



## CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to notify you that the Millennium Challenge Corporation intends to provide assistance to the Government of Burkina Faso to facilitate the development and implementation of a Millennium Challenge Compact.

If you or your staff would like to arrange a meeting to discuss this assistance, please contact Dan Petrie at (202) 521-3583 or [PetrieDB@mcc.gov](mailto:PetrieDB@mcc.gov).

The attached notification is being sent to the Congress on March 27, 2020. The assistance may be provided and funds obligated on or after 15 days from the date of this notification.

In addition to the enclosed notification, we have attached supplemental information regarding the planned assistance.

Sincerely,

/s/

Emily Davis  
Vice President  
Congressional and Public Affairs

Enclosure: As stated

**MILLENNIUM CHALLENGE CORPORATION  
CONGRESSIONAL NOTIFICATION**

March 27, 2020

PROGRAM:	Eligible Countries
APPROPRIATIONS CATEGORY:	Fiscal Year 2020 Program Funds
OBLIGATION AMOUNT:	\$2,485,000

Pursuant to section 7015(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2020 as carried forward by the Further Consolidated Appropriations Act, 2020, and section 610(a) of the Millennium Challenge Act of 2003, as amended (the “Act”), this is to advise that the Millennium Challenge Corporation (“MCC”) intends to obligate up to \$2,485,000 under section 609(g) of the Act for the purpose of facilitating the development and implementation of a Millennium Challenge Compact with the Government of Burkina Faso.

The funds are expected to finance external fiscal and procurement agent services and facilitate the efficient implementation of the potential compact with Burkina Faso.

## SUPPLEMENTAL INFORMATION - SECTION 609(g) ASSISTANCE FOR BURKINA FASO

### **Background**

Burkina Faso is a landlocked country in West Africa with a population of 18.6 million. It faces significant development challenges, as indicated by its ranking of 182 (out of 189 countries) in the United Nations Development Program 2019 Human Development Index, and 43.7 percent of its population is considered poor. However, Burkina Faso also has one of Africa's fastest growing economies, with a gross domestic product growth rate of six percent in 2019.

Burkina Faso's challenge is sustaining this growth rate. Burkina Faso is focusing its proposed compact on investments needed to sustain and broaden this growth over the long-term and has prioritized the power sector. Peace, security, and political stability will also be important factors for ensuring steady growth and progress in Burkina Faso. MCC currently projects that the MCC Board of Directors will consider a compact program for Burkina Faso in June 2020.

### **Compact Eligibility and Constraints Analysis**

Burkina Faso was selected by MCC's Board of Directors to develop a second compact in December 2016 after the successful completion of both a threshold program in 2008 and a first compact in 2014. Burkina Faso has been a strong and committed partner to MCC since 2005.

The Government of Burkina Faso and MCC conducted an analysis of the constraints to economic growth that identified two key constraints in the country: (1) the high cost, low quality, and low access to electricity and (2) the lack of a skilled workforce. Burkina Faso's energy sector, in particular, is a major constraint to its economic development. Currently, only about 20 percent of Burkinabe have access to electricity, and the country's heavy reliance on thermal energy results in high prices. Even those connected to the grid cannot rely on a steady supply of power. Faced with insufficient supply and rising demand, the country has a chronic power deficit. In addition, aging thermal power plants as well as limited and aging network infrastructure have contributed to frequent outages, load shedding, poor power quality, and system inefficiency. The cost of connecting to the grid in the urban centers of Burkina Faso starts at \$270 per connection, one of the highest connection charges in sub-Saharan Africa. For these reasons, MCC and the Government of Burkina Faso chose to focus on the first binding constraint and develop a single-sector compact in the electricity sector.

### **Summary of Proposed Project Interventions**

The proposed compact aims to address the high cost, poor quality, and lack of access to electricity. The proposed projects will address the poor condition of energy infrastructure, insufficient generation capacity, and an over-reliance on thermal energy.

1. The proposed **Strengthening Electricity Sector Effectiveness (Reform) Project** aims to improve and strengthen the legal, regulatory, and institutional framework of the electricity sector by supporting priority sector reforms and building capacity in key sector institutions, including the national utility, regulator, and Ministry of Energy. This project is expected to result in improvements in the quality and supply of electricity, which will

translate into improved operational efficiency, cost reduction, improved service, and increased investment by the private sector.

2. The proposed **Cost-Effective and Reliable Energy Supply Project** aims to increase the supply of power and the reliability of the network at a lower cost for the national public electricity supplier through the production and storage of solar energy and increased imports. This project will provide funding for power supply infrastructure, including support for new solar power projects, the introduction of battery storage and improvements to electricity dispatch centers. These activities are expected to result in the increased availability of cheaper electricity, which in turn will improve electricity network reliability by reducing brownouts and other breakdowns. Improved reliability and increased supply from cheaper sources will make electricity more cost-effective by lowering costs for both the national utility as well as its customers.
3. The proposed **Grid Development and Access Project** aims to reduce outages and increase the availability and consumption of electricity for end users by (i) updating the transmission and distribution network and (ii) increasing access and targeting productive use of energy. This project is expected to result in extending the reach and capacity of the network and improving the access of customers covered, allowing the national utility to reduce losses and outages caused by system failures and lack of redundancy, as well as to increase coverage, access, and consumption of end users.

#### **Assistance to Develop the Compact Proposal**

The proposed assistance, in addition to funds previously notified on March 22, 2018, will be used to assist the Government of Burkina Faso to further facilitate the implementation of the proposed compact. Specifically, MCC plans to fund the services of fiscal and procurement agents and associated administrative costs. Funding these services and costs reflects MCC's commitment to preparing projects in a comprehensive manner in order to reduce implementation risk. The timing of the proposed assistance is driven by the need to ensure the timely mobilization of the fiscal and procurement agents and effective preparation for the compact to enter into force. The early mobilization of these agents will ultimately result in the efficient establishment of the accountable entity for the compact and the prompt initiation of early procurements and disbursements, which are key to ensuring effective and successful compact implementation. Waiting for the compact to be signed and related funding to become available will result in a six-month delay in the mobilization of these critical agents and the launching of key procurements.

#### **Update and Sustainability of the 2009 Burkina Faso Compact**

MCC's initial compact with Burkina Faso ended in July 2014. The \$480.9 million compact program aimed to address challenges in land reform, agriculture, transportation, and education. Through the compact's land reform project, the Government trained 8,700 local officials in lands rights and processed more than 13,000 land possession certificates, well over the target of 6,000 certificates. Through the compact's agriculture project, the Government constructed 2,240 hectares of irrigated farmland and rehabilitated a dam to protect new farms from catastrophic flooding. Through the compact's road project, the Government paved or upgraded 525 km of roads and developed new road maintenance planning tools to improve management of the

country's road network. Through the compact's education project, the Government built on the success of MCC's earlier threshold program that ended in September 2008 by building 396 new classrooms and increasing access to girls' participation in primary school. Throughout implementation, the Government of Burkina Faso demonstrated sustained commitment and high-level engagement, meeting all conditions precedent, including requirements for significant institutional reforms, substantial new legislation, and 52 new implementing decrees and regulations.