



African Trade Insurance Agency
Agence pour l'Assurance du Commerce en Afrique

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Power Africa partners with ATI to provide access to energy for 50 million in sub-Saharan Africa

NAIROBI, 6 November, 2017 – Power Africa and the African Trade Insurance Agency (ATI) have partnered to ramp up efforts to provide first-time access to power to 50 million people in sub-Saharan Africa. In addition, Power Africa aims to encourage installation of at least 20,000 MW of electrical power on the continent. Power Africa identified ATI as an important catalyst to help them achieve their objectives based on two important initiatives that ATI recently launched to address specific risks to energy projects in the region - the RLSF, a liquidity support facility, and AEGF, an underwriting pool targeting renewable energy projects across Africa.

The partnership takes a long-term approach with an objective to increase connectivity to millions of people in ATI's member countries. In the near-term, the agreement aims to increase the viability of renewable energy projects in Africa by providing accessible solutions to the main impediments to their success – namely political and financial risks. Under the agreement, Power Africa and ATI will work together to identify eligible projects, develop a joint pipeline of projects and connect them with ATI.

Power Africa Coordinator Andrew M. Herscowitz said, "We are very excited to launch this partnership with ATI - their products will stimulate investments in the energy sector in sub-Saharan Africa, which will help provide more megawatts and connections for those who need them most."

The collaboration between ATI and Power Africa is happening at an opportune moment when emerging markets are seeing record investments in the renewable energy sector. The International Energy Agency (IEA) expects sub-Saharan Africa's renewables capacity to grow by 73% (24.4GW) over the period 2017-22.

This represents a significant opportunity for project developers who are often tackling the reality of risks that are much more severe in sub-Saharan Africa. Financial and political risks greatly increase the cost of these projects, rendering them uncompetitive and unattractive to project developers and investors. These risks include currency risk, legal risk, liquidity and refinancing risk, low access to long-term loans and off-taker's risk.

The RLSF, a joint project of ATI and KfW – the German Development Bank, is designed to help independent power producers (IPPs) developing small-scale renewable energy projects in Africa to obtain the liquidity they need in the event that their off-taker (frequently a state owned entity) delays payment. The facility will provide immediate cash collateral supported by guarantees to a commercial bank that will in turn open a standby letter of credit to the benefit of the IPP. The amount provided will enable the IPP to operate and service the debt for up to 6 months. Furthermore, unlike most IPP letters of credit (which tend to be of 12 month tenors) the facility is designed to be in place for multiple years.

The AEGF is another facility that involves a partnership with the European Investment Bank, Munich Re and ATI that seeks to increase ATI's capacity to insure energy-sector projects

across Africa for risks like the risk of termination of the Power Purchase Agreement (PPA), expropriation and nationalization, currency inconvertibility, war, civil war and terrorism

Note to editors:

About Power Africa

Launched in 2013, Power Africa is a U.S. government-led initiative, coordinated by USAID, to double access to electricity in sub-Saharan Africa by 2030. Power Africa has more than 150 private and public sector partners and 12 U.S. government agency partners who to date have helped bring over 7,300 MW and more than 10 million connections to financial close.

<https://www.usaid.gov/powerafrica>

About The African Trade Insurance Agency

ATI was founded in 2001 by African States to cover the trade and investment risks of companies doing business in Africa. ATI provides a range of Political and Credit Risk, insurance covers and has a particular focus on supporting Foreign Direct Investment. As of 2016, ATI had supported over US\$25 billion in trade and investments across Africa in multiple sectors and now supports trade and investments equivalent to an average of 1% of GDP annually in member countries. ATI is one of the most trusted institutions in Africa with an 'A/negative' rating for Financial Strength and Counterparty Credit by S&P.

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