

The US-Africa Energy Relationship: Three Project Partnerships Pushing the Sector Forward

Established over 50 years ago by President John F. Kennedy, the United States Agency for International Development (USAID) has long been a global leader in distributing foreign aid and responding to international crises such as world hunger, epidemics, and human rights violations. In particular, USAID has cultivated an extensive portfolio of projects in Africa, where programmes like the Feed the Future Initiative and the Global Health Initiative have made major inroads against chronic hunger and the HIV/AIDS epidemic.

In 2013, USAID turned its attention to the lingering energy challenges in Africa with the founding of Power Africa. With the goal of adding more than 30,000 megawatts of new clean energy generation and 60 million new connections, Power Africa brings together government agencies, energy companies, and the private sector to foster partnerships and boost growth. This emphasis on engaging business interests in the development of a growing market has led to undeniable progress; Power Africa's tracking tool, which publicly marks the progress of development projects, is currently reporting on more than 400 transactions throughout the continent.

As development organisations concentrate on engaging private partners, their efforts have been matched by agencies like the Overseas Private Investment Corporation (OPIC) and the U.S. Trade and Development Agency (USTDA). While the efforts of these agencies do result in a humanitarian benefit, their primary focus is the exploration of global infrastructure opportunities for American businesses. Regardless of the stated mission, organisations like Power Africa, OPIC and the USTDA are making a clear impact on the energy situation in Africa. Amongst hundreds of projects in varying stages of development, three are emblematic of the types of partnerships driving Africa's energy sector forward.

1. Corbetti Geothermal - Ethiopia

One of the most promising renewable resources on the African continent is the geothermal energy yet to be tapped in Ethiopia. The first exploration licence was issued by the Government of the Federal Democratic Republic of Ethiopia (GoE) in 2009, and initial work was conducted by Icelandic geothermal experts from Reykjavik Geothermal.

As the project turned from exploration to the actual drilling of production wells, Power Africa collaborated with the government of the United Kingdom to provide support in negotiations and bring together a suitable partnership to develop the project. The resulting partnership is the Corbetti Geothermal Project; GoE, Ethiopian Electric Power, and Corbetti Geothermal plc signed an implementation agreement and power purchase agreement in December 2017, authorising the start of drilling. When completed, the Corbetti Geothermal Project is expected to deliver up to 520 megawatts of renewable power to the Ethiopian national grid.

2. Power Africa - IBED Nigeria

Even more recent than the Corbetti Geothermal Project was the establishment of a Memorandum of Understanding between Power Africa and the Ibadan Distribution Company (IBEDC) in Nigeria. The partnership is designed to improve access to electricity in Oyo, a Nigerian city home to more than 400,000 residents. Leveraging the technical and managerial expertise of Power Africa, the project is expected to streamline the operations of IBEDC, reduce energy losses and increase revenue.

The Power Africa-IBEDC Memorandum of Understanding is the most recent of several similar Power Africa projects implemented to improve efficiency and resilience of Nigeria's energy sector. Previous projects in Abuja, Benin and Lagos were completed in 2016, resulting in a reduction of energy losses at each distribution company and an aggregate increase in revenue of \$83 million in 2017.

3. USTDA - Zambia

As African nations continue to explore the potential of their own substantial natural resources, the expertise and technology offered by American businesses and agencies promise outsized impact in harnessing Africa's resources. In June 2017, the USTDA approved the funding of a 130-140 megawatt wind power project in Zambia, to be developed by Access Wind One Zambia Limited.

The introduction of sustainable wind power to Zambia's energy infrastructure will be important to diversify the nation's energy generation mix and increase the population's access to reliable electricity. As of 2014, more than 70% of Zambian citizens lived without reliable energy access. In addition to USTDA support, the wind power project is supported by InfraCo Africa, a British Private Infrastructure Development Group. This collaboration - between government agencies, local stakeholders and private investors - is a clear representation of the potential benefit and growth in combining resources in Africa's burgeoning energy sector.