

Written Statement of Janean Davis, Deputy Assistant Administrator, Bureau for  
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*Great Power Competition Implications in Africa: The Chinese Communist Party*  
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Good afternoon Chairman James, Ranking Member Jacobs, and members of the Subcommittee. Thank you for the opportunity to testify today on how we are meeting the challenges of the People's Republic of China (PRC's) influence in Africa. I would also like to recognize and thank this Subcommittee for its longstanding, bipartisan commitment to the African continent and support of the U.S. Agency for International Development.

The increased presence of the PRC in Africa over the past two decades cannot be disputed. The PRC has invested heavily in a number of African nations, in terms of both resources and diplomatic alliances. Today, the PRC is Africa's largest trading partner, with about \$250 billion in trade in 2021. By comparison, U.S.-Africa trade in 2021 was about \$64 billion.

But focusing on these numbers, or on the various PRC-funded infrastructure projects across Africa, tells only part of the story. The United States has long been a partner to African governments, and for the past 60 years, USAID investments have helped countries across Africa deliver extraordinary progress. We have lifted 700 million people from extreme poverty since 1990; dramatically reduced deaths from HIV and malaria; stopped Ebola in its tracks and strengthened African health care facilities through the Global Health Security Agenda; and helped the continent increase primary school enrollment at a rate greater than any region in the world.

In contrast to the PRC, we invest in human capital, provide opportunities, and support democracy, amplifying African voices to choose their own development priorities. These investments matter. They matter to Africans, and they strengthen our partnerships across the continent. They demonstrate an empowering model of development, and present alternatives to the PRC way of doing business.

USAID is making commitments that focus on emerging opportunities, which foster innovation and economic growth. USAID is also working to ensure that responsive and open governments—informed and energized by democratic principles—can deliver for the people.

We are committed to partnerships and alliances with our African partners based on dialogue, respect, and shared values.

By the middle of this century, one in four people in the world will be African. The continent is home to some of the world's fastest-growing markets and an increasingly young, urban, and digitally connected population. In short, what happens in Africa impacts the entire world.

Today I'd like to outline some of the challenges that the PRC presents in the development space, detail how USAID is responding to these challenges, and highlight our way forward.

### **The Challenges**

The PRC's approach to development in Africa stands in direct contrast to our approach. While USAID invests for the long term—in food security, health, education, and the environment, and in partnership with the private sector through initiatives like Prosper Africa and Power Africa, the PRC primarily offers loans for infrastructure. No one disputes that infrastructure is a much-needed investment for Africa's growth. But the manner in which PRC loans are negotiated—and their lack of transparency—raises significant concerns from development, governance and financial perspectives.

According to AidData, a research lab at William and Mary, many of the PRC's loan contracts have provisions that can lead to "hidden debt," which result in unexpected public liabilities when PRC funded projects fail to generate strong economic returns. Additional provisions ensure that in the event of financial distress, PRC banks are the first to be paid off.

In the face of the challenges brought on by the COVID-19 pandemic and Russia's full-scale invasion of Ukraine, climbing interest rates have brought many African borrowers to economic distress. PRC hidden debt and other provisions have complicated borrower countries' ability to negotiate with lenders and achieve long-term economic stability.

### **How USAID is Responding: Driving Structural Change and Providing Alternative Finance Sources**

USAID is committed to working with international financial institutions, other donors, and the private sector to provide additional sources of finance.

Through Power Africa and Prosper Africa, together with our interagency colleagues, African partners, allies, and the private sector, we have achieved results that are driving structural change and providing alternative finance sources.

## **Prosper Africa**

Prosper Africa mobilizes services and resources across 17 U.S. government agencies to advance two-way trade and investment deals and unlock market opportunities.

As home to the world's largest free trade area and an increasingly young and technologically savvy population, Africa offers a tremendous opportunity for prosperity on both sides of the Atlantic. The United States offers a large consumer base for African products, the world's deepest capital markets, and a commitment to job creation and the development of the African workforce. Increased economic engagement between the United States and Africa advances shared prosperity and demonstrates the superior value of transparent markets and private enterprise for driving economic growth.

In support of its mission to substantially increase two-way trade and investment between the United States and Africa, Prosper Africa helps companies compete on an even playing field by sharing timely information on new opportunities, providing comprehensive packages of assistance, and fostering trade and investment policies that advance transparency and competition. This includes targeted engagement and technical assistance for small and medium-sized businesses, including those led by women and members of the African Diaspora across the United States, to drive job creation and foster shared prosperity.

Since launching Prosper Africa in June 2019, the U.S. government has helped close 1,100 deals across 49 countries for a total estimated value of \$65 billion in two-way trade and investment. Prosper Africa has built a partner network of over 1,000 organizations, with nearly 500 deals in the pipeline valued at an estimated \$25 billion. One example from the Prosper Africa pipeline is Cybastion, a small, diaspora-owned, American cybersecurity company that Prosper Africa is supporting to expand across West Africa. Cybastion, in partnership with Cisco, offers African governments a competitive alternative to the PRC in the cybersecurity space, through lower cost proposals and a commitment to train government officials to sustainably manage their own systems. At the U.S.-Africa Leaders Summit, President Biden announced ten new Cybastion cybersecurity commitments, which use Cisco equipment. The first of the ten, a \$65 million project in Niger, was just signed on April 13.

USAID investments under Prosper Africa follow an affirmative development model by contributing to local job creation, greater transparency, local economic development, citizen empowerment, gender equality, climate-smart solutions, and improved labor and environmental standards. USAID's flagship effort to support Prosper Africa, the Africa Trade and Investment program, is providing support to businesses and entrepreneurs in Africa; promoting trade and investment; and above all, supporting the African-led trade and investment agenda.

This includes support for a continental market with the implementation of the African Continental Free Trade Agreement—something that can transform African economies and drive inclusive growth and sustainable development.

Through these activities, Prosper Africa demonstrates U.S. competitiveness abroad and creates jobs at home, advancing a foreign policy that serves the American middle class. By 2025, through catalytic investments and partnerships, Prosper Africa plans to invest \$171 million to boost African exports and U.S. investment by \$2 billion dollars – a conservative estimate.

### **Power Africa**

Power Africa is a whole of government initiative led by USAID with 12 interagency, 20 development, and 175 private-sector partners to promote private-sector trade and investment in the sub-Saharan electricity sector. Power Africa aims to end energy poverty, accelerate a carbon-free future, and boost U.S.-Africa private sector innovation.

Since 2013, Power Africa has supported 145 power projects, and brought 34.6 million new connections to homes and businesses on and off the grid. That's 165.4 million people who gained access to electricity through Power Africa assistance.

Since the launch of this initiative in 2013, USAID has focused on the importance of contract negotiations, and provided one of its initial grants to the African Legal Support Facility (ALSF). The ALSF, hosted by the African Development Bank, helps African countries strengthen their legal expertise and negotiating capacity in debt management and litigation, energy, natural resources and extractive industries management and contracting, investment agreements and related commercial transactions. The ALSF is a multi-donor fund, and USAID leverages funds from a large pool of like-minded donors. ALSF has the structure, organization, experience, and established relationships to provide focused and effective legal assistance, and has built an unparalleled level of trust with African governments. ALSF's counsel has enabled African governments to obtain favorable deals, with more durable contracts in the best interest of their respective countries.

Importantly, Power Africa also supports capacity-development activities for African attorneys to ensure they are well-positioned to negotiate future transactions and helps create model templates for future transactions, providing African attorneys with the tools necessary to negotiate and close future transactions.

In addition to legal support—USAID, through Power Africa, helps our African partner countries diversify supply and export markets, create effective, pro-growth regulatory frameworks, and develop and join well-functioning regional markets.

Power Africa focuses on supporting the creation of laws and policies that foster private sector investment and sustainable energy sector growth. Recent examples of this work include support for solar “plug and play” technical standards, environmental and social standards, value-added tax exemption laws, cost reflective tariff policies, and national metering policies. All of these build a foundation for transparent markets that attract competitive investment. By bolstering the capacity of African governments to move away from ad-hoc decision making toward technically sound strategic processes and plans, Power Africa counters the ability of the PRC to influence how these markets are governed.

In Malawi, Power Africa collaborated with the Millennium Challenge Corporation to help the Government of Malawi design and implement the country’s first-ever open, transparent, and competitive tender for renewable energy projects. Over twenty international companies submitted bids to develop new solar power projects. Introducing competition into the process helped drive down the cost of electricity.

Power Africa is achieving tangible results for people across the continent. In 2022 alone, Power Africa delivered first-time and improved electricity access to 37.7 million people through 7.6 million new on- and off-grid connections to homes and businesses. Power Africa also initiated the Health Electrification and Telecommunications Alliance to electrify and digitally connect 10,000 health facilities, and launched the U.S.-Africa Clean Tech Energy Network to increase energy access via technology investment and deals of up to \$350 million over five years.

### **Other Investments**

Prosper and Power Africa are delivering exciting results. They are driving structural changes and finance sources that offer an alternative to the PRC.

But I want to underscore that it is not just about trade and making deals. USAID is investing in people through quality education, skill development, and nutrition and food systems that have been undercut by the pandemic and Russia’s full-scale invasion of Ukraine. Feed the Future has expanded to eight new countries in Africa and will continue to build stronger food systems and improve nutrition across the continent. Our investments in education and youth prioritize increasing access to quality, relevant, and safe learning opportunities, and promote social well-being, particularly for vulnerable populations. The Young African Leaders Initiative (YALI) has trained more than 22,000 youth across the continent since 2015.

We are continuing our long-standing support for health and health systems. The results we have delivered, along with our interagency partners, are impressive. One example is the President's Emergency Plan For AIDS Relief (PEPFAR). Where only 50,000 people in sub-Saharan Africa were on HIV treatment in 2003, today, PEPFAR supports life-saving antiretroviral treatment for over 20 million adults and children in Africa and beyond. The public health infrastructure PEPFAR built with our partner countries has been leveraged to support responses for COVID-19, Ebola, and other emerging infectious diseases.

And the United States, through USAID and the Department of State continues to provide critical humanitarian assistance and we continue to support vital human rights and democracy work. Across the continent, data shows a demand for democracy and elections as well as adherence to the rule of law. We are helping governments fight corruption, expanding space for civil society, helping citizens choose their leadership, and strengthening the trend toward democratization.

In short, USAID continues to build on our longstanding partnerships across health, education, agriculture, and democracy and governance. These partnerships are built on peace, cooperation, and a mutual commitment to self-determination. They go to the core of all of our work, which is individual dignity.

## **Conclusion**

Our world is at an inflection point. Africa is a major geopolitical and rising economic player and is essential to our collective progress.

As we highlighted during the U.S.-Africa Leaders Summit, we are stepping up our engagement with African partners, affirming their agency, and elevating our partnership. We must work together to advance our shared vision of a better, more sustainable, healthier, and more prosperous future. This means creating jobs, bolstering two-way trade and investment, and building long-term, sustainable partnerships.

Through Power Africa and Prosper Africa and our broader economic and commercial engagement across the continent, USAID is committed to increasing two-way trade and mobilizing investment in Africa's fast-growing markets. We will continue to advance this goal by unlocking the full suite of U.S. government tools and resources to help companies and investors do business on the African continent and in the United States.

We believe in the power of the African and U.S. private sectors to solve global challenges – and doing that together with business leaders and investors from across the African diaspora, representing America’s rich diversity and underscoring the deep ties between African and American cultures.

Our engagement plays to our comparative advantages and illustrates our long-standing investments. Our field-based, longer-term, country-driven approach reinforces our partners’ autonomy and shows that “democracy delivers,” and delivers better for long-term economic and development gains.

Thank you for your continued support of USAID’s work in Africa, and for the opportunity to appear before you today. I look forward to answering your questions.