

### **Electrify Africa Act of 2013**

*Lack of access to affordable and reliable electricity prevents Africa's economy from growing and stifles poverty alleviation.*

House Foreign Affairs Committee Chairman Edward R. Royce, House Foreign Affairs Ranking Member Eliot L. Engel, Africa Subcommittee Chairman Chris Smith, and Africa Subcommittee Ranking Member Karen Bass are introducing bi-partisan legislation to create a strategic approach to support affordable, reliable electricity in sub-Saharan Africa to unlock the potential for economic growth, job creation, improved health and education, and poverty reduction.

The Electrify Africa Act of 2013 will:

- Declare that it is the policy of the United States to encourage access to electricity in sub-Saharan Africa;
- Require that the Administration create a comprehensive strategy to help increase electricity in sub-Saharan Africa;
- Encourages USAID to use existing tools like loan guarantees, partnerships and grants to increase electricity in sub-Saharan Africa;
- Directs the Treasury Department to persuade the World Bank and African Development Bank to increase electrification investments in sub-Saharan Africa;
- Instructs the Overseas Private Investment Corporation to prioritize electrical sector investments in sub-Saharan Africa; and
- Calls on the Trade and Development Agency to encourage broader private sector engagement in the sub-Saharan Africa electricity sector.

The bill ensures that the U.S. government has a clear strategy in place at no additional cost to the U.S. taxpayer.

#### **Background:**

In sub-Saharan Africa, 589 million people - 68% of the population - do not have access to electricity and roughly 30 African countries face endemic power shortages. Business leaders in the region note the lack of affordable and reliable power is one of the most significant constraints to growth. The absence of electricity hampers economic growth in sub-Saharan Africa by an estimated 2 - 5% each year.

While the United States has provided direct aid to support disparate African energy infrastructure projects, China has become the single largest investor. China is directing nearly \$2 billion to African energy projects and leveraging Chinese companies.

**Section 4 – Statement of Policy:** The legislation declares that it is United States policy, in consultation with sub-Saharan African governments, to encourage at least 20,000 megawatts of additional generation capacity by 2020, provide first-time electricity access for at least 50 million people by 2020, and promote efficient institutional platforms to provide electrical service to rural areas.

**Section 5 – Coordinated USG Strategy:** The legislation requires the Administration to develop a comprehensive multi-year strategy to achieve energy access goals in sub-Saharan Africa and report that strategy to Congress.

**Section 6 –USAID loan guarantees and grants:** USAID is encouraged to identify and prioritize loan guarantees to African financial institutions, partnerships and grants for research, the development of strong national and regional energy plans, and the deployment of technology and grants to expand electricity access for the poorest segments of the population and provide regulatory assistance.

**Section 7 – Treasury Department support for international investment:** This section directs the Treasury Department to promote increased investment, coordination, and technical assistance in the African power sector by using American influence at the World Bank Group and the African Development Bank Group.

**Section 8 – Overseas Private Investment Corporation (OPIC):** This section directs OPIC to support electricity-related investments in Africa through an expedited review process and investment priority, encourage the participation of small- and medium-sized enterprises in its investment activities, and publish the measureable development impacts of its investments. The section requires that OPIC issue a policy that permits significant investment in the lowest pollution-emitting countries in a development-driven and environmentally-sensitive manner. It creates an Inspector General for OPIC and requires that the Board of Directors be bipartisan, while providing a three year authorization.

**Section 9 – Trade and Development Agency:** The Director of the Trade and Development Agency should establish and support policies that would achieve greater access to and efficiency in sub-Saharan African electricity systems.

**Section 10 – Progress Report:** Within three years of passage, the President will submit a report detailing progress towards the goals of the bill.