Criteria
- **Private Sector Participation:** Includes or Facilitates Private Sector Investment
- **Efficiency:** Priority to Efficiency, Emission Reduction, Renewables
- **Size/Leverage:** 25MW/\$50M per project to Mobilize \$50M-\$1B
- **Additionality:** Play Catalytic Honest Broker Role / No Displacement
- **Replicability:** Set up Models, Create Snowball Effect for other SSA governments and Developers
- **Client:** Governments/ Local Developers

AIP Expert Support

- **USAID's Implementing Partner for AIP is Nexant Inc.**
 - Nexant has many years of energy sector experience in SSA including advisory work on WAPP, WAGP, SAPP, Kenya-Uganda Pipeline etc.
 - www.nexant.com



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Thank You!

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