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[Report No. 113-219]

To establish a comprehensive United States Government policy to assist countries in sub-Saharan Africa to improve access to and the affordability, reliability, and sustainability of power, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 19, 2014

Mr. MENENDEZ (for himself, Mr. CORKER, Mr. COONS, Mr. ISAKSON, Mr. MARKEY, Mr. JOHANNES, Mr. CARDIN, Mrs. SHAHEEN, Mr. FRANKEN, Mr. DURBIN, Ms. KLOBUCHAR, Mr. GRAHAM, Mr. BLUNT, Ms. STABENOW, Mr. UDALL of Colorado, and Ms. CANTWELL) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

JULY 24, 2014

Reported by Mr. MENENDEZ, with amendments and an amendment to the title

[Omit the part struck through and insert the part printed in *italic*]

A BILL

To establish a comprehensive United States Government policy to assist countries in sub-Saharan Africa to improve access to and the affordability, reliability, and sustainability of power, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “Energize Africa Act of 2014”.

6 (b) TABLE OF CONTENTS.—The table of contents for
 7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

TITLE I—POLICIES TO IMPROVE ACCESS TO POWER IN SUB-
 SAHARAN AFRICA

Sec. 101. Purpose.

Sec. 102. Statement of policy.

Sec. 103. Development of comprehensive, multiyear strategy.

Sec. 104. Sense of Congress on priorities with respect the energy sector of sub-
 Saharan African countries.

Sec. 105. Prioritization of assistance for power projects in sub-Saharan Africa
 by the United States Agency for International Development.

Sec. 106. Prioritization of assistance for power projects in sub-Saharan Africa
 by the Trade and Development Agency.

Sec. 107. Prioritization of assistance for power projects in sub-Saharan Africa
 by the Overseas Private Investment Corporation.

Sec. 108. Prioritization of assistance for power projects in sub-Saharan Africa
 by the World Bank Group and the African Development Bank.

Sec. 109. Prioritization of assistance for power projects in sub-Saharan Africa
 by the United States African Development Foundation.

*Sec. 110. Prioritization of assistance for power projects in sub-Saharan Africa by
 the Millennium Challenge Corporation.*

Sec. ~~110~~111. Progress report.

TITLE II—OVERSEAS PRIVATE INVESTMENT CORPORATION

Sec. 201. Extension of issuing authority.

Sec. 202. Expedited procedures for financing of small projects related to power
 generation and distribution in sub-Saharan Africa.

Sec. 203. Activities in sub-Saharan Africa; investment advisory council.

Sec. 204. Pilot program for expansion of eligible investors.

Sec. 205. Pilot program for direct investment and local currency guaranties for
 power projects in sub-Saharan Africa.

Sec. 206. Extension of maximum term of obligation for renewable energy
 projects in sub-Saharan Africa.

Sec. 207. Inspector General.

Sec. 208. Assessment of customer satisfaction.

Sec. 209. Schedule B hiring authority.

Sec. 210. Sense of Congress on funding.

Sec. 211. Report on equity authority.

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) As of 2010, approximately 589,000,000
4 people in sub-Saharan Africa, or 68 percent of the
5 population, did not have access to power.

6 (2) Lack of access to power services
7 disproportionately affects women, who often shoulder
8 the burden of seeking sources of heat and light such
9 as dung, wood, or charcoal and are often more ex-
10 posed to the associated negative health effects.

11 (3) Women and girls also face increased risks
12 of assault from walking long distances to gather fuel
13 sources.

14 (4) Access to power creates opportunities for
15 people to work their way out of poverty, including
16 through entrepreneurship.

17 (5) A lack of power contributes to the high use
18 of inefficient and often highly polluting fuel sources
19 for indoor cooking, heating, and lighting that
20 produce toxic fumes resulting in more than
21 3,000,000 annual premature deaths from respiratory
22 disease.

23 (6) Reliable access to power is crucial for the
24 storage of vaccines and antiretroviral and other life-
25 saving medical drugs, as well as for the operation of
26 modern lifesaving medical equipment.

1 (7) Access to power can be used to improve
2 food security by enabling post-harvest processing,
3 pumping, irrigation, dry grain storage, milling, and
4 refrigeration, and for other uses.

5 (8) Access to power can provide improved infor-
6 mation and communication technologies that can
7 greatly improve health and education outcomes as
8 well as economic and commercial opportunities.

9 (9) For the majority of people with access to
10 power in sub-Saharan Africa, power services are
11 highly unreliable and remain at least twice as expen-
12 sive compared to other emerging regions.

13 (10) According to Enterprise Surveys of the
14 World Bank, power cuts in sub-Saharan Africa cost
15 companies more than 10 percent of sales in certain
16 countries.

17 (11) The consumer base in sub-Saharan Africa
18 of approximately 1,000,000,000 people is rapidly
19 growing and will create increasing demand for
20 United States goods, services, and technologies, but
21 the current power deficit in sub-Saharan Africa lim-
22 its that growth in demand by restricting economic
23 growth on the continent of Africa.

24 (12) Approximately 30 countries in sub-Saha-
25 ran Africa face endemic power shortages, and nearly

1 70 percent of surveyed businesses in sub-Saharan
2 Africa cite unreliable power as a major constraint to
3 growth.

4 (13) The work of the Millennium Challenge
5 Corporation in the energy sector shows high pro-
6 jected economic rates of returns that translate to
7 sustainable economic growth and the highest returns
8 are projected when infrastructure improvements are
9 coupled with significant legislative, policy, and regu-
10 latory reforms and institutional strengthening.

11 (14) Sub-Saharan Africa has abundant renew-
12 able and fossil fuel resources with which to generate
13 power.

14 (15) In some countries in sub-Saharan Africa,
15 weak governance capacity, undue regulatory bar-
16 riers, and unnecessary legal constraints, as well as
17 a lack of transparency and accountability, stifle the
18 ability of public and private investment to assist in
19 the generation and distribution of power.

20 (16) Without new policies and more effective
21 public and private investments in power sector enter-
22 prises to increase and expand access to power in
23 sub-Saharan Africa, more than 70 percent of the
24 rural population, and 48 percent of the total popu-

1 lation, are likely to remain without access to power
2 through at least 2030.

3 (17) Consumers in sub-Saharan Africa spend
4 billions of dollars annually on kerosene and other
5 fuels for household needs, which can, for poor fami-
6 lies, represent more than 15 percent of household in-
7 come and can expose residents to significant fire and
8 toxicity risks.

9 (18) Kerosene lamps used in homes can cause
10 fires and severe burn injuries and expose users to
11 hazardous air pollutants in close quarters, and
12 switching from fuel-based lighting to cheaper, clean-
13 er systems would provide higher quality light with no
14 negative health effects while achieving significant
15 economic savings.

16 (19) New technological advances in power gen-
17 eration coupled with more efficient appliances are
18 resulting in robust, affordable, and non-polluting off-
19 grid power solutions and entrepreneurs are devel-
20 oping new business models allowing off-grid house-
21 holds to finance systems over time, resulting in a
22 rapidly growing off-grid power market.

1 **TITLE I—POLICIES TO IMPROVE**
2 **ACCESS TO POWER IN SUB-SA-**
3 **HARAN AFRICA**

4 **SEC. 101. PURPOSE.**

5 The purpose of this title is to ~~assist~~ *encourage the*
6 *efforts of* countries in sub-Saharan Africa to improve ac-
7 cess to affordable and reliable power in order to unlock
8 the potential for economic growth and promote develop-
9 ment, job creation, food security, improved health, edu-
10 cational, and environmental outcomes, and reduce poverty.

11 **SEC. 102. STATEMENT OF POLICY.**

12 Congress declares that it is the policy of the United
13 States to partner, consult, and coordinate with the govern-
14 ments of sub-Saharan African countries, international fi-
15 nancial institutions, African regional economic commu-
16 nities, and the private sector, in a concerted effort to—

17 (1) promote first-time access to power and
18 power services for at least 50,000,000 people in sub-
19 Saharan Africa by 2020 in both urban and rural
20 areas;

21 (2) encourage the installation of at least 20,000
22 additional megawatts of electrical power in sub-Sa-
23 haran Africa by 2020 using a broad mix of energy
24 options to help reduce poverty, promote sustainable
25 development, and drive economic growth;

1 (3) promote reliable, affordable, and sustainable
2 power in urban areas (including small urban areas)
3 to promote economic growth and job creation;

4 (4) promote efficient institutional platforms and
5 financing to provide electrical service to rural and
6 underserved populations;

7 (5) encourage the necessary in-country reforms
8 to make such expansion of power access possible;

9 (6) promote reforms of power production, deliv-
10 ery, and pricing, as well as regulatory reforms and
11 transparency, to support long-term, market-based
12 power generation and distribution; ~~and~~

13 (7) promote policies to displace kerosene light-
14 ing with other technologies; *and*

15 (8) *promote an all-of-the-above energy develop-*
16 *ment strategy for sub-Saharan Africa that includes*
17 *the use of oil, natural gas, coal, hydroelectric, wind,*
18 *solar, and geothermal power, and other sources of en-*
19 *ergy.*

20 **SEC. 103. DEVELOPMENT OF COMPREHENSIVE, MULTIYEAR**
21 **STRATEGY.**

22 (a) STRATEGY REQUIRED.—

23 (1) IN GENERAL.—The President shall establish
24 a comprehensive, integrated, multiyear strategy to
25 ~~assist~~ *encourage the efforts of* countries in sub-Saha-

1 ran Africa to implement national power strategies
2 and develop an appropriate mix of power solutions,
3 including renewable energy, to provide access to suf-
4 ficient reliable, affordable, and sustainable power in
5 order to reduce poverty and drive economic growth
6 and job creation.

7 (2) FLEXIBILITY AND RESPONSIVENESS.—The
8 President shall ensure that the strategy required by
9 paragraph (1) maintains sufficient flexibility for and
10 remains responsive to technological innovation in the
11 power sector.

12 (b) REPORT REQUIRED.—Not later than 180 days
13 after the date of the enactment of this Act, the President
14 shall submit to the Committee on Foreign Relations of the
15 Senate and the Committee on Foreign Affairs of the
16 House of Representatives a report that contains the strat-
17 egy required by subsection (a) and includes a discussion
18 of the following elements:

19 (1) The general and specific objectives of the
20 strategy.

21 (2) The criteria for determining the success of
22 the strategy.

23 (3) A description of the manner in which the
24 strategy will support efforts of countries ~~receiving~~
25 assistance pursuant to the strategy *in sub-Saharan*

1 *Africa* to improve access to power using a broad mix
2 of energy options and improve the affordability and
3 reliability of power in sub-Saharan Africa.

4 (4) A general description of regional and coun-
5 try plans and significant local efforts, as appro-
6 priate, in sub-Saharan Africa to—

7 (A) increase power production;

8 (B) strengthen electrical transmission and
9 distribution infrastructure;

10 (C) provide for regulatory reform and
11 transparent and accountable governance and
12 oversight;

13 (D) improve the reliability of power;

14 (E) maintain the affordability of power;

15 (F) maximize the financial sustainability of
16 the power sector; and

17 (G) improve access to power.

18 (5) A description of plans to support efforts of
19 countries ~~receiving assistance pursuant to the strat-~~
20 ~~egy in sub-Saharan Africa~~ to increase access to
21 power in urban and rural areas, including a descrip-
22 tion of plans designed to address commercial, indus-
23 trial, and residential needs.

24 (6) A description of plans to support efforts of
25 such countries to reduce waste and corruption and

1 improve existing power generation through the use
2 of a broad power mix, including fossil fuel and re-
3 newable energy, distributed generation models, and
4 other technological innovations, as appropriate.

5 (7) An analysis of existing mechanisms for en-
6 suring, and recommendations to promote—

7 (A) commercial cost recovery ~~in countries~~
8 ~~receiving assistance pursuant to the strategy;~~

9 (B) commercialization of electric service
10 through distribution service providers to con-
11 sumers;

12 (C) improvements in revenue cycle man-
13 agement, power pricing, and fees assessed for
14 service contracts and connections;

15 (D) reductions in technical losses in the
16 transmission systems and commercial losses re-
17 sulting from inefficiencies, including inefficien-
18 cies in the billing and collection cycle, theft, and
19 manipulation of meter reading and billing sys-
20 tems; and

21 (E) access to power, including rec-
22 ommendations on the creation of new service
23 provider models that mobilize community par-
24 ticipation in the provision of power services.

1 (8) A description of United States Government
2 efforts to support the efforts of countries ~~receiving~~
3 ~~assistance pursuant to the strategy~~ *in sub-Saharan*
4 *Africa* to leverage private sector resources and public
5 sector financing pursuant to the strategy.

6 (9) A description of the reforms being under-
7 taken or planned by countries in sub-Saharan Africa
8 to ensure the long-term economic viability of power
9 projects and to increase access to power, including—

10 (A) reforms designed to allow third parties
11 to connect power generation to the grid
12 affordably, quickly, and without undue regu-
13 latory burdens;

14 (B) policies to ensure there is a viable,
15 adequately resourced, independent, and capable
16 utility regulator;

17 (C) strategies to ensure utilities become or
18 remain creditworthy;

19 (D) regulations that permit the participa-
20 tion of independent power producers and pri-
21 vate-public partnerships;

22 (E) policies that encourage private invest-
23 ment in power generation;

1 (F) policies that ensure compensation for
2 power provided to the electrical grid by on-site
3 producers;

4 (G) policies to unbundle power services;
5 and

6 (H) regulations to eliminate conflicts of in-
7 terest in the utility sector.

8 (10) A description of plans to ensure—

9 (A) local consultation, as appropriate, in
10 the planning, long-term maintenance, and man-
11 agement of investments designed to increase ac-
12 cess to power in sub-Saharan Africa; and

13 (B) that such investments are sustainable
14 and transparent, including through the provi-
15 sion of technical assistance and training.

16 (11) An identification of the relevant United
17 States Government departments and agencies that
18 will be involved in carrying out the strategy.

19 (12) A description of the level and distribution
20 of resources that will be dedicated on an annual
21 basis among those departments and agencies.

22 (13) A description of the role of each such de-
23 partment or agency and the types of programs that
24 each such department or agency will conduct.

1 (14) A description of the mechanisms that will
2 be used to coordinate the efforts of United States
3 Government departments and agencies in carrying
4 out the strategy to avoid duplication of efforts, en-
5 hance coordination, and ensure that each such de-
6 partment or agency conducts programs primarily in
7 the areas in which that department or agency has
8 the greatest expertise, technical capabilities, and po-
9 tential for success.

10 (15) A description of the mechanisms to be es-
11 tablished for—

12 (A) monitoring and evaluating increased
13 access to, and reliability and affordability of,
14 power in sub-Saharan Africa for individuals,
15 communities, and businesses;

16 (B) maximizing the financial sustainability
17 of power generation, transmission, and distribu-
18 tion in sub-Saharan Africa;

19 (C) sharing best practices among relevant
20 United States Government departments and
21 agencies and with other countries and institu-
22 tions participating in efforts to increase access
23 to power in sub-Saharan Africa;

24 (D) establishing metrics to demonstrate
25 progress on meeting goals relating to access to

1 power, power generation, and distribution in
2 sub-Saharan Africa; and

3 (E) terminating unsuccessful programs.

4 (16) A description of the engagement plan for
5 working with local communities benefitting from or
6 affected by projects carried out pursuant to the
7 strategy.

8 (17) A description of the mechanisms that will
9 be used to ensure greater coordination between the
10 United States and foreign governments, inter-
11 national organizations, African regional economic
12 communities, international financial institutions,
13 international fora such as the G-8 and G-20, and
14 private sector and civil society organizations.

15 (18) An outline of how the President intends to
16 partner with foreign governments, the World Bank
17 Group, the African Development Bank, the private
18 sector, and other development partners to ~~assist~~ *en-*
19 *courage* sub-Saharan African countries to conduct
20 project studies and facilitate project development.

21 (19) A description of how the President intends
22 to help facilitate transnational and regional elec-
23 trification projects where appropriate.

24 (20) A description of how the President intends
25 to help sub-Saharan countries use new or potential

1 fossil fuel and other resources in order to provide
2 power to their citizens.

3 (21) A description of how the President intends
4 to promote trade in electrical equipment with coun-
5 tries in sub-Saharan Africa, including a description
6 of how the government of each country receiving as-
7 sistance pursuant to the strategy—

8 (A) plans to lower or eliminate import tar-
9 iffs or other taxes for energy and other power
10 production and distribution technologies des-
11 tined for sub-Saharan Africa, including equip-
12 ment used to provide energy access, including
13 solar lanterns, solar home systems, and micro
14 and mini grids; and

15 (B) plans to protect the intellectual prop-
16 erty of companies designing and manufacturing
17 products that can be used to provide energy ac-
18 cess in sub-Saharan Africa.

19 (22) A description of how the President intends
20 to work with the African Development Bank and
21 other partners to increase the capacity of sub-Saha-
22 ran African utilities to—

23 (A) develop standardized power purchase
24 agreements and other contracts to streamline
25 project development; and

1 (B) negotiate and monitor compliance with
2 power purchase agreements and other contracts
3 entered into with the private sector.

4 (23) A description of how the President intends
5 to encourage the growth of distributed renewable en-
6 ergy markets in sub-Saharan Africa, including off-
7 grid lighting and power, that includes—

8 (A) a country-by-country analysis of the
9 state of distributed renewable energy in sub-Sa-
10 haran Africa, including off-grid lighting and
11 power;

12 (B) a description of market barriers to the
13 deployment of distributed renewable energy
14 technologies both on- and off-grid in sub-Saha-
15 ran Africa;

16 (C) measures United States Government
17 departments and agencies, including the United
18 States Agency for International Development
19 and the Overseas Private Investment Corpora-
20 tion, can take—

21 (i) to overcome or eliminate market
22 barriers or enhance financing opportunities
23 for distributed renewable energy solutions
24 in sub-Saharan Africa; and

1 (ii) to ~~assist~~ *encourage* multilateral or-
2 ganizations such as the World Bank Group
3 in efforts to eliminate such barriers or en-
4 hance such opportunities;

5 (D) the amount and kind of financial sup-
6 port and financing provided to participants in
7 distributed energy markets by the United
8 States Government, international financial in-
9 stitutions, and other international organiza-
10 tions;

11 (E) an analysis of the efficacy of efforts by
12 the Overseas Private Investment Corporation
13 and the United States Agency for International
14 Development to facilitate the financing of the
15 importation, distribution, sale, leasing, or mar-
16 keting of distributed renewable energy tech-
17 nologies; and

18 (F) a description of how bolstering distrib-
19 uted renewable energy can enhance the overall
20 effort to increase power access in sub-Saharan
21 Africa.

22 (24) Any other issues the President determines
23 are relevant to the strategy.

24 (c) *INTERAGENCY WORKING GROUP.*—

1 (1) *IN GENERAL.*—*The President may, as appropriate, establish an Interagency Working Group to coordinate the activities of relevant United States Government departments and agencies involved in carrying out the strategy required under this section.*

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6 (2) *FUNCTIONS.*—*The Interagency Working Group may, among other things, seek to coordinate the activities of the United States Government departments and agencies involved in implementing the strategy, ensure efficient and effective coordination between participating departments and agencies, facilitate information sharing, and coordinate partnerships between United States Government, the private sector, and other development partners to achieve the goals of the strategy.*

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16 ~~(c)~~(d) *AFRICAN POWER ADVISORY GROUP.*—

17 (1) *ESTABLISHMENT.*—*For the purposes of developing the strategy required by subsection (a), the President shall establish a African Power Advisory Group to advise on the development and implementation of the strategy and report required by this section and assistance support provided pursuant to this section.*

1 (2) MEMBERSHIP.—The African Power Advi-
2 sory Group shall be composed of ~~12~~ 13 members ap-
3 pointed by the President, including the following:

4 (A) The Coordinator of the President’s
5 Power Africa Initiative.

6 (B) Seven individuals from the power sec-
7 tor, of whom—

8 (i) at least one shall have experience
9 in the fossil fuel power sector;

10 (ii) at least one shall have experience
11 with the rural electrical cooperatives;

12 (iii) at least one shall have experience
13 in the renewable energy sector; and

14 (iv) at least one shall have experience
15 in the distributed generation sector.

16 (C) Three individuals, other than individ-
17 uals described in subparagraph (B), who shall
18 have experience in working with the business
19 community in Africa or with governments of
20 countries in Africa.

21 (D) One individual who shall have experi-
22 ence with utility regulation.

23 (E) *The official designated pursuant to sec-*
24 *tion 1206(d) of the National Defense Authoriza-*
25 *tion Act for Fiscal Year 2014 (Public law 113-*

1 66; 127 Stat. 902; 22 U.S.C. 2151 note) to co-
 2 ordinate efforts to increase United States exports
 3 to Africa.

4 (3) FUNCTIONS.—The President shall call upon
 5 members of the African Power Advisory Group, ei-
 6 ther collectively or individually, to advise the Presi-
 7 dent regarding the development and implementation
 8 of the strategy and report required by this section
 9 and ~~assistance~~ *support* provided pursuant to this
 10 section.

11 (4) MEETINGS.—The African Power Advisory
 12 Group shall meet not later than 60 days after the
 13 date of the enactment of this Act and not less fre-
 14 quently than annually thereafter.

15 (5) FEDERAL ADVISORY COMMITTEE ACT.—The
 16 African Power Advisory Group established under
 17 this section shall not be subject to the Federal Advi-
 18 sory Committee Act (5 U.S.C. App.).

19 **SEC. 104. SENSE OF CONGRESS ON PRIORITIES WITH RE-**
 20 **SPECT THE ENERGY SECTOR OF SUB-SAHA-**
 21 **RAN AFRICAN COUNTRIES.**

22 It is the sense of Congress that—

23 (1) as the United States deepens its engage-
 24 ment with countries in sub-Saharan Africa pursuant
 25 to the authorities provided under this Act, priority

1 should be given to countries with a demonstrated
2 commitment to—

3 (A) transparency, accountability, and
4 credibility in energy sector governance;

5 (B) prudent macroeconomic management
6 of energy resources, including sound fiscal and
7 debt management;

8 (C) energy sector reforms, including tariff
9 reform, unbundling of vertically integrated utili-
10 ties, and access for independent power pro-
11 ducers;

12 (D) responsible development of newly dis-
13 covered energy resources;

14 (E) expansion of power generation, trans-
15 mission, and access, including distributed mini-
16 grid and off-grid solutions; and

17 (F) private sector and investment climate
18 reforms, such as strong rule of law and robust
19 controls over the business regulatory environ-
20 ment; and

21 (2) the United States should consider, in
22 prioritizing efforts carried out pursuant to this
23 Act—

24 (A) opportunities for the United States
25 private sector to contribute to the energy sector

1 in sub-Saharan African countries through tech-
2 nology, innovation, and project development;

3 (B) the potential of such efforts to facili-
4 tate regional power trade and expand power ac-
5 cess across borders;

6 (C) private sector interest and participa-
7 tion in the energy sector of sub-Saharan Afri-
8 can countries;

9 (D) the long-term financial viability of en-
10 ergy sector projects in development;

11 (E) opportunities to collaborate with inter-
12 national donors and partners in energy sector
13 development involving multilateral institutions
14 such as the World Bank Group and the African
15 Development Bank;

16 (F) the availability of United States Gov-
17 ernment resources and appropriate funds to
18 support the expansion of technical assistance,
19 delivery units, and transaction advisors and
20 teams to implement United States Government
21 programs to expand power access in sub-Saha-
22 ran Africa; and

23 (G) mechanisms to promote efficient and
24 effective coordination among United States
25 Government departments and agencies, includ-

1 ing allocation of well-defined roles for each such
2 department or agency.

3 **SEC. 105. PRIORITIZATION OF ASSISTANCE FOR POWER**
4 **PROJECTS IN SUB-SAHARAN AFRICA BY THE**
5 **UNITED STATES AGENCY FOR INTER-**
6 **NATIONAL DEVELOPMENT.**

7 (a) LOAN GUARANTEES.—In pursuing the policy
8 goals described in section 102, the Administrator of the
9 United States Agency for International Development
10 should prioritize loan guarantees to local financial institu-
11 tions in sub-Saharan Africa, as appropriate, to—

12 (1) facilitate the involvement of such institu-
13 tions in power projects and markets, both on- and
14 off-grid, in sub-Saharan Africa;

15 (2) allow such institutions to partner with other
16 investors to leverage expertise and increase the im-
17 pact of such loan guarantees for energy access and
18 power production projects in sub-Saharan Africa;

19 (3) allow such institutions to partner with other
20 investors to fund local research, development, and
21 deployment of technology in order to specifically in-
22 crease access to reliable, affordable, and sustainable
23 power in sub-Saharan Africa; and

24 (4) allow such institutions to fund the develop-
25 ment of plans to increase distribution coverage, in-

1 including off-grid projects and services in rural areas
2 of sub-Saharan Africa.

3 (b) GRANTS.—The Administrator ~~shall~~ *should, as ap-*
4 *propriate*, prioritize assistance to—

5 (1) support the implementation or development,
6 as appropriate, of national, regional, and local en-
7 ergy and economically sustainable power policy plans
8 in sub-Saharan Africa;

9 (2) expand power access across sub-Saharan
10 Africa, including specifically to the poorest popu-
11 lations and rural and isolated communities;

12 (3) build the capacity of countries in sub-Saha-
13 ran Africa to monitor and appropriately and trans-
14 parently regulate the power sector and encourage
15 private investment in power production and distribu-
16 tion; and

17 (4) increase access to reliable, affordable, and
18 sustainable power in sub-Saharan Africa, including
19 the development of plans to increase power access in
20 rural areas.

21 (c) EFFECTIVENESS MEASUREMENT.—In providing
22 the loan guarantees and assistance prioritized pursuant to
23 this section, the Administrator shall use clear, account-
24 able, and metric-based targets to measure the effectiveness

1 of such guarantees and assistance in achieving the goals
2 described in section 102.

3 (d) **RULE OF CONSTRUCTION.**—Nothing in this sec-
4 tion shall be construed to authorize modifying or limiting
5 the portfolio of the United States Agency for International
6 Development in other developing regions.

7 **SEC. 106. PRIORITIZATION OF ASSISTANCE FOR POWER**
8 **PROJECTS IN SUB-SAHARAN AFRICA BY THE**
9 **TRADE AND DEVELOPMENT AGENCY.**

10 (a) **IN GENERAL.**—The Director of the Trade and
11 Development Agency should prioritize, as appropriate—

12 (1) the promotion of United States private sec-
13 tor participation in energy sector development
14 projects in sub-Saharan Africa by conducting project
15 preparation activities for projects in sub-Saharan Af-
16 rica, including feasibility studies, technical assist-
17 ance, pilot projects, reverse trade missions, con-
18 ferences, and workshops; and

19 (2) the funding of project preparation activities
20 for projects in sub-Saharan Africa that involve in-
21 creased access to power, including power generation
22 and trade capacity building.

23 (b) **FOCUS.**—The project preparation activities de-
24 scribed in subsection (a) should focus on supporting
25 projects in sub-Saharan Africa that enhance efficiencies

1 in the areas of power generation, transmission, and dis-
2 tribution grids, including on-grid, off-grid, and micro-grid
3 solutions, and best practices in demand-side management.

4 (c) **RULE OF CONSTRUCTION.**—Nothing in this sec-
5 tion shall be construed to authorize modifying or limiting
6 the portfolio of the Trade and Development Agency in
7 other developing regions.

8 **SEC. 107. PRIORITIZATION OF ASSISTANCE FOR POWER**
9 **PROJECTS IN SUB-SAHARAN AFRICA BY THE**
10 **OVERSEAS PRIVATE INVESTMENT CORPORA-**
11 **TION.**

12 (a) **IN GENERAL.**—The Overseas Private Investment
13 Corporation should, as appropriate—

14 (1) prioritize support for private sector invest-
15 ments in the power sector of sub-Saharan Africa, in-
16 cluding in renewable energy, that will—

17 (A) maximize the number of people with
18 new access to power and power services;

19 (B) improve and expand the transmission
20 and distribution of power and off-grid lighting
21 and power solutions;

22 (C) provide reliable power to people and
23 businesses in urban and rural communities;

1 (D) address the energy needs of people liv-
2 ing in areas where there is little or no access
3 to a power grid;

4 (E) reduce transmission and distribution
5 losses and improve end-use efficiency and de-
6 mand-side management; and

7 (F) reduce energy-related impediments to
8 business productivity and investment;

9 (2) implement procedures for expedited review
10 of and, where appropriate, approval of, applications
11 by eligible investors (as defined in section 238 of the
12 Foreign Assistance Act of 1961 (22 U.S.C. 2198))
13 for loans, loan guarantees, and insurance for such
14 investments;

15 (3) encourage small- and medium-sized enter-
16 prises and cooperative service providers to partici-
17 pate in energy investment activities in sub-Saharan
18 Africa; and

19 (4) publish information on the effects of its en-
20 ergy investments on development in sub-Saharan Af-
21 rica.

22 (b) RULE OF CONSTRUCTION.—Nothing in this sec-
23 tion shall be construed to authorize modifying or limiting
24 the portfolio of the Overseas Private Investment Corpora-
25 tion in other developing regions.

1 **SEC. 108. PRIORITIZATION OF ASSISTANCE FOR POWER**
2 **PROJECTS IN SUB-SAHARAN AFRICA BY THE**
3 **WORLD BANK GROUP AND THE AFRICAN DE-**
4 **VELOPMENT BANK.**

5 (a) IN GENERAL.—The Secretary of the Treasury
6 should direct the United States Executive Directors of the
7 World Bank Group and the African Development Bank
8 to, as appropriate, use the voice, vote, and influence of
9 the United States to help ensure the World Bank Group
10 and the African Development Bank—

11 (1) prioritize—

12 (A) increasing their investment in, and ef-
13 ferts to promote investment in, well-designed
14 power sector and electrification projects in sub-
15 Saharan Africa;

16 (B) creating financing opportunities, pro-
17 vide financing, and provide technical assistance
18 to promote both on- and off-grid power and
19 lighting solutions in sub-Saharan Africa;

20 (C) stimulating private investment in reli-
21 able, affordable, and sustainable power in sub-
22 Saharan Africa; and

23 (D) providing technical assistance to the
24 regulatory authorities of governments in sub-
25 Saharan Africa to—

- 1 (i) remove unnecessary regulatory and
2 legal barriers to investment in commer-
3 cially viable power projects and markets;
- 4 (ii) modify regulatory and legal re-
5 gimes to assist providers in reducing power
6 transmission and distribution technical
7 losses;
- 8 (iii) implement cost-based power tar-
9 iffs and provide for commercial cost recov-
10 ery;
- 11 (iv) encourage end-use efficiency and
12 demand-side management in the power
13 sector;
- 14 (v) strengthen local power markets;
- 15 (vi) reduce corruption in the power in-
16 dustry, including in government and regu-
17 latory processes associated with power pro-
18 duction and distribution;
- 19 (vii) encourage domestic investment in
20 the power sector;
- 21 (viii) improve transparency and good
22 governance with respect to regulatory and
23 legal processes and requirements in the
24 power sector;

- 1 (ix) encourage affordable and expe-
2 dited interconnection for distributed energy
3 systems and independent power producers;
- 4 (x) ensure compliance with the best
5 practices of the World Bank Group and
6 the African Development Bank; and
- 7 (xi) implement regulatory and legal
8 reforms that facilitate efficient power gen-
9 eration, transmission, and distribution and
10 efficient off-grid energy markets;
- 11 (2) use clear, accountable, and metric-based
12 targets to measure the effectiveness of investment
13 and other assistance provided by the World Bank
14 Group or the African Development Bank, as the
15 case may be, for power sector and electrification
16 projects in sub-Saharan Africa; and
- 17 (3) support the efforts of the World Bank
18 Group to foster growth in the off-grid lighting and
19 power markets.
- 20 (b) RULE OF CONSTRUCTION.—Nothing in this sec-
21 tion shall be construed to authorize the Secretary of the
22 Treasury to advocate for modifying or limiting the port-
23 folio of the World Bank Group or the African Develop-
24 ment Bank in other developing regions.

1 **SEC. 109. PRIORITIZATION OF ASSISTANCE FOR POWER**
 2 **PROJECTS IN SUB-SAHARAN AFRICA BY THE**
 3 **UNITED STATES AFRICAN DEVELOPMENT**
 4 **FOUNDATION.**

5 (a) *IN GENERAL.*—The Board of Directors and the
 6 President of the United States African Development
 7 Foundation should seek opportunities to make grants and
 8 provide technical support to businesses and organizations
 9 in sub-Saharan Africa that qualify for assistance from the
 10 Foundation and are developing on- and off-grid solutions
 11 to meet the power needs of rural communities underserved
 12 by national grids.

13 (b) *FOCUS.*—The mission of the United States Afri-
 14 can Development Foundation under subsection (a) is to
 15 meet the needs of underserved communities and close crit-
 16 ical development gaps with speed, efficiency, and effective-
 17 ness.

18 **SEC. 110. PRIORITIZATION OF ASSISTANCE FOR POWER**
 19 **PROJECTS IN SUB-SAHARAN AFRICA BY THE**
 20 **MILLENNIUM CHALLENGE CORPORATION.**

21 (a) *IN GENERAL.*—*The Chief Executive Officer and the*
 22 *Board of Directors of the Millennium Challenge Corpora-*
 23 *tion should—*

24 (1) *assess, as appropriate, the extent to which in-*
 25 *sufficient access to and reliability of electricity is a*

1 *binding constraint on sustainable economic growth in*
2 *countries in sub-Saharan Africa; and*

3 *(2) prioritize, as appropriate—*

4 *(A) the provision of assistance to support*
5 *private and public sector efforts to increase ac-*
6 *cess to and the reliability of electricity in such*
7 *countries, including through on- and off-grid*
8 *generation and electrical transmission and dis-*
9 *tribution projects;*

10 *(B) engagement with governments of such*
11 *countries to assist in identifying and estab-*
12 *lishing legal, regulatory, policy, and institu-*
13 *tional reforms related to power sector invest-*
14 *ments;*

15 *(C) consultation with independent power*
16 *producers, public and private financial institu-*
17 *tions, and other power sector stakeholders during*
18 *project planning; and*

19 *(D) guidance, including in the design of*
20 *project methodologies and performance metrics,*
21 *as requested by other United States Government*
22 *departments and agencies involved in activities*
23 *authorized under this title.*

24 *(b) RULE OF CONSTRUCTION.—Nothing in this section*
25 *shall be construed to authorize modifying or limiting the*

1 *assistance programs of the Millennium Challenge Corpora-*
2 *tion in other developing regions or sectors.*

3 **SEC. ~~110~~.111. PROGRESS REPORT.**

4 (a) IN GENERAL.—Not later than 3 years after the
5 date of the enactment of this Act, the President shall sub-
6 mit to the Committee on Foreign Relations of the Senate
7 and the Committee on Foreign Affairs of the House of
8 Representatives a report on progress made toward achiev-
9 ing the policy goals described in section 102 that includes
10 the following:

11 (1) A report on United States programs sup-
12 porting implementation of policy and legislative
13 changes leading to increased power generation and
14 access in sub-Saharan Africa, including a description
15 of the number, type, and status of policy, regulatory,
16 and legislative changes initiated or implemented as
17 a result of programs funded or supported by the
18 United States in countries in sub-Saharan Africa to
19 support increased power generation and access after
20 the date of the enactment of this Act.

21 (2) A description of power projects receiving
22 United States Government support and how such
23 projects, including off-grid efforts, are intended to
24 achieve the policy goals described in section 102.

1 (3) For each project described in paragraph
2 (2)—

3 (A) a description of how the project fits
4 into, or encourages modifications of, the na-
5 tional energy plan of the country in which the
6 project will be carried out, including encour-
7 aging regulatory reform in that county;

8 (B) an estimate of the total cost of the
9 project to the consumer, the country in which
10 the project will be carried out, and other inves-
11 tors;

12 (C) the amount of financing provided or
13 guaranteed by the United States Government
14 for the project;

15 (D) an estimate of United States Govern-
16 ment resources for the project, itemized by
17 funding source, including from the Overseas
18 Private Investment Corporation, the United
19 States Agency for International Development,
20 the Department of the Treasury, or other ap-
21 propriate United States Government depart-
22 ments and agencies;

23 (E) an estimate of the number of individ-
24 uals, communities, businesses, schools, and
25 health facilities that have gained power connec-

1 tions as a result of the project, with a descrip-
 2 tion of how the reliability, affordability, and
 3 sustainability of power has been improved as of
 4 the date of the report; and

5 (F) an assessment of the increase in the
 6 number of people and businesses with access to
 7 power and in the operating electrical power ca-
 8 pacity in megawatts as a result of the project
 9 between the date of the enactment of this Act
 10 and the date of the report.

11 (4) A description of any significant estimated
 12 non-economic effects of the efforts carried out pur-
 13 suant to this Act.

14 **TITLE II—OVERSEAS PRIVATE** 15 **INVESTMENT CORPORATION**

16 **SEC. 201. EXTENSION OF ISSUING AUTHORITY.**

17 Section 235(a)(2) of the Foreign Assistance Act of
 18 1961 (22 U.S.C. 2195(a)(2)) is amended by striking
 19 “2007” and inserting “2019”.

20 **SEC. 202. EXPEDITED PROCEDURES FOR FINANCING OF** 21 **SMALL PROJECTS RELATED TO POWER GEN-** 22 **ERATION AND DISTRIBUTION IN SUB-SAHA-** 23 **RAN AFRICA.**

24 (a) IN GENERAL.—Not later than 180 days after the
 25 date of the enactment of this Act, the Overseas Private

1 Investment Corporation should, as appropriate, simplify
2 and streamline the application, approval, and post-ap-
3 proval processes for insurance, financing, investment, or
4 reinsurance for projects or subprojects, including off-grid
5 efforts, in sub-Saharan Africa for which the total support
6 of the Corporation is less than \$20,000,000, by—

7 (1) expediting the review and consideration of,
8 and determinations with respect to, applications for
9 insurance, financing, investment, or reinsurance,
10 consistent with investment best practices, including
11 appropriate risk management, for such projects and
12 subprojects; and

13 (2) reducing the burdens of project manage-
14 ment for, and eliminating duplicative or unnecessary
15 oversight of such projects and subprojects after ap-
16 proval of insurance, financing, investment, or rein-
17 surance for projects or subprojects.

18 (b) CONSIDERATION OF BEST PRACTICES.—In revis-
19 ing its procedures as required by subsection (a), the Over-
20 seas Private Investment Corporation should consider best
21 practices established by the International Finance Cor-
22 poration of the World Bank Group.

1 **SEC. 203. ACTIVITIES IN SUB-SAHARAN AFRICA; INVEST-**
2 **MENT ADVISORY COUNCIL.**

3 Section 233(e) of the Foreign Assistance Act of 1961
4 (22 U.S.C. 2193(e)) is amended to read as follows:

5 “(e) **ACTIVITIES IN SUB-SAHARAN AFRICA; INVEST-**
6 **MENT ADVISORY COUNCIL.**—

7 “(1) **IN GENERAL.**—The Board should take
8 prompt measures to prioritize, as appropriate, the
9 loan, guarantee, and insurance programs, and finan-
10 cial commitments, of the Corporation in sub-Saha-
11 ran Africa in the areas of power generation, dis-
12 tribution, and off-grid power and lighting, including
13 through the use of an investment advisory council to
14 assist the Board in developing and implementing
15 policies, programs, and financial instruments with
16 respect to sub-Saharan Africa.

17 “(2) **RECOMMENDATIONS.**—The investment ad-
18 visory council described in paragraph (1) shall make
19 recommendations to the Board on how the Corpora-
20 tion can facilitate greater support by the United
21 States for private sector trade and investment with
22 and in sub-Saharan Africa.

23 “(3) **TERMINATION.**—The investment advisory
24 council described in paragraph (1) shall terminate
25 on December 31, 2018.

1 (2) the percentage of the investment of the enti-
2 ty in the project.

3 (c) **TERMINATION OF PILOT PROGRAM.**—The pilot
4 program under subsection (a) shall terminate on the date
5 that is 5 years after the date of the enactment of this
6 Act.

7 (d) **CONTINUED VALIDITY OF EXISTING SUPPORT.**—
8 Notwithstanding subsection (c), any support provided be-
9 fore the date that is 5 years after the date of the enact-
10 ment of this Act pursuant to the pilot program under sub-
11 section (a) shall remain valid on and after that date.

12 **SEC. 205. PILOT PROGRAM FOR DIRECT INVESTMENT AND**
13 **LOCAL CURRENCY GUARANTIES FOR POWER**
14 **PROJECTS IN SUB-SAHARAN AFRICA.**

15 (a) **IN GENERAL.**—The Overseas Private Investment
16 Corporation shall conduct a pilot program to—

17 (1) make loans to eligible investors under sec-
18 tion 234(c) of the Foreign Assistance Act of 1961
19 (22 U.S.C. 2194(c)) for power projects in sub-Saha-
20 ran Africa and for which the total support of the
21 Corporation does not exceed \$50,000,000; and

22 (2) issue local currency guarantees under sec-
23 tion 234(h) of the Foreign Assistance Act of 1961
24 (22 U.S.C. 2194(h)) to African subsidiaries of for-
25 eign financial institutions if the issuance of such

1 guarantees directly facilitates lending for power
2 projects in sub-Saharan Africa undertaken by eligi-
3 ble investors.

4 (b) **ELIGIBLE INVESTOR DEFINED.**—In this section,
5 the term “eligible investor” means an eligible investor as
6 defined in section 238(c) of the Foreign Assistance Act
7 of 1961 (22 U.S.C. 2198(c)) or described in section
8 204(a) of this Act.

9 (c) **TERMINATION OF PILOT PROGRAM.**—The pilot
10 program under subsection (a) shall terminate on the date
11 that is 5 years after the date of the enactment of this
12 Act.

13 (d) **CONTINUED VALIDITY OF EXISTING LOANS AND**
14 **GUARANTEES.**—Notwithstanding subsection (c), any loans
15 made or local currency guarantees issued pursuant to the
16 pilot program under subsection (a) before the date that
17 is 5 years after the date of the enactment of this Act shall
18 remain valid on and after that date.

19 **SEC. 206. EXTENSION OF MAXIMUM TERM OF OBLIGATION**
20 **FOR RENEWABLE ENERGY PROJECTS IN SUB-**
21 **SAHARAN AFRICA.**

22 Section 237(e) of the Foreign Assistance Act of 1961
23 (22 U.S.C. 2197(e)) is amended to read as follows:

24 “(e) **MAXIMUM TERM OF OBLIGATION.**—

1 “(1) IN GENERAL.—Except as provided in para-
 2 graph (2), no insurance, guaranty, or reinsurance of
 3 any equity investment shall extend beyond 20 years
 4 after the date of issuance.

5 “(2) EXTENDED TERM OF OBLIGATION FOR
 6 CERTAIN PROJECTS.—An insurance, guaranty, or re-
 7 insurance of an equity investment in a renewable en-
 8 ergy project in sub-Saharan Africa may extend up to
 9 30 years after the date of issuance.”.

10 **SEC. 207. INSPECTOR GENERAL.**

11 (a) IN GENERAL.—Section 8G(a) of the Inspector
 12 General Act of 1978 (5 U.S.C. App.) is amended—

13 (1) in paragraph (2), by inserting “the Over-
 14 seas Private Investment Corporation,” after “the
 15 National Science Foundation,”; and

16 (2) in paragraph (4)—

17 (A) in subparagraph (G), by striking “;
 18 and” and inserting a semicolon;

19 (B) in subparagraph (H), by inserting
 20 “and” after the semicolon; and

21 (C) by adding at the end the following:

22 “(I) with respect to the Overseas Private
 23 Investment Corporation, such term means the
 24 Board of Directors of the Overseas Private In-
 25 vestment Corporation (established under section

1 233(b) of the Foreign Assistance Act of 1961
2 (22 U.S.C. 2193(b));”.

3 (b) CONFORMING AMENDMENT.—Section 239 of the
4 Foreign Assistance Act of 1961 (22 U.S.C. 2199) is
5 amended by striking subsection (e).

6 **SEC. 208. ASSESSMENT OF CUSTOMER SATISFACTION.**

7 Section 239 of the Foreign Assistance Act of 1961
8 (22 U.S.C. 2199) is amended by adding at the end the
9 following:

10 “(1) ASSESSMENT OF CUSTOMER SATISFACTION.—

11 “(1) IN GENERAL.—Each fiscal year, the Cor-
12 poration shall conduct a survey of a sample of its
13 customers to assess the satisfaction of those cus-
14 tomers with the operation and procedures of the
15 Corporation, with particular attention to customers
16 of the Corporation that are small businesses and co-
17 operatives.

18 “(2) REPORT TO CONGRESS.—The Corporation
19 shall include in its annual report required under sec-
20 tion 240A a report on the survey conducted under
21 paragraph (1) that includes, as appropriate, sum-
22 maries of recommendations made by customers of
23 the Corporation with respect to ways to improve the
24 operations and procedures of the Corporation.”.

1 **SEC. 209. SCHEDULE B HIRING AUTHORITY.**

2 In carrying out the purposes of this Act and its re-
3 sponsibilities under this Act, the Overseas Private Invest-
4 ment Corporation may, in addition to other authorities
5 available, employ not more than 20 individuals, on a lim-
6 ited-appointment basis, pursuant to schedule B of subpart
7 C of part 213 of title 5, Code of Federal Regulations, for
8 the purpose of furthering specific efforts in sub-Saharan
9 Africa with respect to power production and generation
10 and distribution, including off-grid efforts.

11 **SEC. 210. SENSE OF CONGRESS ON FUNDING.**

12 It is the sense of Congress that appropriations for
13 the administrative expenses and activities under section
14 234(g)(5) of the Foreign Assistance of 1961 (22 U.S.C.
15 2194(g)(5)) of the Corporation in each of the fiscal years
16 2015 through 2019 should be adjusted to reflect the re-
17 sources needed to carry out the purposes of this Act, in-
18 cluding enabling the Corporation to hire personnel and to
19 upgrade systems infrastructure, as appropriate, to imple-
20 ment the purposes of this Act.

21 **SEC. 211. REPORT ON EQUITY AUTHORITY.**

22 Not later than one year after the date of the enact-
23 ment of this Act, the Inspector General of the Overseas
24 Private Investment Corporation (appointed pursuant to
25 the amendments made by section 207) shall submit to
26 Congress a report on the authorities of the Corporation

1 to effectively meet its statutory objectives, including as
2 modified by this Act, that includes an assessment of the
3 following:

4 (1) The effectiveness of the existing authorities
5 of the Corporation in promoting investment in en-
6 ergy and infrastructure projects.

7 (2) The effect granting the Corporation the au-
8 thority to directly invest in projects would have on—

9 (A) the ability of the Corporation to sup-
10 port development projects, including infrastruc-
11 ture and energy projects, that advance the for-
12 eign policy goals of the United States;

13 (B) the risk profile of the Corporation;

14 (C) the budget of the Corporation;

15 (D) the success rate of projects, measured
16 in terms of capacity to meet development goals
17 and financial targets;

18 (E) sectors or regions in which equity in-
19 vestment would be particularly beneficial or
20 harmful to furthering the mission of the Cor-
21 poration; and

22 (F) the capability of the Corporation to
23 meet its statutory objectives, including as modi-
24 fied by this Act, including whether granting
25 such authority would limit the effectiveness of

1 the Corporation in meeting its goals with re-
2 spect to stimulating United States private sec-
3 tor investment in such projects, including in-
4 vestment by small- and medium-sized enter-
5 prises.

6 (3) The effect of any other financing instru-
7 ments that may be better suited to energy or infra-
8 structure projects.

9 (4) The competitiveness of financing provided
10 by the Corporation relative to financing provided by
11 development finance institutions of other major
12 economies.

Amend the title so as to read: “A bill to establish
a comprehensive United States Government policy to en-
courage the efforts of countries in sub-Saharan Africa to
improve access to and the affordability, reliability, and
sustainability of power, and for other purposes.”.

Calendar No. 489

113TH CONGRESS
2^D SESSION

S. 2508

[Report No. 113-219]

A BILL

To establish a comprehensive United States Government policy to assist countries in sub-Saharan Africa to improve access to and the affordability, reliability, and sustainability of power, and for other purposes.

JULY 24, 2014

Reported with amendments and an amendment to the
title