African Growth and Opportunity Act, Electrify Africa Act and Power Africa Program

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Power Africa

The Summit will have a special focus on the administration's Power Africa initiative, announced by President Obama in June 2012. Power Africa is a new initiative to double access to power in sub-Saharan Africa and add more than 10,000 megawatts of cleaner, more efficient electricity generation capacity. It combines the efforts of approximately 12 U.S. government agencies and 40 private companies working in six initial African partner countries: Liberia, Nigeria, Ghana, Kenya, Tanzania and Ethiopia. To date, a total of $21 billion has been committed to Power Africa by both the U.S. government ($7 billion) and private-sector companies ($14 billion). The goal is to help countries develop newly discovered resources responsibly, build out power generation and transmission, and expand the reach of mini-grid and off-grid solutions.

Power Africa builds on Africa's enormous power potential, including new discoveries of vast reserves of oil and gas, and the potential to develop clean geothermal, hydro, wind and solar energy. According to the International Energy Agency, sub-Saharan Africa will require more than $300 billion in investment to achieve universal electricity access by 2030. Power Africa is designed to bring to bear a wide range of U.S. government tools to support investment in Africa's energy sector, including long-term financing, insurance, guarantees and credit enhancements.

The U.S. Congress has shown considerable support for Power Africa. On May 8, 2014, the U.S. House of Representatives passed HR 2548 (the Electrify Africa Act) with broad bipartisan support. The Electrify Africa Act mirrors the goals of Power Africa and sets forth certain specific responsibilities for the agencies already implementing Power Africa. The Senate version of the bill, S 2014 (the Energize Africa Act), was reported out of the Senate Foreign Relations Committee on June 24. The Energize Africa Act is substantially similar, but would double the goal of Power Africa to 20,000 megawatts. In each case, the U.S. government is changing the way its agencies do business in Africa and increasing access to credit for investments in Africa. Please click here to view our March 11 client alert and here to view our May 16 blog post that are both related to this topic.

African Growth and Opportunity Act

At the center of U.S. economic policy toward Africa is the AGOA. AGOA was signed into law on May 18, 2000, as Title 1 of The Trade and Development Act of 2000. The purpose of AGOA is to assist the economies of sub-Saharan Africa and to improve economic relations between the U.S. and the region. With the existing legislation expiring in 2015, and new legislation currently being drafted by the U.S. Congress, the administration is holding the annual AGOA Forum at the Summit in August to discuss ways to improve trade between the United States and Africa under a new and improved AGOA.

AGOA has become the primary driver in the administration's economic and development engagement with Africa. In particular, it offers duty-free access to the U.S. market for African products from countries that are making progress toward market-based economies. Proponents of AGOA believe it has proven to be a valuable tool in promoting trade by allowing a certain number of sub-Saharan African countries access to the U.S. market. Critics of AGOA believe that it has not yet done enough to encourage a larger number of countries to take advantage of AGOA by exporting to the United States. The forthcoming renewal and revisions will likely focus on making it easier for countries to qualify for AGOA and improving export strategies to increase the amount of African exports to the United States.

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