

# U.S. DEPARTMENT OF THE TREASURY

## Press Center



### Remarks by Treasury Secretary Jacob J. Lew at the Power Africa Memorandum of Understanding Signing Ceremony at the Third International Conference on Financing for Development

7/14/2015

#### *As prepared for delivery*

**ADDIS ABABA** – I want to thank Andy Herscovitz, the entire Power Africa team, and Commissioner Mimica and the EU team for bringing us together to forge a new partnership that will further our efforts to both meet the growing need for electricity in Africa and invest in the continent’s future growth. The goal of Power Africa is to add 30,000 megawatts of power and increase electricity access to more than 60 million new households and businesses. To meet this goal, it is vital that we leverage resources from multiple sources, public and private. As you know, power is central to the economic progress of Africa, and to date, Power Africa has leveraged more than \$30 billion of public and private resources to make critical investments in this area.

Today we are announcing a partnership with the EU that will further the ambitious goals of this initiative with €2.5 billion in additional financing that will help mobilize additional resources from the private sector. I would like to commend our partners in Europe for stepping up and making this commitment.

The Memorandum of Understanding signed today cements the collaborative work of the United States and the European Union to address the energy deficit in Africa and fully embodies the principles of the Financing for Development conference:

- Setting ambitious goals;
- Bringing together a broad group of development partners with differing financial and technical capabilities;
- Collaborating with private sector businesses and finance; and
- Building the enabling environments in developing countries that support sustainable, long-term achievements.

Power is one of the biggest requirements for economic growth and the struggle to meet this challenge is a constant drag on the financial resources of many African governments. The financing needed for infrastructure is larger than development partners or emerging market governments can cover on their own, but there is both potential and interest in the private sector to mobilize the necessary investments.

This is why we are leveraging the private sector’s financial and technical resources to support development and job creation, and we are helping governments use their own resources more effectively to reduce poverty and foster sustainable growth.

When I speak with African finance ministers about fiscal policy, they often point out that poorly performing power utilities drain public resources. Tariffs that fail to cover costs, poor billing and collection, and theft of power, frequently force the state-owned utilities to come back to the finance ministry over and over again just to keep the lights on. Other governments turn to costly subsidies for their electricity sectors that reduce the incentives for efficiency and double economic distortions by drawing resources away from other development objectives.

Power Africa, from the very beginning, has looked at and beyond the full range of U.S. government tools and programs. We have joined with the African Development Bank, the World Bank, the United Nation’s Sustainable Energy for All initiative, the African Union’s New Partnership for Africa’s Development, and approximately 100 public and private sector entities. We are pleased that the EU is now joining the broad Power Africa family, and adding its skills and resources to the mix. Working together, I am confident that we can assist Africa in building the power infrastructure it needs to help drive inclusive economic growth and prosperity for the next generation.

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