



USAID
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THE CROSSBOUNDARY ENERGY PARTNERSHIP

Direct Transaction Support for Clean Energy Projects

African businesses typically cannot rely on national power grids, and instead generate their own power using diesel fuel. Although diesel is an expensive and polluting option, most small businesses cannot finance the conversion to renewable energy.

In response to this challenge, USAID and CrossBoundary Energy are working together to provide businesses with a new model for energy services. The solution finances solar installations that serve enterprises in sub-Saharan Africa, increasing access to electricity and driving adoption of renewable energy technology – primary goals under the U.S. presidential initiative, [Power Africa](#).¹



For the first time, African businesses have access to an “energy as a service” model, whereby they can pay a monthly tariff for their power and avoid the large upfront capital costs of clean energy installations. In this way, CrossBoundary enables enterprises to afford clean and reliable solar energy systems and to save their investment dollars for new business lines and development of their employee base. On the investor side, the fund aggregates medium scale clean energy assets for the first time into a new asset class that can be invested in at scale.

To support the CrossBoundary model, USAID’s Office of Private Capital and Microenterprise (PCM), with support from Power Africa, created an investment structure whereby \$1.3 million in grant funding was contributed to the CrossBoundary Energy fund as subordinated capital. Power Africa’s funding was used to attract \$7.5 million in private sector equity as well as up to \$10 million in debt. Once fund investors are paid back their principal investment in the fund, the United States government will receive the entire amount of the grant back plus a capped return.² The CrossBoundary project catalyzed investment from six U.S.-based investors who had not previously worked with USAID.

The project has already produced results. For example, CrossBoundary Energy recently completed the largest solar “energy as a service” installation in Sub-Saharan Africa, powering a mixed commercial and residential development in Nairobi. This demonstration fund is expected to complete 20-25 installations for a total of 15MW of clean power over its lifetime and lead to larger investment vehicles in the future to support clean energy adoption.

PCM Support to Investors and Financiers:

- Develops risk mitigation tools
- Supports intermediaries linking capital supply and demand
- Provides transaction structuring support for blended finance models

PCM Support to USAID Missions:

- Offers strategic planning and programming assistance to catalyze investment into priority sectors
- Provides transaction structuring support
- Identifies and screens new investment partners

MOBILIZING PRIVATE CAPITAL TO MAXIMIZE DEVELOPMENT RESULTS

The Office of Private Capital and Microenterprise (PCM) is a new office within the Bureau for Economic Growth, Education and Environment (E3). PCM mobilizes private sector capital and expertise in support of development priorities. PCM engages investors and reduces business risks through: 1) direct transaction support, and 2) facilitation of investment partnerships. This approach complements traditional development programming by drawing in private investment that is capable of addressing development needs sustainably and at greater scale.

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¹ Launched by President Obama in 2013, [Power Africa](#) is a U.S.-led public-private initiative, coordinated by USAID that comprises 12 U.S. government agencies, and a diverse coalition of more than 120 public and private sector partners.

² CrossBoundary Energy does not profit from USAID funds from a management fee or carried interest.