

Annex 0--Qualified Transactions Assistance Tool (QTAT)

Key Components for Upgrading a Power Africa Qualified Transaction for PATRP Power Africa Assistance

	Metric	Qualities
Qualified Transactions Assistance Tool (QTAT) Detailed checklist / filter of 78 criteria to assess whether a Qualified Transaction should be entitled to PATRP Power Africa assistance; assists in identifying high priority, transformative, catalytic, & replicable Qualified Transactions with broad ranging local & regional impact; designed as a filter to reduce amount of complexity in upgrading & downgrading process by making key selection factors easily visible so potential tradeoffs based on results of assessments can be identified, analyzed, & supported; and an important success factor will be development of a pipeline of PATRP Power Africa Transactions to reach bankability, financial close, & commercial operation.		
	Primary Impact	Transaction increases availability, access, or efficiency / reliability of electric power in country
1	MW s	Increases MWs of new power generation capacity
2		Increases MWs imported or exported to / from countries
3	Access	Increases number of connections to grid for residential, commercial, industrial, & municipal customers
4		Increases MWs generated off-grid, targeting under-served populations
5	Efficiency / Reliability	Reduces number of periods without power from grid
6		Reduces duration of periods without power from grid
7		Reduces technical and/or non-technical (commercial) losses
8		Reduces needed electricity consumption
9	Amount Invested / Leveraged	Amount of US\$ investment leveraged from private & public sources
10		Cost / benefit relationship of US\$ assistance to new MWs, new connections, increased reliability, reduced losses, etc.
Catalytic / Replicable Transaction has potential for scalability, replicability, or demonstration impact, or promotes cross border power trade & transmission backbone linkages		
11		First or key phase of a larger Transaction
12		Success of Transaction has significant potential to create replicable models that can proliferate across market or multiple markets
13		Transaction has possibility of multiple off-takers, cross-border trade, & transmission
14		Transaction could lead to establishing best practices, frameworks, & reforms to help realization of additional Transactions in country/region
15	Political Impact	Transaction aligns with host government strategic priorities
16		Transaction advances strategic USG partnerships (e.g. World Bank, AfDB, EU, SIDA, NEPAD, etc.)
17		Transaction advances a strategic USG interest (e.g., conflict mitigation, etc.)
18		Transaction aligns with other USG development goals (e.g., Feed-the-Future, Partnership for Growth, Global Health Initiative, etc.)

	Metric	Qualities
19	Role for Private Sector	Transaction catalyzes private sector participation or investment
20		Local or global private sector (<i>e.g.</i> , non-governmental individual and/or company) is an investor, financier, developer, or manager for Transaction
21		Transaction introduces significant private sector role in developing or managing power assets
22		Transaction introduces innovative financing schemes that unlock additional sources of capital or reduce cost of capital
23		Role for U.S. company
24	Public Sector Transaction	Has a strong development impact
25		Contributes to sector's development thereby paving the way for greater private engagement in future
Transaction		
A specific technically, commercially, and financially viable power sector investment--generally driven by private developers/sponsors--in which capital investment is required to bring a specific generation, transmission, and/or distribution asset to Financial Close and ultimately Online--in an expedited time frame		
Qualified Transaction		
All power projects in sub-Saharan Africa, except (i) nuclear power sector investments, and (ii) coal-fired power plants or coal gasification power sector investments (except in Africa's poorest countries where no other economically feasible alternative exists)		
26	Technology	Transaction prioritizes emissions reduction, renewable / clean energy and/or energy efficiency technologies to improve quality & mix of electric power in country
27		Reduces CO ₂ emissions or would offset CO ₂ emissions from alternatives (<i>e.g.</i> , coal, fossil fuels, etc.)
28	Renewable Energy	Wind, Solar, Hydro, Geothermal, Biomass, Tidal
29	Natural Gas	Gas-- non-associated gas (natural gas), associated gas (flare gas), & liquefied natural gas (LNG), including gas pipelines & infrastructure
30		Gas investments that will eventually support gas-fired power generation
31	Fuel Cells	Fuel Cell power investment, <i>i.e.</i> , one that uses the chemical energy of hydrogen or another fuel to produce electricity
32	Transaction Type	Generation, transmission, distribution
33		Energy efficiency
34		Energy access—Transactions that increase access to electricity including mini grids & rural electrification
USG Power Africa Transaction		
Qualified Transactions where one or more USG Agency (14) has substantive involvement (<i>e.g.</i> , technical assistance, grant, financing, political support, advocacy, etc.) in a Qualified Transaction		
35	USG Transaction Agencies	MCC, OPIC, USADF, USAID, US Ex-Im, USTDA
36	USG Non-Transaction Agencies	Agriculture, Commerce, DOE, Peace Corps, State, Treasury, USACE, DOD
Partner Power Africa Transaction		
Where a Power Africa Partner has invested/is investing capital, services, or equipment to a Qualified Transaction--with or without any involvement on the part of one or more of the USG Agencies involved in Power Africa, and where such Power Africa Partner is willing to give credit to Power Africa as a Partner Power Africa Transaction		
37	Development Finance Agencies (DFIs)	World Bank, IFC, AfDB, DFID, etc.
38	Donor/Development Agencies (DDAs)	EU, SIDA, SE4ALL, NEPAD, IRENA, etc.
39	Private Sector	Associations, Foundations, & NPOs; Developers/Sponsors; Private Equity/Debt Providers; EPC Firms; O&M Service Providers; Equipment

	Metric	Qualities
		Suppliers; Transmission & Distribution Companies
40	Power Africa Activity	A package of technical assistance or other tools that are provided to build capacity, eliminate or lessen an obstacle or risk, etc. in order to improve the power sector enabling environment (e.g., legal, regulatory, financial, tax, etc. regime) to make it more attractive to bring Transactions to Financial Close and ultimately Online
Transaction Maturity--Stages		
4 Stages & 62 tasks that ordinarily must be completed in a typical power generation Transaction to reach COD		
Early Stage		
Transactions that are in the early stages of development--normally in Stage 1 (Pre-Feasibility), in Stage 2a (Feasibility), or in Stage 2b (Project Development)		
41	Stage 1-- Pre-Feasibility	Determines Transaction viability & base case option developed to support commitment of funding for feasibility study
42	Stage 2a-- Feasibility	Refines base case to support commitment of resources to develop Transaction & invest capital
43	Stage 2b-- Project Development	Undertake long lead time activities & obtain authorizations
Late Stage		
Transactions that are in the advanced stages of development, where the major Transaction agreements have been drafted or are under discussion, and Financial Close and construction is estimated within a 12-36 month period from the beginning of Power Africa assistance. Normally these projects are in Stage 3a (Project Structuring), in Stage 3b (Project Financing), in Stage 4a (Conditions Precedent), or in Stage 4b (Project Completion)		
44	Stage 3a-- Project Structuring	Structure Transaction sufficient to attract project finance
45	Stage 3b-- Project Financing and Project Agreements Executed	When all project agreements are being negotiated & executed to arrange finance upon certain terms & conditions. Developers/sponsors have concluded with project lenders complete package of permanent financing on non-recourse, limited recourse, or balance sheet basis, but one or more Conditions Precedent (CPs) to the initial drawdown of funds must still either be satisfied by the developers/sponsors or waived by banks
46	Stage 4a-- Conditions Precedent and Financial Close	When all conditions precedent to reach Financial Close are being and have been met and when each CP to the initial drawdown of funds has either been satisfied by the developers/sponsors or waived by banks
47	Stage 4b-- Project Completion and Online	When construction has been commenced and all completion tests are being met to reach the Commercial Operations Date (COD). The Commercial Operations Date (COD)--(i) all necessary equipment has been procured & construction has been completed, (ii) the shake down period has passed (period of testing & adjustments to improve performance before being declared operational), (iii) all required Transaction completion tests have been met (e.g., legal, technical, operational, financial, etc.), & (iv) power is actually being delivered & electricity sales commenced
Transaction Soundness		
48	Project Developer / Sponsor	Technical, operational, managerial, & financial capabilities
49		Track record of implementing similar Transactions in country/region
50		Financial strength
51		Amount of equity at risk
52		Motivation to see Transaction through to completion
53	Technical Feasibility	If innovative, reasonableness of scale up & readiness for commercial application (lab ⇒ pilot plant ⇒ demonstration unit ⇒ commercial scale)
54		If commercially available, adequacy & availability of materials & equipment--line pipe, processing units, turbines, panels, etc.

	Metric	Qualities
55		Cost of technology/equipment is appropriate for Transaction
56		Suitability of technology/equipment is appropriate to skills, maintenance expectations, etc.
57		Unintended impacts of Transaction have been considered (<i>e.g.</i> , effect of intermittent resources on grid, consideration of other Transactions in pipeline, etc.)
58		There are no overarching system constraints (<i>e.g.</i> , lack of transmission line or distribution network, grid congestion, etc.)
59	Construction & Operations	Reasonableness of development plan
60		Availability of fixed price, date certain, full wrap turnkey engineering, procurement, & construction (EPC) contract with liquidated damages
61		Availability of equipment warranties & performance guarantees
62		Availability of operations & maintenance (O&M) contract with efficiency bonus provisions
63	Fuel Supply	Adequacy of resource (<i>i.e.</i> , natural gas, geothermal, wind, solar, biomass, hydro, etc.)
64		Availability of long-term supply agreement (quantity & price), if applicable (<i>e.g.</i> , natural gas, steam, biomass, etc.)
65	Offtake & Price / Tariff	Availability of a long-term power purchase agreement (PPA), including a take or pay structure
66		Creditworthiness of power purchaser & credit enhancement opportunities if needed
67		Availability of cost reflective & competitive tariff commensurate with host country's ability to pay without jeopardizing country's debt sustainability
68	Demand & Market	Adequacy of current & future local/regional demand & market
69		Adequacy of current & future transmission & distribution infrastructure
70	Financial Feasibility	Adequacy of cash flow to repay project debt meets/exceeds required minimum Debt Service Coverage Ratio (DSCR)
71		Reasonable rate of return (IRR) to developer/sponsor when combined with equity
72	Enabling Environment	
73	Legal	Adequate legal/regulatory framework is or can be in place within Transaction timeline (<i>e.g.</i> , geothermal law, drilling regulations, environmental, health & safety regulations, Grid Code permits renewable energy, System Operator functioning, FX availability, convertibility, & remittance, & dispute resolution in accordance with international standards, etc.)
74	Structuring	Transaction can be properly structured (<i>i.e.</i> , legal, regulatory, & tax enabling environment is / can be investor-friendly)
75	Risks	Risks can be mitigated (<i>e.g.</i> , sovereign guarantee can be issued, MDBs or IFIs willing to finance project and/or to provide partial risk guarantees, etc.)
76	Environment & Social Impact	Manageable environmental & social impacts & job creation/skills transfer
77		Acceptance of international and/or USG environmental/social guidelines
78	Timeline	Transaction can reach key milestones (execute all Project Agreements, reach Financial Close, & eventually COD) within Power Africa time period
	Power Africa Tracking Tool (PATT)	
	The Power Africa Tracking Tool (PATT) captures all Qualified Transactions in all 4 Stages of development	
	USG Power Africa Transactions & Partner Power Africa Transactions	
	The PATT also captures USG Power Africa Transactions and Partner Power Africa Transactions	