

Statement of
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The Future of Energy in Africa
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Thank you Chairman Smith, Ranking Member Bass, and Members of the Committee; I appreciate the opportunity to be here today to discuss Leadership Africa USA's efforts to promote energy security in Africa.

As President and CEO of Leadership Africa USA (LA USA), with over three decades of experience working with NGOs and multilateral institutions, I have provided strategic counsel on energy, infrastructure development, finance, management and communications.

Under my leadership, Leadership Africa USA (LA USA) is working with the African Ambassadors Group and their AGOA Working Committee through congressional briefings and meetings with members of Congress, around energy, leadership, education, training, and economic development.

Previously, I advised the government of Trinidad & Tobago's consultants on several regional Energy Ministerials for CARICOM countries and for the 'Summit of the Americas' which was attended by U.S. President Barack Obama.

I also worked with DOE on their first U.S.-Africa Energy Ministerial in Morocco and this past June assisted the U.S. Department of Energy and the governments of Ethiopia and the United States to co-host a historic U.S.-Africa Energy Ministerial (AEM) in Addis Ababa, Ethiopia --- '*Catalyzing Sustainable Energy Growth in Africa*'. This AEM focused on the need for increased investment in Africa's electricity and energy sectors was attended by energy and power ministers from over 40 African countries, over 130 U.S. and African businesses, and a U.S. Government Delegation led by Energy Secretary Moniz that included EXIM Bank, USAID, OPIC, USTDA, MCC, the State Department and Administration officials. I am currently finalizing plans to operate the first gas-to-liquid (GTL) plant in the Western Hemisphere.

Africa is the new frontier for development with increasing opportunities for the United States and the private sector to align our interests to take advantage of this paradigm shift. However, the lack of electricity and energy are major challenges impeding Africa's economic growth and investments.

Africa's development agenda is accelerating and U.S. policies towards Africa's growth need to be more robust and better coordinated in a resource hungry world. Since September 11, 2001, and the dramatic changes in the Middle East and in North Africa have forever changed the African continent and increased the world's economic and political vulnerability. The fluid nature of these events has implications for U.S. policy in Africa and will impact Africa's democratic trajectory.

Sub-Saharan Africa is a region of great strategic importance and vast natural resources with new resource discoveries expected for years to come. Today, Africa is open for business and America needs to stay engaged in Africa. Africa supplies almost 25% of U.S. oil imports and exports are expected to rise with fossil fuels continuing to be the main U.S. driver and energy resource for many decades to come.

Most energy economists believe Africa's gas and oil resources (Gulf of Guinea, The Maghreb, and Central Africa, etc) will over the next decade continue to expand. African energy producing countries --- Ghana, Sao Tome and Principe, Guinea, Nigeria, Democratic Republic of the Congo, Gabon, Angola, Cameroon, Chad, The Republic of the Congo, Equatorial Guinea, and the Sudan all rely on their energy reserves for their countries economic growth and income but at levels significantly below their countries needs or growth potential leading to economic distortions that historically have stymied development and accelerated instability.

When President Obama visited Ghana in 2009, he acknowledged that Africa's growth and stability contributes to our own growth and for Africa's sustainable development and growth energy is a key driver. The United States continuing economic development and national security interests in a global economy require dependable access to secure and sustainable energy supplies and the formulation for a more comprehensive and competitive U.S. energy strategy to stay competitively engaged in Africa.

Endowed with vast natural resources Africa is attracting global attention and needs committed partners to assist these resource rich African countries obtain their rightful places in the global economy.

Few issues pose greater challenge to Africa's sustainable development and democratic gains than natural resource management and development especially among African countries experiencing recent energy discoveries who have neither the laws, experience nor the institutional capacity to govern this sector. Africa's sustainable development agenda is at a crossroad and with beneficial support and committed partners the 21st Century should be Africa's century to grow.

The U.S. has an excellent opportunity to assist Africa overcome challenges within their energy and natural resource sectors and advance our national and global energy security interest. Now is not the time to turn inward or to retreat from Africa.

Our current U.S. energy strategy toward Africa needs better focus and coordination to achieve actionable policies and strategies. America faces a choice – we are in a global energy race but need to be more focused, strategic, and not on the sidelines.

Overcoming growing U.S. interdependence on energy will require partnering, collaboration and creative thinking to address the many risks and challenges facing U.S. energy companies, stakeholders and investors interested in doing business in Africa.

A renewed U.S. business and government posture should involve the creation of new energy-related partnerships (building bridges), constructive engagements and beneficial policy initiatives that showcase the U.S. Government's commitment and responsiveness to Africa's energy priorities. Government statements of good intentions toward Africa should be matched with the implementation of meaningful policy changes and initiatives with strategies that are compatible with the following African development pillars:

- Sustainable Peace
- Human Rights
- Capacity Development
- Economic Empowerment

With tensions in the Middle East on the rise and relations with Russia, the Ukraine, and Iran, and similar emerging global hotspots unfolding the U.S. Government's efforts to strengthen Africa's democratic institutions and promote good governance should be to increase on all fronts interactions with resource-rich African countries.

The U.S. Government's ability to reshape U.S. energy policy towards Africa with limited agency and government resources is an outdated strategy that should be revised to be more supportive of U.S. interest in Africa. This goal to increase financing and to remove political hurdles for U.S. investors needs to be a top government priority.

Africa, according to the International Energy Agency's (IEA) economist Dr. Birol in the last 5 years over 25 percent of global oil discoveries were in sub-Saharan Africa where 620 million people, almost two-thirds of the population lived without electricity. IEA estimates that by 2040 without meaningful strategic investments in Africa's power sector over 500 million people in rural communities will still not have power. Renewables, like solar, hydro, and wind are an untapped potential that need to be more fully explored to provide access to energy throughout Sub-Saharan Africa.

The IEA's prediction that sub-Saharan Africa will be a major natural gas producer in 2014 and U.S. production of shale gas will over time exceed Russia's gas production, which is already pushing Europe to develop policies and initiatives that support the development of Africa's energy resources. Sub-Saharan Africa will be a cornerstone of global oil markets and an emerging gas supplier for Europe in the future.

New approaches are needed to address poverty in Africa by the government and the U.S. private sector and Leadership Africa USA sees energy as key to successful poverty reduction strategies in Africa.

Africa is the lowest recipient of global investment resources as compared with other regions in the world. Africa receives less than 1% of American investments worldwide. Africa's bid for enhanced domestic and foreign investments flows will not yield positive results if sustainable solutions are not found to address factors inhibiting Africa's growth. In addition to access to energy resources, other inhibiting factors include technology, inadequate infrastructure, capacity development, lack of political stability, limited national markets, image issues and Africa's investment climate. Infrastructural challenges in Africa are daunting to provide stable power and access to electricity. Africa needs massive investment to be instrumental in facing their development challenges.

Africa currently has a 70 percent energy deficit and in response to this deficit, the Administration launched their Power Africa Initiative, committing public and private sector funding focused on renewable energy across six African countries. The U.S. Department of Energy, in support of Power Africa, reached out to African Energy and Power Ministers and the U.S. private sector to reinforce the U.S. government's support to improve Africa's access to a mix of energy resources which launched the U.S.-Africa Energy Ministerial.

Leadership Africa USA was pleased to be a part of the U.S.-Africa Energy Ministerial (AEM). The agenda and goals of the Ministerial, which highlighted energy as a key economic driver for Africa's development, align neatly with our organization's international development programs and focus on Africa's youth.

Our goal is to ensure Africa's development future and assist African youth escape poverty, and excel to become the leaders of the future. To fulfill our goal to provide Africa's youth the opportunities to develop the necessary skills they need to be productive stakeholders of their societies, the benefits of energy and power have to be extended into their communities.

It is our hope that the government-to-government, government-to-industry, and company-to-company exchanges on policy and investment that took place during this Energy Ministerial, will serve to increase cross-border power trade, improvements in the existing energy infrastructure, and increase access to electricity for Africa and its youth. We also believe it is important to support workforce development for these efforts to be sustainable.

Developing the energy and power sector in Africa will be a enormous undertaking and according to the International Energy Agency (IEA) will require over \$300 billion in new investments to achieve universal electricity by 2030.

U.S. companies as we witnessed during the AEM and the recent U.S.-Africa Leaders Summit recognize they are dealing with a new Africa with profitable business opportunities for their companies and need our government policies and support to level the playing field in Africa.

As an NGO and based on our work with the African Ambassadors Group, our development initiatives are to always hear directly from the Africans themselves, their own solutions to the challenges they face. We always identify and work with local partners for sustainability with value chain strategies in place before we launch. Our recommendations for today's hearing center around globalization; the critical need for follow-up; partnerships; Africa's localization strategies and developing creative arrangements supporting the US private sector; regionalization; and bringing new players to the table including SMEs, civil society organizations, and better networking.

Small and Medium Enterprises (SMEs)

Federal agencies should work to leverage synergies between the appropriate government programs with the potential to encourage more SME's participation as part of our energy policy. A concerted effort by DOE, the State Department, Commerce and other U.S. agencies to link this business community to meaningful commercial opportunities and joint ventures with African counterparts would be a very positive action to take in support of U.S. energy security and to help lessen China's advantage.

Africans and African Americans are linked by history and self-determination and the U.S. SME community's historic interest in Africa's development. American and African SMEs should be an integral part of any renewed energy strategy for Africa and should be more targeted by other U.S. government agencies as part of a more integrated U.S. energy strategy.

We need to significantly broaden business opportunities for SME's to partner with African SMEs since both business communities have a great deal to share with each other to leverage business, investment and trade opportunities.

More support and collaboration for SMEs to be more involved in Africa represents an underutilized resource and our challenge is to intentionally include this business community in a renewed U.S. African energy strategy.

The U.S. Government's mission must include advocacy on behalf of all U.S. businesses both large and small including SMEs to identify opportunities and assist them in navigating foreign regulations, handling disputes, investment opportunities and contracts.

Today's global marketplace is tough, competitive, fast changing and the stakes are high. To win today requires strategic clarity --- a clear vision, where we are today and where do we want to go tomorrow.

AGOA

Leadership Africa USA began working with the African Ambassadors Group in November 2011 when we organized the '*First Ever Joint House and Senate Briefing*' with the Subcommittees on Africa and the African Diplomatic Corps. LA USA and the African Ambassadors Group's AGOA efforts have continued through the African Ambassadors Group, which have included Congressional-Diplomatic Dialogue, Congressional Conversations, briefings, meetings, events, and outreach that resulted in specific recommendations from the African Ambassadors for the reauthorization of AGOA.

It's our belief following the recent U.S-Africa Energy Ministerial (AEM) in Ethiopia and the U.S-Africa Leaders Summit that the U.S government is ready to focus on an African agenda, including reauthorization of AGOA, with a prevailing opinion supportive of AGOA's reauthorization.

In this context, the African Growth and Opportunity Act (AGOA), the cornerstone of the United States trade and investment policy towards sub-Saharan Africa, has made a positive impact on economic growth and job creation for both the U.S. and Africa since its enactment in 2000. It is estimated that AGOA has created 350,000 direct jobs and over 1,300,000 million indirect jobs in sub-Saharan Africa and over 100,000 jobs in the United States. AGOA has been the foundational initiative for expanding U.S-Africa trade since 2000 and both the Administration and Congress are focusing on AGOA's reauthorization including possible expansion.

AFRICAN INPUT

The African Ambassadors provided LA USA a copy of their proposed agenda topics for the recent U.S. Africa Leaders Summit, a historic opportunity for the African Heads of State to engage in a comprehensive dialogue with United States officials, business leaders, and civil society organizations on ways to bolster trade and investment on both sides of the Atlantic.

Their talking points (and this is important) included their support for AGOA's reauthorization, which they tie directly to Africa's need for greater access to energy and power. Their recommendations and priorities which I have included, calling for AGOA's reauthorization and how important they would like AGOA's reauthorization to be linked to Africa's access to energy:

- a. AGOA's renewal for a further 15 years with no-graduation of any country and the Third Country Fabric Provision should be made co-terminus;
- b. The General System of Preferences (GSP) has expired and needs to be re-authorized;
- c. Support for President Obama's Trade Africa Initiative and its contribution to boost intra-African trade;
- d. Support for Africa's own strategic regional integration agenda to boost Africa's internal trade;

e. Significantly increased investments for infrastructural development to enhance economic growth and trade.

In support of Power Africa, the United States House of Representatives passed legislation “the Electrify Africa Act (EAA).”

The Electrify Africa Act of 2013 was introduced into the House of Representatives on June 27, 2013 by Representative Royce. The stated purpose is to “...improve access to affordable, reliable electricity in Africa in order to unlock the potential for economic growth, job creation, food security, improved health and education outcomes, and sustainable poverty reduction.

Compatible with Power Africa, the Electrify Africa Act (EAA), will establish a comprehensive U.S. Government policy to encourage an appropriate mix of power solutions, including renewable energy. EAA encourages U.S. government agencies support for the development of low-cost, base load energy resources with significant regional impact with minimal environmental damage. The “Electrify Africa Act” also identifies the provision of fast track power through the use of mobile aero-derivative dual-fuel turbines as a bridge to permanent installed capacity a strategy in the Bill that the US Government should support, promote and facilitate.

A key part of Power Africa’s approach to the future of energy in Africa is leveraging the Millennium Challenge Corporation’s (MCC) investments on the continent. MCC has already provided roughly \$1 billion dollars in grants for power in Africa and is on track to provide another \$1 billion to power to countries such as Ghana, Tanzania and Liberia.

Before the infrastructure needs are addressed through MCC’s grants, MCC works with countries and private sector actors interested in also investing and requires willing countries to make the tough policy reforms needed to create a viable, sustainable sector.

This approach has proven successful when MCC’s \$498 million Ghana Power Compact was able to catalyze in excess of \$4 billion of private sector commitment for the development of the energy sector.

These elements summarize our thinking on this legislation and support our views that in order to deliver on the promised results, the legislation should incorporate specific references to fast track bridging power through the use of dual fuel power plant with natural gas capability. The reference to fast track bridging power solution with natural gas capability addresses two essential elements— speed (fast-track bridging power) and low transmissions. This is the quickest way to achieve meaningful number in incremental installed MWs on the continent within a time frame that can be measured in weeks or months, not years.

The African Union on behalf of their members developed a Program for Infrastructure Development (PIDA) as part of ‘horizon 2040’ which outlines Africa’s energy vision, including its intended energy mix and related power projects, such as the development of transmission

corridors. The African Leaders are seeking support to ensure the harmonization and U.S. support to meet Africa's energy needs as articulated in PIDA.

- a) Maintain on-going support for the Power Africa Initiative to reach the goal of producing 10 000 MW, and ensure that renewable energy continues to play a key role in Africa's energy mix;
- b) Extend Power Africa's financial and geographic scope so that more countries and regional power pools benefit, in line with the Electrify Africa Act;
- c) Solicit U.S. endorsement and support for the PIDA as the statement of Africa's energy needs, aspirations and plans, such as:
 - i. The harnessing of Africa's hydro-electric power which has feasible potential of 1,750,000 GWh / year of which only 4.3% is currently exploited;
 - ii. The promotion of 8 hydro-power projects, 4 transmission corridors, regional energy interconnection projects and 2 oil and gas pipelines up to 2020; and
 - iii. A required investment of \$43 billion annually to meet these targets.
- d) The U.S. should also partner with Africa in enhancing its capacity to adapt to climate change as well as in meeting the continent's obligations to mitigate potential through the Power Africa Initiative, and through the transfer of Carbon Capture and Storage and other clean coal technologies to assist in the sustainable development of Africa's conventional energy resources;
- e) The U.S. should support the acceleration of the exploration, harnessing, and benefaction of sources of unconventional energy resources in Africa, such as natural gas;
- f) Encourage the hosting of a conference between Africa, the U.S. and multilateral agencies, involving public and private funds and investors, in order to highlight opportunities in the development of Africa's energy power projects and transmission corridors;
- g) Commend the holding of the First U.S.-Africa Energy Ministerial Meeting that took place in Addis Ababa on June 3-4, 2014 and recommend the follow-up of discussions from the meeting and encourage the continuation of the U.S.-Africa Energy Ministerial Meeting.

To advance U.S. Government and business interest to support Africa's access to energy, Leadership Africa USA is proposing a regional approach to improve Africa's energy infrastructure to create new business opportunities for both African and U.S. companies.

REGIONALIZATION

The potential of intra-African regional trade is restricted and currently about 10%-12%, compared with North American trade with North American countries about 40%, and 63% by countries in Western Europe. The announced continental Free Trade Area by 2017 would, when established, expand Africa's integration and help to bring together fragmented African economies.

We recommend the Administration and Congress support outreach and efforts to Regional Economic Communities (RECs) as major points of contact as part of a regional public private partnerships (PPP) energy strategy. Africa's economic integration is the basis for any meaningful enhanced development in Africa. Energy security is a key building block if Africa is to achieve a sustainable future. REC's have great potential to support a U.S. Government and private sector-led regional energy strategy. Involving:

- Economic Community of West African States (ECOWAS)
- The Southern African Development Community (SADC)
- The African Union (AU)
- The East African Community (EAC)
- The Economic Community of Central African States (ECCAS)

Why a regional energy strategy?

- Promote regional ownership and support
- Discussions in planning followed by topical discussions on the follow-up themes on the AEM issues/meeting structure – purpose, composition of delegations, agenda, and venue.
- Focused regional meetings with flexible agenda for participants to express views for genuine dialogue and collaboration.
- High level political and private sector leadership through participation
- Technical experts
- Effective planning process on the way forward to achieve progress.
- A unified approach and collaboration to build consensus to achieve regional success.
- Advocacy and stewardship for Africa

We must mobilize to confront energy insecurity more in Africa and need a broad strategy and serious effort to work together. The U.S. must earn our place as Africa's trusted partner with U.S. business leadership in forefront. We believe the regional (PPP) energy strategy and approach Leadership Africa USA is proposing will contribute to:

- Regional policies and strategies toward regional energy security.
- Transcend regional competitions and embrace regional cooperation.
- Work with our Africa partners.
- Identify strengths and possibilities and then focus on leveraging those strengths to improve Africa's access to energy and power.
- More focused U.S. approach using the private sector technology and expertise to move beyond a government only solution.
- Public-private collaborations to unlock new funding, infrastructure, and development strategies.
- Small-Medium Enterprises (SMEs) include as part of the process going forward as a key part of any sustainable solution.

The U.S. has at times been slower to react to the new developments happening in Africa. But this dynamic is changing with Africa supplying more energy resources globally. Visionary African leaders understand the need to reform and improve key economic drivers such as education, infrastructure development, the rule of law, transportation, and capacity development to achieve sustained economic growth.

Energy impacts people's lives and expanding access to energy in sub-Saharan Africa will be an enormous African challenge. Africa needs electrification, and without increased electricity and access to power, Africa cannot grow. Many of these global energy and related issues present new challenges and opportunities for the United States and Africa that need to be addressed through committed leadership and new energy strategies.

Thank You