



**CONGRESSIONAL  
NOTIFICATION TRANSMITTAL  
SHEET**

This Congressional Notification outlines the Millennium Challenge Corporation's intent to obligate funding under Section 609(g) of the Millennium Challenge Act of 2003 (as amended) to facilitate the development of a Millennium Challenge Compact with the Government of Sierra Leone.

The transmission of this notification to Congress on March 18, 2021, affirms that MCC will obligate such funding on or after 15 days from the date of this notice. Please find enclosed, the notification with supplemental information regarding the proposed compact.

If you require a meeting to discuss the proposed compact, negotiations with the Government of Sierra Leone, or MCC at large, please contact Brian Forni at (202) 521-2631 or [ForniBJ@mcc.gov](mailto:ForniBJ@mcc.gov).

Sincerely,

/s/

Aysha House  
Vice President  
Congressional and Public Affairs

MILLENNIUM CHALLENGE CORPORATION CONGRESSIONAL NOTIFICATION  
March 18, 2021

PROGRAM:	Eligible Countries
APPROPRIATIONS CATEGORY:	Fiscal Year 2009 Program Funds
OBLIGATION AMOUNT:	\$750,000

Pursuant to section 7015(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2009, and section 610(a) of the Millennium Challenge Act of 2003, as amended (the "Act"), the Millennium Challenge Corporation ("MCC") intends to obligate up to \$750,000 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 Sierra Leone.

The proposed funds would finance activities necessary for MCC to further design and activities related to the potential projects, impact, and implementation strategies for the Sierra Leone Compact.

## SUPPLEMENTAL INFORMATION—MCC 609(G) FUNDING FOR SIERRA LEONE

### **Background**

In December 2020, MCC’s Board of Directors (Board) selected Sierra Leone as a compact eligible country. The selection was made in recognition of the strong partnership MCC and Sierra Leone built during Sierra Leone’s Threshold Program, (set to end in March 2021) and the Government’s significant gains in meeting various MCC scorecard benchmarks on various policy reforms. Sierra Leone is a committed partner, and demonstrated the “MCC Effect”, having strengthened its scorecard performance substantially through reform efforts spanning two administrations. Sierra Leone passed the MCC scorecard for two consecutive years; and in Fiscal Year 2021, it passed 13 indicators overall with strong performance on both the Democratic Rights and Control of Corruption “hard hurdles.”

Since selection, the Government of Sierra Leone has made steady progress towards standing up a compact development team. It has named its National Coordinator, hired two economists and engaged several Ministerial staff to work with the MCC team to carry-out an analysis of Sierra Leone’s constraints to economic growth.

### **Planned 609(g) Expenses**

MCC intends to use section 609(g) funding to support expenses necessary to ensure timely completion of compact development start-up activities, including: rapid recruitment of the remaining members of the core compact development team and initial salaries for critical technical experts, (ex. the national coordinator; economists, social, gender, and private sector experts); monitoring and evaluation expertise; and sector-specific technical experts. Funding for such expenses will ensure that the Government of Sierra Leone and MCC have early and continuous access to the technical expertise needed to prepare robust project proposals, thereby facilitating the development of the Compact.

### **Update on and Sustainability of the Sierra Leone Threshold Program**

MCC and the Government of Sierra Leone signed a \$44.4 million threshold program on November 17, 2015 with the primary goal of strengthening the Government’s capacity to effectively deliver sustainable water and electricity services, with a focus on the greater Freetown area. All program activities will end by March 31, 2021, with an administrative closeout period running through July 2021.

1. **Governance and Oversight.** The \$8.3 million Regulatory Strengthening Project was designed to reinforce the Electricity and Water Regulatory Commission’s role in governance and oversight of the electricity and water sectors in order to improve sector transparency, establish performance monitoring standards, and improve consumer engagement. Citizens of Sierra Leone will benefit from the increased visibility and oversight of sector decision-making, particularly related to a new tariff revision process, improved quality of service via the monitoring of performance indicators, and community outreach mechanisms. The project accomplished this through training on essential regulatory practices such as financial and technical monitoring, consumer protection, and economic regulation. The project supported the development of a series of regulations governing both sectors, of which Parliament approved 13. Additionally, the project

implemented an innovative results-based financing pilot activity that provided financial payments to the utilities and the regulator based on independently verified achievement of mutually designed key performance indicators.

2. **Sustainable Water Access.** The \$15.7 million Water Sector Reform Project was designed to improve sector coordination, commercial practices, operational capacity, planning abilities, and customer service at the utility, the Guma Valley Water Company. As part of the project, MCC supported the development of a sector roadmap that will inform future investments across Sierra Leone's water infrastructure and the establishment of two controlled district metering areas. Due in large part to the water infrastructure mapping, the utility was able to test improved business practices; install new piping, valves, and meters; and construct 10 new water kiosks that will provide safe, clean water to the residents of Freetown. Furthermore, the project supported the development of a new National Resettlement Policy that was approved by the Cabinet and will be sent to Parliament to become law. This policy was modeled on MCC's Environmental Guidelines and IFC Performance Standards, bringing Sierra Leone's resettlement standards up to international best practice. The policy will guide the management of future construction across all sectors in Sierra Leone in matters related to resettlement, and could serve as a model for other countries in the region.
3. **Efficient Electricity.** The \$12.1 million Electricity Sector Reform Project was designed to support operationalizing an institutional framework and market structure for Sierra Leone's electricity sector. This framework will increase access to electricity in Freetown by strengthening operational efficiency and corporate governance at targeted electricity sector institutions and launch needed tariff reforms. The establishment of a private investment policy and a finalized power purchase agreement between the generation and distribution facilities will ensure the financial viability of the sector, all while publishing a rate structure for consumers to benefit from reliable, efficient, and affordable electricity.

An evaluation of the threshold program is currently ongoing, with final results expected in 2023.