MILLENIUM CHALLENGE COMPACT

BETWEEN

THE UNITED STATES OF AMERICA
ACTING THROUGH
THE MILLENNIUM CHALLENGE CORPORATION

AND

BURKINA FASO
ACTING THROUGH
THE MINISTRY OF ECONOMY, FINANCE AND DEVELOPMENT
# Table of Contents

## Article 1. Goals and Objectives

- **Section 1.1** Compact Goal ................................................................. 1
- **Section 1.2** Project Objectives ............................................................. 1

## Article 2. Funding and Resources

- **Section 2.1** Program Funding ............................................................. 2
- **Section 2.2** Compact Facilitation Funding ........................................ 2
- **Section 2.3** MCC Funding ................................................................. 3
- **Section 2.4** Disbursement ................................................................. 3
- **Section 2.5** Interest .......................................................................... 3
- **Section 2.6** Government Resources; Budget .................................... 3
- **Section 2.7** Limitations on the Use of MCC Funding ....................... 4
- **Section 2.8** Taxes ........................................................................... 4

## Article 3. Implementation

- **Section 3.1** Program Implementation Agreement ............................ 5
- **Section 3.2** Government Responsibilities ......................................... 6
- **Section 3.3** Policy Performance ......................................................... 7
- **Section 3.4** Accuracy of Information ................................................ 7
- **Section 3.5** Implementation Letters .................................................. 7
- **Section 3.6** Procurement and Grants ................................................. 7
- **Section 3.7** Records; Accounting; Covered Providers; Access .......... 8
- **Section 3.8** Audits; Reviews ............................................................... 8

## Article 4. Communications

- **Section 4.1** Communications ............................................................ 9
- **Section 4.2** Representatives .............................................................. 10
- **Section 4.3** Signatures .................................................................... 10

## Article 5. Implementation; Suspension; Expiration

- **Section 5.1** Termination; Suspension ............................................... 11
- **Section 5.2** Consequences of Termination, Suspension or Expiration .. 12
- **Section 5.3** Refunds; Violation ......................................................... 12
- **Section 5.4** Late Payment Interest .................................................... 12
- **Section 5.5** Survival ...................................................................... 12

## Article 6. Compact Annexes; Amendments; Governing Law

- **Section 6.1** Annexes ...................................................................... 13
- **Section 6.2** Amendments and Modifications .................................... 13
Section 6.3 Inconsistencies ................................................................. 13
Section 6.4 Governing Law ................................................................ 13
Section 6.5 Additional Instruments .................................................... 13
Section 6.6 References to MCC Website ............................................ 13
Section 6.7 References to Laws, Regulations, Policies and Guidelines;
References to Compact Expiration and Termination ....................... 14
Section 6.8 MCC Status .................................................................. 14

ARTICLE 7. ENTRY INTO FORCE .............................................................. 14

Section 7.1 Domestic Procedures ....................................................... 14
Section 7.2 Conditions Precedent to Entry into Force ......................... 14
Section 7.3 Date of Entry into Force .................................................... 15
Section 7.4 Compact Term ................................................................. 15
Section 7.5 Provisional Application ..................................................... 15

ARTICLE 8. ADDITIONAL GOVERNMENT CONVENANTS ...................... 15

Section 8.1 Covenant Regarding Additional Government Commitments ...... 15

Annex I: Program Description
Annex II: Multi-Year Financial Plan Summary
Annex III: Compact Monitoring & Evaluation Summary
Annex IV: Conditions Precedent to Disbursement of Compact Facilitation Funding
Annex V: Additional Conditions Precedent to Entry into Force
Annex VI: Definitions
MILLENNIUM CHALLENGE COMPACT

PREAMBLE

This MILLENNIUM CHALLENGE COMPACT (this “Compact”) is between the United States of America, acting through the Millennium Challenge Corporation, a United States government corporation (“MCC”), and Burkina Faso (“Burkina Faso”), acting through its Ministry of Economy, Finance and Development (the “Government”) (individually, a “Party” and collectively, the “Parties”). Capitalized terms used in this Compact shall have the meanings provided in Annex VI.

Recalling that the Parties concluded an initial Millennium Challenge Compact, signed at Washington, D.C., on July 14, 2008, which entered into force on July 31, 2009, and expired by its terms on July 31, 2014, that advanced the progress of Burkina Faso in achieving lasting economic growth and poverty reduction, demonstrated the strong partnership between the Parties, and was implemented in accordance with MCC’s core policies and standards;

Recognizing that the Parties are committed to the shared goals of promoting economic growth and the elimination of poverty in Burkina Faso and that MCC assistance under this Compact supports Burkina Faso’s demonstrated commitment to strengthening good governance, economic freedom, and investments in people;

Recalling that the Government consulted with the private sector and civil society of Burkina Faso to determine the priorities for the use of MCC assistance, and developed and submitted to MCC a proposal for such assistance to achieve lasting economic growth and poverty reduction; and

Recognizing that MCC wishes to help Burkina Faso implement the program described herein to achieve the goal and objectives described herein (as such program description and objectives may be amended from time to time in accordance with the terms hereof, the “Program”);

The Parties hereby agree as follows:

ARTICLE 1.

GOAL AND OBJECTIVES

Section 1.1 Compact Goal. The goal of this Compact is to reduce poverty through economic growth in Burkina Faso (the “Compact Goal”). MCC shall provide assistance in a manner that strengthens good governance, economic freedom, and investments in the people of Burkina Faso.

Section 1.2 Project Objectives. The Program consists of the projects described in Annex I (each a “Project” and collectively, the “Projects”). The objective of each of the Projects (each a “Project Objective” and collectively, the “Project Objectives”) is to:
(a) reduce the cost of electricity service and increase satisfaction of demand (the “Reform and Capacity Building Project Objective”);

(b) lower the cost of electricity generation and increase the reliability of all sources of electricity supply (the “Supply Project Objective”); and

(c) improve the reach and reliability of the electric grid and increase electricity consumption (the “Grid and Access Project Objective”).

ARTICLE 2.

FUNDING AND RESOURCES

Section 2.1 Program Funding. Upon entry into force of this Compact in accordance with Section 7.3, MCC shall grant to the Government, under the terms of this Compact, an amount not to exceed Four Hundred Sixteen Million Five Hundred Seventy-Eight Thousand Five Hundred Eighty-One United States Dollars (US$416,578,581) (“Program Funding”) for use by the Government to implement the Program. The multi-year allocation of Program Funding is generally described in Annex II.

Section 2.2 Compact Facilitation Funding.

(a) Upon the signing of this Compact, MCC shall grant to the Government, under the terms of this Compact and in addition to the Program Funding described in Section 2.1, an amount not to exceed Thirty-Three Million Four Hundred Twenty-One Thousand Four Hundred Nineteen United States Dollars (US$33,421,419) (“Compact Facilitation Funding” or “CFF”) under Section 609(g) of the Millennium Challenge Act of 2003, as amended (the “MCA Act”), for use by the Government to facilitate implementation of this Compact, including for the following purposes:

(i) financial management and procurement activities;

(ii) administrative activities (including start-up costs such as staff salaries) and administrative support expenses such as rent, computers and other information technology or capital equipment;

(iii) monitoring and evaluation activities;

(iv) feasibility, design and other project preparatory studies; and

(v) other activities to facilitate Compact implementation as approved by MCC.

The allocation of CFF is generally described in Annex II.

(b) In accordance with Section 7.5, this Section 2.2 and other provisions of this Compact applicable to CFF shall be effective, for purposes of CFF only, as of the date this Compact is signed by MCC and the Government.

(c) Each Disbursement of CFF is subject to satisfaction of the conditions precedent to
such disbursement as set forth in Annex IV.

(d) If MCC determines that the full amount of CFF available under Section 2.2(a) exceeds the amount that reasonably can be utilized for the purposes set forth in Section 2.2(a), MCC, by written notice to the Government, may withdraw the excess amount, thereby reducing the amount of the CFF available under Section 2.2(a) (such excess, the “Excess CFF Amount”). In such event, the amount of CFF granted to the Government under Section 2.2(a) shall be reduced by the Excess CFF Amount, and MCC shall have no further obligations with respect to such Excess CFF Amount.

(e) MCC, at its option by written notice to the Government, may elect to grant to the Government an amount equal to all or a portion of such Excess CFF Amount as an increase in the Program Funding, and such additional Program Funding shall be subject to the terms and conditions of this Compact applicable to Program Funding.

Section 2.3 MCC Funding. Program Funding and CFF are collectively referred to in this Compact as “MCC Funding,” and includes any refunds or reimbursements of Program Funding or CFF paid by the Government in accordance with this Compact.

Section 2.4 Disbursement. In accordance with this Compact and the Program Implementation Agreement (as defined below), MCC shall disburse MCC Funding for expenditures incurred in furtherance of the Program (each instance, a “Disbursement”). Subject to the satisfaction of all applicable conditions precedent, the proceeds of Disbursements shall be made available to the Government, at MCC’s sole election, by (a) deposit to one or more bank accounts established by the Government and acceptable to MCC (each, a “Permitted Account”) or (b) direct payment to the relevant provider of goods, works or services for the implementation of the Program. MCC Funding may be expended only for Program expenditures.

Section 2.5 Interest. The Government shall pay or transfer to MCC, in accordance with the Program Implementation Agreement, any interest or other earnings that accrue on MCC Funding prior to such funding being used for a Program purpose.

Section 2.6 Government Resources; Budget.

(a) Consistent with MCC’s Guidelines for Country Contributions, the Government shall make a contribution of Fifty Million One Hundred Ten Thousand Seven Hundred Ninety-Five United States Dollars (US$50,110,795) over the Compact Term toward meeting the Project Objectives of this Compact (the “Government Contribution”), or less as provided below in this Section 2.6(a); provided that, with prior written agreement, the Government may make a portion of the Government Contribution available for expenses related to the Program prior to entry into force of the Compact so long as the Government contributes an amount equal to no less than 7.5 percent of the MCC Funding over the Compact Term; and provided further that the Government intends to apply a portion of the Government Contribution not to exceed Fifteen Million United States Dollars (US$15,000,000) to make the initial purchase of shares required for Burkina Faso to join the African Trade Insurance Agency (“ATI”). The allocation of the Government Contribution is generally described in Annex II, and a more detailed allocation shall be described in the Program Implementation Agreement, along with additional terms and conditions applicable to the Government Contribution. The Government Contribution shall be subject to any legal requirements in Burkina Faso for the budgeting and appropriation of such contribution,
including approval of the Government’s annual budget by its legislature. The Government Contribution may be reduced with MCC approval, provided that (i) the modified contributions continue to advance the Project Objectives, and (ii) no modification shall be made that reduces the amount of the Government Contribution to an amount that is less than 7.5 percent of the MCC Funding.

(b) The Government shall provide all funds and other resources, and shall take all other actions, that are necessary to carry out the Government’s responsibilities under this Compact.

(c) The Government shall use its best efforts to ensure that all MCC Funding it receives or is projected to receive in each of its fiscal years is fully accounted for in its annual budgets for the duration of the Program.

(d) The Government shall not reduce the normal and expected resources that it would otherwise receive or budget from sources other than MCC for the activities contemplated under this Compact and the Program.

(e) Unless the Government discloses otherwise to MCC in writing, MCC Funding shall be in addition to the resources that the Government would otherwise receive or budget for the activities contemplated under this Compact and the Program.

Section 2.7 Limitations on the Use of MCC Funding. The Government shall ensure that MCC Funding is not used for any purpose that would violate United States law or policy, as specified in this Compact or as further notified to the Government in writing, including but not limited to the following purposes:

(a) for assistance to, or training of, the military, police, militia, national guard or other quasi-military organization or unit;

(b) for any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production;

(c) to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health, or safety hazard, as further described in MCC’s Environmental Guidelines and any guidance documents issued in connection with such guidelines (collectively, the “MCC Environmental Guidelines”); or

(d) to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilizations as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

Section 2.8 Taxes.

(a) Unless the Parties specifically agree otherwise in writing, the Government shall ensure that all MCC Funding is free from the payment or imposition of any existing or future taxes, duties, levies, contributions or other similar charges (but not fees or charges for services
that are generally applicable in Burkina Faso, reasonable in amount and imposed on a non-discriminatory basis ("Taxes") of or in Burkina Faso (including any such Taxes imposed by a national, regional, local or other governmental or taxing authority of or in Burkina Faso). Specifically, and without limiting the generality of the foregoing, MCC Funding shall be free from the payment of (i) any tariffs, customs duties, import taxes, export taxes, and other similar charges on any goods, works or services introduced into Burkina Faso in connection with the Program; (ii) sales tax, value added tax, excise tax, property transfer tax, and other similar charges on any transactions involving goods, works or services in connection with the Program, (iii) taxes and other similar charges on ownership, possession or use of any property in connection with the Program, and (iv) taxes and other similar charges on incomes, profits, or gross receipts attributable to work performed in connection with the Program, and related social security taxes and other similar charges on all natural or legal persons performing work in connection with the Program, except in the case of this clause (iv): (1) natural persons who are citizens or permanent residents of Burkina Faso and (2) legal persons formed under the laws of Burkina Faso (but excluding MCA-Burkina Faso II (as defined below)) and any other entity formed for the purpose of implementing the Government’s obligations hereunder.

(b) The mechanisms that the Government shall use to implement the tax exemption required by Section 2.8(a) for certain principal taxes are set forth in the Program Implementation Agreement. Such mechanisms may include exemptions from the payment of Taxes that have been granted in accordance with applicable law, refund or reimbursement of Taxes by the Government to MCC, MCA-Burkina Faso II or to the taxpayer, or payment by the Government to MCA-Burkina Faso II or MCC, for the benefit of the Program, of an agreed amount representing any collectible Taxes on the items described in Section 2.8(a).

(c) If a Tax has been paid contrary to the requirements of Section 2.8(a) or the Program Implementation Agreement, the Government shall refund promptly to MCC (or to another party as designated by MCC) the amount of such Tax in United States dollars or the currency of Burkina Faso within 30 days (or such other period as may be agreed in writing by the Parties) after the Government is notified in writing (whether by MCC or MCA-Burkina Faso II) that such Tax has been paid. Failure to refund such amount within the specified time shall result in interest accruing on the unpaid amount in accordance with Section 5.4.

(d) No MCC Funding, proceeds thereof or Program Assets may be applied by the Government in satisfaction of its obligations under Section 2.8(c).

ARTICLE 3.

IMPLEMENTATION

Section 3.1 Program Implementation Agreement. The Parties shall enter into an agreement providing further details on the implementation arrangements, fiscal accountability and disbursement, and use of MCC Funding and the Government Contribution, among other matters (the “Program Implementation Agreement” or “PIA”); and the Government shall implement the Program in accordance with this Compact, the PIA, any other Supplemental Agreement and any Implementation Letter (as defined below).
Section 3.2 Government Responsibilities.

(a) The Government has principal responsibility for overseeing and managing the implementation of the Program.

(b) With the prior consent of MCC, the Government shall designate an entity, to be established as an autonomous agency through the issuance of a presidential decree, as the accountable entity to implement the Program and to exercise and perform the Government’s rights and obligations to oversee, manage and implement the Program, including without limitation, managing the implementation of the Projects and their Activities, allocating resources, and managing procurements. Such entity shall be referred to herein as “MCA-Burkina Faso II” and shall have the authority to bind the Government with regard to all Program activities. Any provision of the Compact obligating MCA-Burkina Faso II to take any action or refrain from taking any action, as the case may be, means that the Government shall cause MCA-Burkina Faso II to take such action or refrain from taking such action, as the case may be. The Government hereby also designates MCA-Burkina Faso II to exercise and perform the Government’s right and obligation to oversee, manage and implement the activities described in the Compact Development Funding Agreement, dated April 20, 2018, as amended, between the Government and MCC (the “CDF Agreement”). Prior to MCA-Burkina Faso II’s establishment, the Government hereby designates the Unité de Coordination de la Formulation du Second Compact du Burkina Faso (“UCF-Burkina Faso”), established by Decree Nº 2017-210 dated April 19, 2017, to act on behalf of the Government with respect to the Program and the CDF Agreement, and any reference herein or in the PIA to “MCA-Burkina Faso II” shall be deemed a reference to UCF-Burkina Faso until such time as MCA-Burkina Faso II is duly established. The designations contemplated by this Section 3.2(b) does not relieve the Government of any obligations or responsibilities hereunder or under any related agreement, for which the Government remains fully responsible. MCC hereby acknowledges and consents to the designation in this Section 3.2(b).

(c) The Government shall ensure that any Program Assets or services funded in whole or in part (directly or indirectly) by MCC Funding are used solely in furtherance of this Compact and the Program unless MCC agrees otherwise in writing.

(d) The Government shall take all necessary and/or appropriate steps to achieve the Project Objectives during the Compact Term (including, without limiting Section 2.6(a), funding all costs that exceed MCC Funding and are required to carry out the terms hereof and achieve such objectives, unless MCC agrees otherwise in writing).

(e) The Government shall ensure that the Program is implemented with, and that the Government carries out its obligations hereunder with, due care, efficiency, and diligence in conformity with sound technical, financial, procurement, and management practices, and in conformity with this Compact, the Program Implementation Agreement, any other Supplemental Agreement, any Implementation Letter, and the Program Guidelines.

(f) The Government hereby grants to MCC a perpetual, irrevocable, royalty-free, worldwide, fully paid, assignable right and license to practice or have practiced on its behalf (including the right to produce, reproduce, publish, repurpose, use, store, modify, or make available) any portion or portions of Intellectual Property as MCC sees fit in any medium, now known or hereafter developed, for any purpose whatsoever.
Section 3.3  **Policy Performance.** In addition to undertaking the specific policy, legal, and regulatory reform commitments identified in Annex I, the Government shall seek to maintain and to improve its level of performance under the policy criteria identified in Section 607 of the MCA Act, and the selection criteria and methodology used by MCC.

Section 3.4  **Accuracy of Information.** The Government assures MCC that, as of the date this Compact is signed by the Government, the information provided to MCC by or on behalf of the Government in the course of reaching agreement with MCC on this Compact is true, correct, and complete in all material respects.

Section 3.5  **Implementation Letters.** From time to time, MCC may provide guidance to the Government in writing on any matters relating to this Compact, MCC Funding or implementation of the Program. The Government shall use such guidance in implementing the Program. The Parties may also issue jointly agreed-upon writings to confirm and record their mutual understanding on aspects related to the implementation of this Compact, the PIA or other related agreements. Both types of writings are referred to herein as “Implementation Letters.”

Section 3.6  **Procurement and Grants.**

(a) The Government agrees to ensure that the procurement of all goods, works, and services by the Government or any Provider to implement the Program shall be in accordance with MCC’s Program Procurement Guidelines (the “MCC Program Procurement Guidelines”). The MCC Program Procurement Guidelines include the following requirements, among others:

(i) open, fair, and competitive procedures must be used in a transparent manner to solicit, award and administer contracts and to procure goods, works and services;

(ii) solicitations for goods, works, and services must be based upon a clear and accurate description of the goods, works and services to be acquired;

(iii) contracts must be awarded only to qualified contractors that have the capability and willingness to perform the contracts in accordance with their terms on a cost effective and timely basis; and

(iv) no more than a commercially reasonable price, as determined, for example, by a comparison of price quotations and market prices, shall be paid to procure goods, works and services.

(b) Unless MCC otherwise consents in writing, the Government shall ensure that any grant issued in furtherance of the Program (each, a “Grant”) is awarded, implemented, and managed pursuant to open, fair, and competitive procedures administered in a transparent manner acceptable to MCC. In furtherance of this requirement, and prior to the issuance of any Grant, the Government and MCC shall agree upon written procedures to govern the identification of potential Grant recipients, including, without limitation, appropriate eligibility and selection criteria and award procedures. Such agreed procedures shall be posted on the MCA-Burkina Faso II website.
Section 3.7  Records; Accounting; Covered Providers; Access.

(a)  **Government Books and Records.** The Government shall maintain, and shall use its best efforts to ensure that all Covered Providers maintain, accounting books, records, documents, and other evidence relating to the Program adequate to show, to MCC’s satisfaction, the use of all MCC Funding and all of the Government Contribution and the implementation and results of the Program (“Compact Records”). In addition, the Government shall furnish or cause to be furnished to MCC, upon its request, originals or copies of such Compact Records.

(b)  **Accounting.** The Government shall maintain, and shall use its best efforts to ensure that all Covered Providers maintain, Compact Records in accordance with generally accepted accounting principles prevailing in the United States, or at the Government’s option and with MCC’s prior written approval, other accounting principles, such as those (i) prescribed by the International Accounting Standards Board, or (ii) then prevailing in Burkina Faso. Compact Records must be maintained for at least five years after the end of the Compact Term or for such longer period, if any, required to resolve any litigation, claims or audit findings or any applicable legal requirements.

(c)  **Access.** Upon MCC’s request, the Government, at all reasonable times, shall permit, or cause to be permitted, authorized representatives of MCC, the Inspector General of MCC (“Inspector General”), the United States Government Accountability Office, any auditor responsible for an audit contemplated herein or otherwise conducted in furtherance of this Compact, and any agents or representatives engaged by MCC or the Government to conduct any assessment, review, or evaluation of the Program, the opportunity to audit, review, evaluate, or inspect facilities, assets, and activities funded in whole or in part by MCC Funding or the Government Contribution.

Section 3.8  Audits; Reviews.

(a)  **Government Audits.** Except as the Parties may agree otherwise in writing, the Government shall, on at least an annual basis, conduct, or cause to be conducted, financial audits of all disbursements of MCC Funding and the Government Contribution covering the period from signing of this Compact until the earlier of the following March 31 or September 30 and covering each annual period thereafter ending March 31 or September 30, through the end of the Compact Term, as well as the 120-day period following expiration of the Compact Term. In addition, the Government shall ensure that such audits are conducted by an independent auditor approved by MCC and selected in accordance with The Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities (the “Audit Guidelines”). Audits shall be performed in accordance with such Audit Guidelines, and/or other processes and procedures directed from time to time by MCC, and shall include the Government Contributions as part of the audit. Each audit must be completed and the audit report delivered to MCC no later than 90 days after the applicable audit period or the commencement of audit services, whichever is later, or such other period as the Parties may otherwise agree in writing. Any changes to the period to be audited shall be included in an audit plan developed and implemented by MCA-Burkina Faso II in accordance with Audit Guidelines and Program Implementation Agreement and as approved by MCC (the “Audit Plan”). The requirements of this Section 3.8(a) do not preclude the Government from conducting audits of MCA-Burkina Faso II or of the Program, as may be required by the laws of Burkina Faso.
(b) **Audits of Other Entities.** The Government shall ensure that MCC-financed agreements between the Government or any Provider, on the one hand, and (i) a United States nonprofit organization, on the other hand, state that the United States nonprofit organization is subject to the applicable audit requirements contained in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, issued by the United States Office of Management and Budget; (ii) a United States for-profit Covered Provider, on the other hand, state that the United States for-profit organization is subject to audit by the applicable United States Government agency, unless the Government and MCC agree otherwise in writing; and (iii) a non-US Covered Provider (whether a for-profit or nonprofit organization), on the other hand, state that the non-US Covered Provider is subject to audit in accordance with the Audit Guidelines.

(c) **Corrective Actions.** The Government shall use its best efforts to ensure that each Covered Provider (i) takes, where necessary, appropriate, and timely, corrective actions in response to audits, (ii) considers whether the results of the Covered Provider’s audits necessitate adjustment of the Government’s records, and (iii) permits independent auditors to have access to its records and financial statements as necessary.

(d) **Audits.** MCC or the Government shall each have the right to arrange for audits of the Government’s use of MCC Funding and the Government Contribution.

(e) **Cost of Audits, Reviews or Evaluations.** MCC Funding may be used to fund the costs of any audits, reviews, or evaluations required under this Compact.

**ARTICLE 4. COMMUNICATIONS**

Section 4.1 **Communications.** Any document or communication required or submitted by either Party to the other under this Compact must be in writing and, except as otherwise agreed with MCC, in English. All such documents or communication must be submitted to the address of each Party set forth below or to such other address as may be designated by any Party in a written notice to the other Party.

**To MCC:**

Millennium Challenge Corporation  
Attention: Vice President, Compact Operations  
(with a copy to the Vice President and General Counsel)  
1099 Fourteenth Street NW, Suite 700  
Washington, DC 20005  
United States of America  
Facsimile: +1 (202) 521-3700  
Telephone: +1 (202) 521-3600  
Email: VPOperations@mcc.gov (Vice President, Compact Operations)  
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)
To the Government:

Ministry of Economy, Finance and Development
Attention: Minister of Economy, Finance and Development
03 B.P. 7008
Ouagadougou 03, Burkina Faso
Telephone: +226 25 33 30 95
Email: cab_mef@yahoo.fr

To MCA-Burkina Faso II:

Upon establishment of MCA-Burkina Faso II, MCA-Burkina Faso II shall notify the Parties of its contact details.

with a copy to:

UCF-Burkina Faso (until MCA-Burkina Faso II’s establishment)
Attention: National Coordinator
UCF-Burkina Faso
83, Avenue John Kennedy – Immeuble Barack Obama
01 B.P. 6443
Ouagadougou 01, Burkina Faso
Telephone: +226 25 49 75 75 / +226 25 30 81 44
Email: ucfburkina@ucfburkina.org

Section 4.2 Representatives. For all purposes relevant to implementation of this Compact, the Government shall be represented by the individual holding the position of, or acting as, the minister for the ministry responsible for finance, and MCC shall be represented by the individual holding the position of, or acting as, Vice President, for the Department of Compact Operations (each of the foregoing, a “Principal Representative”). Each Party, by written notice to the other Party, may designate one or more additional representatives of the Government or MCC, as appropriate (each, an “Additional Representative”) for all purposes relevant to implementation of this Compact except for amending this Compact pursuant to Section 6.2(a). The Government hereby designates the National Coordinator of UCF-Burkina Faso as an Additional Representative, to be replaced by the Chief Executive Officer of MCA-Burkina Faso II upon the establishment of MCA-Burkina Faso II. MCC hereby designates the Deputy Vice President for Africa and the Resident Country Director for Burkina Faso as Additional Representatives for MCC. A Party may change its Principal Representative to a new representative that holds a position of equal or higher authority upon written notice to the other Party.

Section 4.3 Signatures. Signatures to this Compact and to any amendment to this Compact shall be original signatures appearing on the same page or in an exchange of letters or diplomatic notes.
ARTICLE 5.

TERMINATION; SUSPENSION; EXPIRATION

Section 5.1 Termination; Suspension.

(a) Either Party may terminate this Compact without cause in its entirety by giving the other Party 30 days’ prior written notice. MCC may also terminate this Compact or MCC Funding without cause in part by giving the Government 30 days’ prior written notice.

(b) MCC may, immediately, upon written notice to the Government, suspend or terminate this Compact or MCC Funding, in whole or in part, and any obligation related thereto, if MCC determines that any circumstance identified by MCC as a basis for suspension or termination (as notified to the Government in writing) has occurred, which circumstances include, but are not limited to the following:

(i) the Government fails to comply with its obligations or commitments under this Compact or any other agreement or arrangement entered into by the Government in connection with this Compact or the Program;

(ii) any statement, affirmation or assurance of the Government made in this Compact, the PIA, any Supplemental Agreement, or in any certificate or other document delivered in connection with this Compact proves to have been willfully false or misleading as of the date when made;

(iii) an event or series of events has occurred that makes it probable that any Project Objective is not going to be achieved during the Compact Term or that the Government is not going to be able to perform its obligations under this Compact;

(iv) a use of MCC Funding or continued implementation of this Compact or the Program violates applicable law or United States Government policy, whether now or hereafter in effect;

(v) the Government or any other person or entity receiving MCC Funding or Program Assets is engaged in activities that are contrary to the national security interests of the United States;

(vi) an act has been committed or an omission or an event has occurred that would render Burkina Faso ineligible to receive United States economic assistance under Part I of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151 et seq.), by reason of the application of any provision of such act or any other provision of law;

(vii) the Government has engaged in a pattern of actions inconsistent with the criteria used to determine the eligibility of Burkina Faso for assistance under the MCA Act; and

(viii) Burkina Faso is classified as a Tier 3 country in the United States Department of State’s annual Trafficking in Persons Report; and
(ix) the Government or a person or entity receiving MCC Funding or using Program Assets is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking.

Section 5.2 Consequences of Termination, Suspension or Expiration.

(a) Upon the suspension or termination, in whole or in part, of this Compact or any MCC Funding, or upon the expiration of this Compact, the provisions of the Program Implementation Agreement shall govern the post-suspension, post-termination or post-expiration treatment of MCC Funding, the Government Contribution, any related Disbursements and Program Assets. Any portion of this Compact, MCC Funding, the Government Contribution, the Program Implementation Agreement or any other Supplemental Agreement that is not suspended or terminated shall remain in full force and effect.

(b) MCC may reinstate any suspended or terminated MCC Funding under this Compact if MCC determines that the Government or other relevant person or entity has committed to correct each condition for which MCC Funding was suspended or terminated.

Section 5.3 Refunds; Violation.

(a) If any MCC Funding, any interest or earnings thereon, or any Program Asset is used for any purpose in violation of the terms of this Compact, then MCC may require the Government to repay to MCC in United States Dollars the value of the misused MCC Funding, interest, earnings, or asset, plus interest thereon in accordance with Section 5.4 within 30 days after the Government’s receipt of MCC’s request for repayment. The Government shall not use MCC Funding, proceeds thereof or Program Assets to make such payment.

(b) Notwithstanding any other provision in this Compact or any other agreement to the contrary, MCC’s right under Section 5.3(a) to obtain a refund shall continue during the Compact Term and for a period of (i) five years thereafter or (ii) one year after MCC receives actual knowledge of such violation, whichever is later.

Section 5.4 Late Payment Interest. If the Government fails to pay any amount under this Compact or the Program Implementation Agreement when due (including amounts under Section 2.8(c) and 5.3(a)), the Government shall pay interest on such past due amount. Interest shall accrue on such amount at a rate equal to the then-current US Treasury Current Value of Funds Rate, calculated on a daily basis and a 360-day year from the due date of such payment until such amount is paid in full. Any such payment shall first be credited against interest due, and once the interest due amount is extinguished, then payments shall be credited against outstanding principal.

Section 5.5 Survival. The Government’s responsibilities under this Section and Sections 2.7 (Limitations on the Use of MCC Funding), 2.8 (Taxes), 3.2(f), 3.7 (Records; Accounting; Covered Providers; Access), 3.8 (Audits; Reviews), 5.2 (Consequences of Termination, Suspension or Expiration), 5.3 (Refunds; Violation), 5.4 (Late Payment Interest), and 6.4 (Governing Law) shall survive the expiration, suspension or termination of this Compact, provided that the terms of Section 2.8 shall survive for only 120 days following this Compact’s expiration.
ARTICLE 6.

COMPACT ANNEXES; AMENDMENTS; GOVERNING LAW

Section 6.1 Annexes. Each annex to this Compact constitutes an integral part hereof, and references to “Annex” mean an annex to this Compact unless otherwise expressly stated.

Section 6.2 Amendments and Modifications.

(a) The Parties may amend this Compact only by a written agreement. Such agreement shall specify how it enters into force.

(b) Notwithstanding subsection (a), the Parties agree that the Government and MCC may by written agreement, which shall enter into force upon signature, modify any Annex in order to, in particular, but without limitation (i) suspend, terminate or modify any Project or Activity, (ii) change the allocations of funds as set forth in Annex II, (iii) modify the implementation framework described in Annex I, (iv) add, change or delete any indicator, baseline or target or other information set forth in Annex III in accordance with the MCC M&E Policy, (v) add, modify or delete any condition precedent described in Annex IV, or (vi) modify the mechanisms for exempting MCC Funding from Taxes as set forth in the Program Implementation Agreement; provided that, in each case, any such modification (1) is consistent in all material respects with the Project Objectives, (2) does not cause the amount of Program Funding to exceed the aggregate amount specified in Section 2.1 (as may be modified by operation of Section 2.2(e)), (3) does not cause the amount of CFF to exceed the aggregate amount specified in Section 2.2(a), and (4) does not extend the Compact Term.

Section 6.3 Inconsistencies. In the event of any conflict or inconsistency between:

(a) any Annex and any of Articles 1 through 8, such Articles 1 through 8, as applicable, shall prevail; or

(b) this Compact and any other agreement between the Parties regarding the Program, this Compact shall prevail.

Section 6.4 Governing Law. This Compact is an international agreement and as such shall be governed by international law.

Section 6.5 Additional Instruments. Any reference to projects, activities, obligations or rights undertaken or existing under or in furtherance of this Compact or similar language shall include projects, activities, obligations, and rights undertaken by, or existing under or in furtherance of any agreement, document or instrument related to this Compact and the Program.

Section 6.6 References to MCC Website. Unless expressly provided otherwise, any reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a document or information available on, or notified by posting on the MCC Website shall be deemed a reference to such document or information as updated or substituted on the MCC Website from time to time.
Section 6.7 References to Laws, Regulations, Policies and Guidelines; References to Compact Expiration and Termination.

(a) Unless expressly provided otherwise, each reference in this Compact, the PIA or any other agreement entered into in connection with this Compact to a law, regulation, policy, guideline or similar document shall be construed as a reference to such law, regulation, policy, guideline or similar document as it may, from time to time, be amended, revised, replaced, or extended, and shall include any law, regulation, policy, guideline or similar document issued under or otherwise applicable or related to such law, regulation, policy, guideline or similar document.

(b) Each reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to the Compact’s “expiration” refers to the date on which the Compact Term ends if the Compact is not terminated earlier, which in accordance with Section 7.4 is five years after its entry into force. Each reference in any of the aforementioned documents to the Compact’s “termination” refers to this Compact ceasing to be in force prior to its expiration in accordance with Section 5.1.

Section 6.8 MCC Status. MCC is a United States government corporation acting on behalf of the United States Government in the implementation of this Compact. MCC and the United States Government assume no liability for any claims or loss arising out of activities or omissions under this Compact. The Government waives any and all claims against MCC or the United States Government or any current or former officer or employee of MCC or the United States Government for all loss, damage, injury, or death arising out of activities or omissions under this Compact, and agrees that it shall not bring any claim or legal proceeding of any kind against any of the above entities or persons for any such loss, damage, injury, or death. The Government agrees that MCC and the United States Government or any current or former officer or employee of MCC or the United States Government shall be immune from the jurisdiction of all courts and tribunals of Burkina Faso for any claim or loss arising out of activities or omissions under this Compact.

ARTICLE 7.
ENTRY INTO FORCE

Section 7.1 Domestic Procedures. The Government shall proceed in a timely manner to complete all of its domestic requirements for this Compact to enter into force. The Parties understand that this Compact and the PIA, upon entry into force, shall prevail over the domestic laws of Burkina Faso.

Section 7.2 Conditions Precedent to Entry into Force. Each of the following conditions must be fulfilled, in each case to the satisfaction of MCC, before this Compact enters into force:

(a) the Program Implementation Agreement must have been signed by the parties thereto;

(b) The Government must have delivered to MCC:

(i) a letter signed and dated by the Principal Representative of the Government, or such other duly authorized representative of the Government acceptable to
MCC, confirming that the Government has completed its domestic requirements necessary for this Compact to enter into force and that the other conditions precedent to entry into force in this Section 7.2 have been met;

(ii) a signed legal opinion from the Minister of Justice of Burkina Faso (or such other legal representative of the Government acceptable to MCC), in form and substance satisfactory to MCC; and

(iii) complete, certified copies of all decrees, legislation, regulations or other governmental documents relating to the Government’s domestic requirements necessary for this Compact and the PIA to enter into force, which MCC may post on its website or otherwise make publicly available.

(c) MCC shall not have determined, at the time of this Compact’s entry into force, that the Government has engaged in a pattern of actions inconsistent with the eligibility criteria for MCC Funding; and

(d) The conditions set forth in Annex V have been satisfied.

Section 7.3 Date of Entry into Force. This Compact shall enter into force on the date of the letter from MCC to the Government in an exchange of letters confirming that MCC and the Government have completed their respective domestic requirements for entry into force of this Compact and that the conditions precedent to entry into force in Section 7.2 have been met to MCC’s satisfaction.

Section 7.4 Compact Term. This Compact shall remain in force for five years after its entry into force, unless terminated earlier under Section 5.1 (the “Compact Term”).

Section 7.5 Provisional Application. Upon signature of this Compact, and until this Compact has entered into force in accordance with Section 7.3, the Parties shall provisionally apply the terms of this Compact; provided that, no MCC Funding, other than CFF, shall be made available or disbursed before this Compact enters into force.

ARTICLE 8.
ADDITIONAL GOVERNMENT COVENANTS

Section 8.1 Covenant Regarding Additional Government Commitments. In addition to the Government Contribution and any other contributions required under the Compact, the Government further agrees to provide such resources as are necessary to support the safety and security of the Program, Program Assets, MCC and MCA-Burkina Faso II staff, consultants, contractors, or other personnel, and any other persons or entities engaged in Program-related activities, including without limitation providing support for physical security measures at Program sites (e.g., MCA-Burkina Faso II offices, Program work sites, etc.) and providing security personnel at Program sites and in support of visits by MCC and MCA-Burkina Faso II staff, consultants, contractors, or other personnel. The Government further agrees to make such reasonable physical improvements as may be requested by MCC to MCA-Burkina Faso II’s office space and Program work sites.

SIGNATURE PAGE FOLLOWS ON THE NEXT PAGE
IN WITNESS WHEREOF, each Party, through its duly authorized representative, has signed this Compact.

Done at Washington, D.C., this 13th day of August 2020, in duplicate in the English language

FOR THE UNITED STATES OF AMERICA, acting through THE MILLENNIUM CHALLENGE CORPORATION

/s/

Name: Sean Cairncross
Title: Chief Executive Officer

FOR BURKINA FASO, acting through THE MINISTRY OF ECONOMY, FINANCE AND DEVELOPMENT

/s/

Name: Seydou Kabore
Title: Ambassador of Burkina Faso to the United States
This Annex I describes the Program to be funded with MCC Funding and the Government Contribution during the Compact Term.

A. PROGRAM OVERVIEW

1. Background and Consultative Process.

(a) Background.

Burkina Faso has been a strong and committed MCC partner since 2005. Burkina Faso successfully completed a threshold program in 2008 and its first Millennium Challenge Compact on July 31, 2014. That compact, which was signed on July 14, 2008, and entered into force on July 31, 2009, was designed to reduce poverty and increase economic growth by improving land tenure security and land management, expanding agricultural productivity, enhancing access to markets through investments in the road network, and increasing primary school completion rates for girls. Based on the strength of Burkina Faso’s performance on this first compact and the earlier threshold program, as well as the country’s sustained positive performance in the policy areas measured by MCC’s scorecard, MCC’s Board of Directors selected Burkina Faso as eligible to develop a second compact program in December 2016.

Following selection, MCC worked closely with the Government’s compact development team, UCF-Burkina Faso, to develop the Program. Working with UCF-Burkina Faso, MCC and the Government conducted a constraints analysis in 2017. The constraints analysis identified two binding constraints to economic growth in Burkina Faso: (i) high cost, poor quality, and lack of access to electricity; and (ii) lack of a skilled workforce.

Based on consultations with the Government, other donors, the private sector, and civil society, as well as the Government’s stated prioritization, MCC and the Government jointly agreed to focus the second compact on the binding constraint in the electricity sector. MCC and the Government further agreed to focus on several root causes contributing to this constraint, such as the poor condition of energy infrastructure, insufficient generation capacity, an over-reliance on thermal energy, unclear sector governance, poor institutional performance and coordination, as well as unclear sector financial viability.

Burkina Faso’s energy situation constitutes a major constraint to its economic development. Currently, only about 20 percent of Burkinabé have access to electricity (approximately 61 percent of the urban population and only 3 percent of the rural population), and the country’s heavy reliance on thermal energy results in high electricity prices – among the highest in West Africa. Current installed capacity is equal to approximately 320 megawatts (“MW”), 80 percent of which is thermal (diesel and heavy fuel oil “HFO”). Meanwhile, between 2006 and 2015, the customer base for the national utility and individual consumption doubled, with supply barely meeting demand during non-peak periods. In addition, these aging thermal power plants, as well as limited and aging network infrastructure, have contributed to frequent outages, load shedding, poor electricity quality, and system inefficiency.
Burkina Faso’s status as a landlocked country with no known hydrocarbon resources has impeded its ability to provide greater access to affordable electricity to its residents. However, the emergence of the West African Power Pool (“WAPP”), new cross border transmission lines, and the collapse of solar panel prices have provided Burkina Faso with a unique opportunity to meet its goals of affordable and reliable electricity for all. Already, Burkina Faso imports approximately half of the power it consumes from Côte d’Ivoire and Ghana, with imports set to increase as additional lines from Côte d’Ivoire, Ghana, and Niger are built and commissioned. To increase domestic supply at lower cost, the Government has already begun to move toward renewable energy, particularly solar power. The Government is pursuing a mix of public and private sector investments in new solar plants via independent power producers (“IPPs”) in order to reduce generation costs. While recent regulation has opened the door for such IPPs, an inadequate IPP framework and limited technical capacity, coupled with concerns about the national utility’s credit worthiness, continue to impede such transactions.

Importantly, the regulatory and institutional framework for the power sector in Burkina Faso is evolving to support the necessary expansion of the sector and increased private investment, most notably with enactment of the Electricity Law of 2017. However, institutional and policy challenges remain to be addressed.

(b) **Consultative Process.**

Throughout the multi-year, compact development process, MCC and the Government engaged in regular, inclusive consultations with a wide range of stakeholders in order to, _inter alia_, identify binding constraints to economic growth, assess underlying root causes or problems driving these binding constraints, identify potential project opportunities, and make informed design decisions for the Projects to better assure the achievement of results and maximize impact.

These consultations included relevant Government ministries and institutions, local communities likely to be impacted by the Program and related local officials, representatives from local and international civil society and non-governmental organizations, private sector leaders, other donors, and U.S. Government partners, such as the U.S. Embassy in Ouagadougou and the U.S. Agency for International Development (“USAID”).

In particular, MCC and the Government specifically solicited input from other donors on Program-related studies and project documents. This included consultations with other donors investing in Burkina Faso’s electricity sector, such as the World Bank and the African Development Bank (“AfDB”), which have made major investments in policy and institutional reforms, as well as European donors (such as the European Union (“EU”) and the Agence Française de Développement (“AFD”)), which have supported efforts to change the energy mix towards solar and facilitated rural electrification.

MCC and the Government also engaged with the local and international private sector representatives to inform Program design, including consultations with current and prospective independent power producers in the region, as well as the African Trade Insurance Agency (“ATT”).
2. Description of Program and Beneficiaries.

(a) Program Description.

The Program consists of three related Projects that respond to a critical constraint to economic growth in Burkina Faso, align with the Government’s national development priorities, and collectively contribute to increasing the supply and quality of, and expanding access to and the consumption of, cost-effective electricity – (i) the Strengthening Electricity Sector Effectiveness Project, (ii) the Cost-Effective and Reliable Electricity Supply Project, and (iii) the Grid Development and Access Project.

(b) Intended Beneficiaries.

The Program is projected to benefit a total of 8,100,000 people, as detailed in the table below. This includes 2,200,000 beneficiaries defined as “poor” and 2,500,000 beneficiaries defined as “near-poor”.

<table>
<thead>
<tr>
<th>Project</th>
<th>Projected Number of Beneficiaries (people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening Electricity Sector Effectiveness Project</td>
<td>8,100,000</td>
</tr>
<tr>
<td>Cost-Effective and Reliable Electricity Supply Project</td>
<td>8,100,000</td>
</tr>
<tr>
<td>Grid Development and Access Project</td>
<td>4,300,000</td>
</tr>
<tr>
<td>Total</td>
<td>8,100,000</td>
</tr>
</tbody>
</table>

(Note: some individuals benefit from more than one Project)

B. DESCRIPTION OF PROJECT

Set forth below is a description of each of the Projects that the Government agrees to implement, or cause to be implemented, using MCC Funding and the Government Contribution, in order to advance the applicable Project Objectives. In addition, specific activities that shall be undertaken within each Project (each, an “Activity”), including sub-activities, are also described below.

1. Strengthening Electricity Sector Effectiveness Project.

(a) Summary of Project and Activities.

The objective of the Strengthening Electricity Sector Effectiveness Project (the “Reform and Capacity Building Project”) is set forth in Section 1.2(a) of the Compact. To accomplish the Project Objective, the Project shall strengthen the policies and regulations governing Burkina Faso’s electricity sector through support for priority sector reforms and capacity-building for key sector institutions, particularly the national utility (Société Nationale d’Electricité du Burkina Faso or “SONABEL”), the electricity sector regulator (the Autorité de Régulation du Secteur de l’Energie or “ARSE”), and the ministry responsible for energy (“Ministry of Energy”).

---

1These beneficiary categories are defined based on the following levels of consumption per day (in 2011 PPP international dollars): Extremely poor: less than $1.90; Poor: less than $3.20; Near-poor: between $3.20 and $5.50.
The Reform and Capacity Building Project builds on the participatory electricity sector planning process (the “Roadmap”) supported by MCC under the CDF Agreement. Through the development of the Roadmap and its action plan, the Government articulated and selected a vision through 2035 for Burkina Faso’s electricity sector guided by three principal objectives: (i) improved governance; (ii) financial viability; and (iii) improved institutional performance. On February 12, 2020, the Government formally adopted the Roadmap at a meeting of Burkina Faso’s Council of Ministers.

Reflecting key aspects of the Roadmap, the Reform Project includes the following four Activities:

(i)  **Development of Institutional and Regulatory Framework Activity.**

This Activity aims to support the implementation of the Government’s medium- and long-term legal, regulatory, and institutional framework and strategy for Burkina Faso’s electricity sector, as set forth in the Roadmap. This includes the following:

(A)  **Technical assistance to develop institutional and financial strategies and plans for the electricity sector and its institutions.** This includes, without limitation, the following non-exhaustive types of support: (1) a plan for the potential reorganization of the Ministry of Energy, (2) the evaluation and development of a plan for monitoring and evaluation of the electricity sector institutions, (3) the development of an optimized framework for sector planning and institutional coordination, (4) the development of national electrification and energy efficiency plans, (5) strategic assessments of relevant institutions to further refine capacity-building needs, and (6) support to the Ministry of Energy, SONABEL, ARSE and other relevant institutions to draft, adopt, and operationalize a comprehensive environmental, gender, and social inclusion charter that defines commitments with respect to, *inter alia*, (i) pro-poor policy-making and access and affordability for lower income and/or geographically remote households, businesses, and institutions; (ii) gender equality, gender equity, and gender balance in business and resource planning (including prioritizing female talent development); (iii) equal opportunity under procurement and tendering processes; (iv) gender equality and social inclusion in customer relationships and in relations with communities and project affected persons; and (v) environmental management principles based on international best practices; and

(B)  **Technical assistance to support the implementation of key institutional and regulatory reforms identified under the Roadmap.** This includes, without limitation, the following non-exhaustive types of support: (1) preparation and adoption of new and revised decrees and other implementing regulations to better define the structure, roles, and responsibilities of key sector institutions, including the Ministry of Energy, ARSE, SONABEL, and the energy efficiency agency and the rural electrification agency (each referred to by its French acronym, “ANEREE” and “ABER”, respectively), (2) establishment of a model concession contract for rural electricity cooperatives as well as an improved regulatory framework for mini-grids in order to encourage private sector investment in off-grid service delivery, and (3) harmonization of Burkina Faso’s policies and standards with WAPP, in order to further foster regional integration and cross-border electricity trading.
(ii) Support for the Development of Independent Power Producer Projects Activity.

This Activity aims to strengthen the institutional framework, coordination, and institutional technical capacity required to advance private sector investment in generation. This includes the following:

(A) Technical assistance to establish and operationalize a dedicated IPP unit within the Ministry of Energy to foster private sector investment by facilitating increased coordination across the Government and centralizing and enhancing the technical capacity to identify, develop, negotiate, and close IPP deals. This includes, without limitation, the following non-exhaustive types of support: (1) strengthening Burkina Faso’s strategic framework for IPPs, (2) the establishment and operationalization of the new IPP unit, (3) the provision of coaching to the IPP unit and training to relevant staff on IPP markets and financing, and (4) transaction support to advance one or more IPP transactions in the existing pipeline, as necessary (in each case, subject to MCC due diligence and provided that such transactions had been solicited through an open and competitive process); and

(B) Support for Burkina Faso’s membership in ATI in order to facilitate access to guarantee and insurance products designed to mitigate liquidity issues and concerns about the credit worthiness of SONABEL as an electricity offtaker. The Government intends to apply a portion of the Government Contribution to make the initial purchase of shares required to join ATI, which shall not exceed Fifteen Million United States Dollars (US$15,000,000).

(iii) Strengthening of Institutional Organization and Capacity Activity.

This Activity aims to improve core technical capacities at key institutions and provide cross-cutting support to promote social and gender inclusion in the sector, increase sector workforce diversity, and improve environmental management. This includes:

(A) Technical assistance for the Ministry of Energy to improve sector planning capacity and understanding of key electricity market concepts, including regional energy markets;

(B) Technical assistance to SONABEL for the following non-exhaustive types of support: (1) to improve core operational service delivery capacities, including without limitation investment planning, customer and asset mapping, transmission and distribution system maintenance and equipment, and customer service and client management, (2) to improve organizational and management capacity, including without limitation development of strategic plans to address financial sustainability, staffing and human capital development, operational performance, and organizational diversity and health, (3) to facilitate the separation of SONABEL’s principle lines of business and accounting (e.g., generation, transmission, and retail) and undertake a cost of service assessment, (4) to update SONABEL’s information management system and supply related equipment, and (5) to develop a new and/or revised performance contract between the Government and SONABEL, which shall include new
key performance indicators covering areas such as electricity quality, service quality, and cost of service, as well as allowing for monitoring by ARSE;

(C) Technical assistance to ARSE for the following non-exhaustive types of support: (1) the implementation of its newly established business plan, including development of a capacity-building plan and human capital strategy, targeted training, and the provision of tools, equipment, and logistical resources, (2) the operationalization of the department of customer protection, (3) the establishment and publication of key performance indicators for, and regular assessments of, SONABEL and, as applicable, other sector institutions, and (3) the development and implementation of a robust tariff-setting framework and the provision of associated capacity-building, including without limitation the development and implementation of the Tariff Reform Plan (as defined below) and adoption and implementation of a tariff-setting procedure and methodology to be applied through two biannual tariff revisions during the Compact Term;

(D) Technical assistance to ANEREE to support the development of an organizational strategic plan and improve technical capacity in energy efficiency best practices, targeting cost-effective, high-impact opportunities to help lower the cost of electricity for consumers while also offsetting the rapid growth of demand in the country. Such opportunities may include, without limitation, the establishment of solar equipment or appliance standards, energy audits, or other energy efficiency activities within ANEREE’s authority;

(E) Technical assistance to ABER to support the development and operationalization of its strategic plan and to provide targeted capacity-building to ABER and to rural operators;

(F) Technical assistance to sector institutions on core environmental and social management best practices, including, without limitation, the following non-exhaustive types of support: (1) to improve health and safety plans and practices at SONABEL and the Ministry of Environment, in order to update and operationalize SONABEL’s environmental and social management system ("ESMS"), update operational guidance documentation on environmental and resettlement management for electricity projects, and assess and update existing tools, software (e.g., ArcGIS) and databases, (2) to develop hazardous waste management plans, including without limitation for the safe handling and long-term management of used batteries, and operationalize such plans with respect to Program-supported interventions, and (3) to assess the vulnerability of Burkina Faso’s electricity sector to climate change and implement corresponding measures to improve climate resiliency; and

(G) Technical assistance to sector institutions to promote and improve core gender and social inclusion capacities, including, without limitation, the following non-exhaustive types of support: (1) development of a sector-level gender and social inclusion strategy and orientation for the sector to operationalize the environmental, gender and social inclusion charter supported under the Reform Project, (2) targeted capacity-building on gender and social inclusion best practices, including the development of training programs for sector staff, the development of terms of reference for gender focal points within sector institutions, participation in USAID’s Engendering Utilities program and/or similar programs, and the development and operationalization of gender and social inclusion monitoring and evaluation frameworks, and (3) targeted educational and training support for women to increase
employment in the sector, including the development and implementation of a scholarship/tuition assistance and professional mentorship/development program to support high-performing women in gaining experience in the electricity sector.

(iv) Project Management Activity.

This Activity aims to assure proper preparation, management, and oversight of the Project to ensure that it meets MCC’s technical, environmental, and social standards, that it can be implemented within the Compact Term, and that the targeted results are achieved. This includes support for necessary project management expertise and related resources.

(b) Environmental and Social Mitigation Measures.

Activities in the Reform and Capacity Building Project do not involve any physical works and are not anticipated to result in any significant environmental, health, or safety hazards. As such, the Project is classified as “Category C” under the MCC Environmental Guidelines. Even though the Reform and Capacity Building Project poses few environmental and social risks, it presents several opportunities to improve environmental management in the sector, as detailed in Section B.1(a)(i)(A) and Section B.1(a)(iii)(F) of this Annex I.

(c) Gender and Social Inclusion.

The Activities included in the Reform and Capacity Building Project are necessary pre-requisites for a more effective, efficient, and affordable electricity sector, and to creating an enabling environment for improved gender and social inclusion both within sector operations and for consumers. To capitalize on opportunities, promote gender and social inclusion in the sector, and improve and integrate core technical capacities across applicable sector institutions, specific gender and social inclusion sub-activities have been incorporated into the Reform and Capacity Building Project, including as detailed in Section B.1(a)(i)(A) and Section B.1(a)(iii)(G).

(d) Donor Coordination.

MCC and the Government coordinated closely with other donors active in the electricity sector during the development of the Program. For the Reform and Capacity Building Project, MCC and the Government shall continue to collaborate closely with the World Bank and AfDB, which have been, and intend to remain, active in institutional strengthening and reform activities in the country. The EU and AFD are additional, key donors in the sector. The World Bank, AfDB, EU, AFD and others contributed to the participatory planning process that resulted in the Roadmap, provided input on Project design to ensure alignment of efforts, and shall continue to coordinate on various terms of reference and studies planned under the Reform Project.

(e) USAID.

MCC and the Government engaged extensively with USAID, particularly with Power Africa, throughout the definition and development of the Reform Project. Specifically, MCC participated in the Power Africa working group, established in coordination with the U.S. Embassy in Ouagadougou. As noted above, the Reform and Capacity Building Project also
anticipates further coordination with USAID during implementation by supporting SONABEL’s participation in USAID’s Engendering Utilities program.

(f) Sustainability.

The Reform and Capacity Building Project reinforces and supports Government policy and institutional reform commitments to enhance the sustainability of the Program and the long-term performance and financial viability of Burkina Faso’s electricity sector. Specifically, the Reform and Capacity Building Project Activities and sub-activities are intended to improve the Ministry of Energy, ARSE, SONABEL, ANEREE, and ABER’s capacities to sustainably perform their responsibilities in the sector and better manage and maintain sector assets, thereby improving and expanding service delivery to current and future customers at a lower cost, and better assuring the sustainability of the infrastructure improvements supported by the Program under the Cost-Effective and Reliable Electricity Supply Project and the Grid Development and Access Projects. In addition, the support for IPP transactions provided under the Project is designed not only to increase financial viability by facilitating access to more affordable forms of electricity supply options, but this support also helps the Government leverage private sector expertise to better assure the sustainable operation and maintenance of assets.

(g) Policy, Legal and Regulatory Reforms.

Both MCC and the Government recognize that the Program can produce the desired impact only if accompanied by key policy and institutions reforms, which shall be reinforced and supported by activities under the Reform and Capacity Building Project. These policy and institutional reform efforts have three principal objectives: (i) improved governance; (ii) financial viability; and (iii) improved institutional performance. Specifically, the Government has committed to issuing several decrees and regulations are issued/enacted, in order to achieve the following:

- Clarify the role of the Ministry of Energy relative to other sector institutions in policy development, strategic planning, and monitoring;
- Ensure the financial independence and empowerment of ARSE and revise its governance structure in line with international best practices;
- Ensure the financial viability and transparent accounting for SONABEL, including (i) all government subsidies and/or transfers to it, and (ii) full cost accounting and a complete separation of accounts;
- Develop and implement a tariff plan that reflects SONABEL’s cost of service and establish a plan to gradually move towards a fully cost-reflective tariff;
- Clearly delineate the mandates of ANEREE and ABER;
- Ensure progress towards harmonization with the standards of the West African Power Pool, in order to support the regional trade of electricity; and,
- Develop and adopt a plan to incorporate the Economic Community for West Africa (“ECOWAS”) Policy for Gender Mainstreaming in Energy Access, as well as adopt (or revise, as applicable) regulations to comply with the ECOWAS Regional Directive on Gender Assessments in Energy Infrastructure.
2. Cost-Effective and Reliable Electricity Supply Project

(a) Summary of Project and Activities.

The objective of the Cost-Effective and Reliable Electricity Supply Project (the “Supply Project”) is set forth in Section 1.2(b) of the Compact. To accomplish the Supply Project Objective, this Project supports activities to facilitate new solar IPP deals, targeted infrastructure improvements and equipment to improve reliability, and new equipment and studies to foster improved regional integration for electricity imports.

The Supply Project includes the following four Activities:

(i) **Facilitating New Low-Cost Supply Activity.**

This Activity aims to increase the supply of lower-cost electricity by facilitating new solar IPP transactions. Building on the Support for the Development of Independent Power Producer Projects Activity, this Activity shall provide support for up to two solar IPPs, including transaction advisory services to prepare all applicable feasibility studies, structure the tender program, and bring transactions to financial close; provided that the final configuration (e.g., sizing, location, etc.) of the solar IPPs to be supported under this Activity shall be determined based on detailed technical studies and shall be consistent with the Government’s pending, updated master plan for the electricity sector. The transaction advisor shall work closely with the newly established IPP unit to execute these transactions. This Activity shall include the option for catalytic funding for credit enhancements through guarantees (or equivalent insurance products) to address concerns about SONABEL’s credit worthiness. It shall also include the option to provide viability gap funding to facilitate the incorporation of battery storage into new solar IPPs.

With respect to the transaction advisory services, catalytic funding for credit enhancements, and/or viability gap funding envisioned as part of this Activity, MCC and the Government agree that such support and services shall only be available for IPP transactions resulting from open and competitive tendering processes based on sound technical and feasibility assessments (each case, as determined by MCC in its sole discretion), and which are otherwise consistent with the Government’s applicable master plan(s) for the electricity sector. The Government further agrees to incorporate MCC’s IPP tender program into its plans for the sector and allocate necessary land in accordance with the International Finance Corporation (“IFC”) Performance Standards.

(ii) **Improving the Reliability of Supply Activity.**

This Activity aims to increase SONABEL’s technical capability and capacity to reliably manage new low-cost generation sources, primarily through the importation of electricity and new solar IPPs. This includes:

(A) Construction of a new load dispatch center, including new power flow and voltage control equipment, to be sited in Ouagadougou (Zagouli substation). Once operational, this new load dispatch center shall constitute the “command and control” system for
Burkina Faso’s electricity network, replacing the existing center, which shall then be modernized and updated to serve as back-up; and

(B) Construction of up to three new battery storage plants to serve as system operational reserve for generation assets and imports.

(iii) **Improving Regional Connectivity Activity.**

This Activity aims to increase Burkina Faso’s connectivity and technical capacity to import electricity from its neighbors. Specifically, this includes:

(A) Funding for new equipment to better regulate power flow and voltage from electricity imports from Côte d’Ivoire, Ghana, Niger, and Nigeria; and

(B) Support for detailed feasibility and related studies for a potential new high-voltage transmission line from Ferkessedougou in Côte d’Ivoire to Bobo-Dioulasso and continuing to Ouagadougou. MCC and the Government anticipate that these feasibility and related studies shall be managed by the WAPP (in coordination with MCC, the Government, and MCA-Burkina Faso II), as the supranational institution primarily responsible for overseeing plans for, and coordination of, potential investments identified in the WAPP master plan.

(iv) **Project Management and Oversight Activity.**

This Activity aims to assure proper preparation, management, and oversight of the Project to ensure that it meets MCC’s technical, environmental, and social standards and can be implemented within the Compact Term. This includes support for necessary project management expertise and resources, engineering and technical supervision, and environmental and social impact assessments and mitigation efforts, including resettlement planning and implementation.

(b) **Environmental and Social Mitigation Measures.**

The Supply Project has been designated as “Category B”, according to the MCC Environmental Guidelines because it involves activities with potential limited adverse environmental or social risks and/or impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures. Accordingly, environmental and social impact assessments (“ESIAs”), environmental and social management plans (“ESMPs”), and resettlement action plans (“RAPs”) shall all be required. However, resettlement activities related to this Project are anticipated to be minimal given that SONABEL owns four of the five sites for the dispatch centers and battery storage plants.

Any additional environmental, health, and safety measures, as well as social mitigation measures, shall be determined in accordance with the MCC Environment Guidelines and the IFC Performance Standards.

(c) **Gender and Social Inclusion.**

The Supply Project addresses a key constraint limiting the ability of SONABEL and the Government to expand access to, and make more affordable, electricity, namely the high cost of supply. As such, the Project is a critical input to the long-term viability of sector and supports
related efforts under the Program. For example, when considered in conjunction with planned components under the Reform and Access Projects, the Supply Project supports the Program’s related efforts to, *inter alia*, build capacity for pro-poor policy-making, expand access, and increase the productive utilization of electricity. In addition, as a means of supporting the gender balancing work under the Reform and Capacity Building Project, women should be considered for promotions for positions at the new dispatch center supported by the Supply Project, as well as in reserve battery maintenance. Similarly, building on the Reform and Capacity Building Project, the transaction advisory services supported under this Project may also be designed to assist the new IPP unit to comply with the ECOWAS Directive on Gender Assessments in Energy Projects. Finally, the Project presents short-term economic opportunities for women and local communities through construction works and related components.

In accordance with the MCC Counter-Trafficking in Persons (“TIP”) Policy, the Project shall also be assessed for Trafficking in Persons risks and classified as low-risk or high risk. For low risk Activities, Counter-TIP Minimum Compliance Requirements (as defined in the MCC Counter-Trafficking in Persons Policy) shall be included in relevant solicitation documents and contracts. For Activities classified as high risk, MCA-Burkina Faso II shall develop a specific TIP risk management plan, to be approved by MCC prior to issuing a solicitation for such procurements.

(d) **Donor Coordination.**

MCC and the Government coordinated with other relevant donors active in providing support for electricity supply, including but not limited to the World Bank, AFD, IFC and EU. There are potential areas of overlap, particularly with the World Bank’s efforts to structure and tender power projects under the planned ‘Solar Park’, which are also likely contain battery storage. MCC, the Government, and the World Bank have been actively involved in sharing studies and other information in order to minimize overlaps and ensure active coordination during the phases of Program development. This coordination shall continue during implementation.

(e) **USAID.**

At each major step in the compact development process, MCC updated USAID about the development of this Project. MCC also exchanged with USAID’s Office of Transition Initiatives (OTI), which is providing support in northern Burkina Faso, including information about solar kits and similar interventions.

(f) **Sustainability.**

The Activities under the Supply Project contribute to sector sustainability in multiple ways. First, the Project directly targets the high cost of Burkina Faso’s electricity supply by facilitating more affordable generation through solar IPPs and regional imports. This in turn should, in conjunction with planned activities under the Reform and Capacity Building Project, lower SONABEL’s cost of service; thereby ultimately reducing costs to consumers and improving the sector’s financial sustainability. In the longer-term, this would also enable SONABEL to increase investments in operations and maintenance.

In addition, by facilitating the Government’s move away from publically-owned and operated generation facilities, the Project is designed to leverage not only the private sector’s capital, but
also its technical “know how”. This ensures that the operation and maintenance of these valuable
generation assets shall be the responsibility of private sector technical experts, to be monitored by
SONABEL pursuant to enforceable contractual responsibilities. Related, provisions for a short-
to medium-term maintenance contract are envisioned for the new SONABEL battery plants to
provide more time to transfer capacity and know-how for this new asset base.

Finally, in conjunction with planned activities under the Reform and Capacity Building Project,
the Supply Project also includes significant efforts to improve SONABEL’s capacity for planning,
budgeting, and operations and maintenance. Related, the planned transaction advisory support
also includes real-time training and capacity-building for the new IPP unit, which is in line with
the Government’s objective to transition a greater proportion of generation to the private sector
through IPPs and similar structures moving forward.

(g) Policy, Legal and Regulatory Reforms.

Policy, legal and regulatory reform related to the Supply Project are linked to measures outlined
under the Reform and Capacity Building Project, in particular ATI membership and support for
the establishment of the dedicated IPP unit. Additional specific reform commitments related to
the Supply Project include (i) a commitment from the Government to launch new, fully open and
competitive IPP solicitations and to incorporate this tender program into the Government’s sector
investment, (ii) the finalization and adoption of a nationwide reserve strategy that incorporates
the new battery storage plants supported through the Program as system reserve, and (iii) the
empowerment and operationalization of SONABEL’s transmission department, including
adoption of a strategic staffing plan and recruitment of qualified personnel, to ensure the
effective, sustainable operation and maintenance of the new load dispatch center and operation
battery storage facilitates.

3. Grid Development and Access Project

(a) Summary of Project and Activities.

The objective of the Grid Development and Access Project (the “Grid and Access Project”) is
set forth in Section 1.2(c) of the Compact. To achieve the Grid and Access Project Objective,
the Project supports transmission and distribution infrastructure in and between Ouagadougou
and Bobo-Dioulasso (which account for more than 80 percent of total electricity consumed in
Burkina Faso), as well as activities to facilitate new electricity connections for households,
business, and social institutions and to increase productive uses of electricity.

The Grid and Access Project includes the following four Activities:

(i) Expanding and Improving the Ouagadougou Grid Activity.

This Activity aims to add capacity and expand the electricity network in and around
Ouagadougou. This includes:

(A) Construction of approximately 20km of new overhead and
underground high voltage (i.e., 90 kilovolts (“kV”)) transmission lines;
(B) Construction of three new power substations, specifically Ouagadougou 3, RAS, and ZAC;

(C) Upgrades to four existing power substations, specifically Ouagadougou 2, Patte d’Oie, Komsilga, and Ouagadougou 2000;

(D) Construction of up to 30km of new medium voltage (i.e., 33kV) transmission lines and more than 300 km of new low voltage (230 volt) distribution lines to provide grid coverage for up to seven additional zones in and around Ouagadougou; and

(E) Upgrades to existing overhead power lines, poles, pole mounted transformers, capacitor banks, and other distribution equipment to improve capacity and reliability

provided that for (A)-(E) above, final configurations (e.g. sizing, locations, etc.) shall be determined based on detailed technical studies and shall be consistent with the Government’s pending, updated master plan for the electricity sector.

(ii) Expanding and Improving the Bobo-Dioulasso Grid Activity.

This Activity aims to add capacity and expand the electricity network in and around Bobo-Dioulasso. This includes:

(A) Construction of approximately 100km of new overhead and underground high voltage (i.e., 33kV to 90/132 kV) transmission lines forming a loop around Bobo Dioulasso;

(B) Construction of two new power substations, specifically Pala and Bobo 4

(C) Upgrades to three existing power substations (from 33kV to 90/132kV), specifically Bobo 1, Bobo 2 and Kodeni, by providing new equipment and links to the new transmission loop around Bobo Dioulasso;

(D) Construction of approximately 5km of new medium voltage (i.e., 33kV) transmission lines and over 30km of low voltage (230 volt) distribution lines to provide grid coverage for up to five additional zones in and around Bobo-Dioulasso; and

(E) Upgrades to existing overhead power lines, poles, pole-mounted transformers, capacitor banks, and other distribution equipment to improve capacity and reliability.

provided that for (A)-(E) above, final configurations (e.g. sizing, locations, etc.) shall be determined based on detailed technical studies and shall be consistent with the Government’s pending, updated master plan for the electricity sector.
(iii) **Improving Access and Productive Use Activity.**

This Activity aims to support SONABEL’s efforts to expand its customer base through new connections and the increased productive use of the electricity. This includes:

(A) Establishment of a connections fund to facilitate new connections for lower income customers in project extension zones (the “Connections Fund”). The specific design for the Connections Fund shall be based on the results of a randomized control trial funded under the CDF Agreement. However, MCC and the Government anticipate that the Connections Fund would offer potential customers the ability to amortize the upfront cost of a new connection at low rates, while being operated on a results-based model and offering SONABEL the opportunity to pilot a new approach that could be scaled up;

(B) Facilitation and promotion of the productive use of electricity in the project extension zones by providing credit to lower income consumers to purchase electrical equipment and/or other appliances for their households and businesses (the “Productive Use of Electricity Fund” or “PUE Fund”). MCC and the Government anticipate that such credit would target women-owned small and medium enterprises and be bundled with related business development support and technical assistance to support credit clients;

(C) Information, education, and communications campaigns to address consumer behavior change and promote electricity literacy, including without limitation information related to the process and costs associated with obtaining a new connection, electricity safety and theft, and energy efficiency and demand management; and

(D) Constructions and/or installation of new power lines, wiring, transformers, meters, and related infrastructure and equipment to provide connections to up to 200 social institutions (primarily health centers and primary schools), in each case to be selected and prioritized based on profile of beneficiaries served by such institutions and value for money;

*provided that*, no MCC Funding shall be available for the Connections Fund or the PUE Fund until MCC and the Government agree in writing on the specific implementation approaches for such sub-activities, as set forth as a condition precedent in Schedule 2 of the PIA.

(iv) **Project Management and Oversight Activity.**

This Activity aims to assure proper preparation, management, and oversight of the Project to ensure that it meets MCC’s technical, environmental, and social standards and can be implemented within the Compact Term. This includes support for necessary project management expertise and resources, engineering and technical supervision, and environmental and social impact assessments and mitigation efforts, including resettlement planning and implementation.

(b) **Environmental and Social Mitigation Measures.**

The Grid and Access Project is categorized as “Category A” according to the MCC Environmental Guidelines because it includes activities with potentially significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
Accordingly, ESIAs, ESMPs, and RAPs shall be required for each of the transmission line and substation components in Ouagadougou and Bobo-Dioulasso, as well as for distribution line extension components in each of the respective cities.

Any additional environmental, health, and safety measures, as well as social mitigation measures, shall be determined in accordance with the MCC Environment Guidelines and the IFC Performance Standards.

(c) **Gender and Social Inclusion.**

Gender and social inclusion considerations for the Grid and Access Project include not only prevention and mitigation measures, but also specific interventions designed to broaden the distributional impact of the Program. The latter is most notable under the Access and Productive Use Activity, which builds on efforts supported under the Reform and Capacity Building Project and leverages planned infrastructure improvements to directly support new connections and support small and medium enterprises seeking to more productively utilize electricity to expand their businesses.

In terms of mitigating measures, like for the Supply Project, the Grid and Access Project presents short-term economic opportunities for women and local communities through construction works and related components. In addition, the Project shall also be assessed for TIP risks and classified as low-risk or high risk pursuant to the MCC Counter-Trafficking in Persons Policy. For low-risk Activities, Counter-TIP Minimum Compliance Requirements (as defined in the MCC Counter-Trafficking in Persons Policy) shall be included in relevant solicitation documents and contracts. For Activities classified as high risk, MCA-Burkina Faso II shall develop a specific TIP risk management plan, to be approved by MCC prior to issuing a solicitation for such procurements.

(d) **Donor Coordination.**

MCC and the Government coordinated with other key donors active in the space for this Project, including the World Bank, AFD, AFDB and KfW. This coordination shall continue during implementation, particularly where infrastructure assets funded through the Program have interfaces with other existing and proposed projects in and around Ouagadougou and Bobo-Dioulasso.

(e) **USAID.**

At each major step in the compact development process MCC updated USAID about the development of this Project. As for the Supply Project, this included engagement with USAID/OTI on USAID support in northern Burkina Faso. This coordination shall continue during Program implementation.

(f) **Sustainability.**

SONABEL shall be the owner and operator of all infrastructure support through this Project, and most of the assets shall be operated and maintained by SONABEL’s Transmission Department. With system assets under management anticipated to more than triple, SONABEL shall require significant upgrades of hardware, software and capacity. Both the Reform and Capacity
Building Project and the Grid and Access Project include supply of new systems, tools and equipment alongside significant training and capacity building. System growth also requires more personnel to be hired, and the Reform and Capacity Building Project includes the development of a strategic staffing plan for the entire utility aimed at serving these future needs, which is reinforced by a related condition precedent.

The grid in and around Ouagadougou and Bobo-Dioulasso serve approximately 80 percent of total demand and include the most productive customers. The Grid and Access Project is intended to allow anticipated added generation and imports to flow to these customers and is a key part of SONABEL’s strategy to grow consumption and economic growth. Finally, the Connections Fund and PUE Fund are specifically aimed at improving the consumption profile of new SONABEL customers, in order to enhance the financial viability for both the utility and customers alike.

(g) **Policy, Legal and Regulatory Reforms.**

Policy, legal and regulatory reforms related to the Grid and Access Project are addressed largely through the measures outlined under the Reform and Capacity Building Project, which are designed to better assure the sustainable management, oversight, and operation of all electricity assets. Specific measures related to the Grid and Access Project include piloting innovating results-based approaches and a new model to facilitate new electricity connections and increase the consumption of electricity through the productive use component. In each case, support provided under the Program shall enable MCC and the Government to assess the success of these approaches, which could be scaled up by the Government either during the Compact Term or afterwards.

C. **IMPLEMENTATION FRAMEWORK**

1. **MCA-Burkina Faso II**

(a) **Independence and Autonomy.**

MCA-Burkina Faso II shall have operational and legal independence and full decision-making autonomy, including, inter alia, the ability, without consultation with, or the consent or approval of, any other party, to: (i) enter into contracts in its own name, (ii) sue and be sued, (iii) establish bank accounts with a financial institution in its own name and hold MCC Funding and the Government Contribution in those accounts, (iv) expend MCC Funding and the Government Contribution, (v) engage contractors, consultants and/or grantees, including, without limitation, procurement and fiscal agents, and (vi) competitively engage one or more auditors to conduct audits of its accounts. The governance of MCA-Burkina Faso II shall be set forth in more detail in the Program Implementation Agreement and the constitutive documents and internal regulations of MCA-Burkina Faso II (or as otherwise agreed in writing by the Parties). Remuneration for members of the MCA-Burkina Faso II Board of Directors shall be consistent with the MCC Program Guidelines.

MCA-Burkina Faso II shall be administered, managed and supported by a board of directors (the “Board of Directors”) and a management unit (the “Management Unit”).

ANNEX I - 16
(b) **Board of Directors.**

The Board of Directors shall have ultimate responsibility for the oversight, direction, and decisions of MCA-Burkina Faso II, as well as the overall implementation of the Program. The Board of Directors shall be comprised of eleven voting members and at least one, non-voting observer. As of the date hereof, the voting members of the Board of Directors shall include representatives from each of the following:

- Office of the Prime Minister (one representative);
- Ministry responsible for economy and finance (one representative);
- Ministry responsible for energy (one representative);
- Ministry responsible for environment and sustainable development (one representative);
- Ministry responsible for gender and national solidarity (one representative);
- The regulator/ARSE (one representative);
- The private sector (two representatives);
- Women’s organizations (one representative); and
- Civil society (two representatives)

The number of voting members and their identity may be changed through amendments to MCA-Burkina Faso II’s constitutive documents and internal regulations, with MCC’s approval. The process of selecting the members of the Board of Directors shall be further stipulated in such internal regulations. MCC’s resident country director shall be a non-voting observer of the Board of Directors.

(c) **Management Unit.**

The Management Unit shall report to the Board of Directors and have principal responsibility for the day-to-day operations and management of MCA-Burkina Faso II and implementation of the Program. The Management Unit shall be led by a Chief Executive Officer and shall be composed of the directors and officers as agreed between the Parties and selected after an open, competitive, and non-discriminatory recruitment and selection process (or its equivalent). The officers shall be supported by appropriate additional staff to enable the Management Unit to execute its roles and responsibilities.

MCA-Burkina Faso II shall develop and adopt a stakeholder engagement plan for sustaining public consultation and engagement with the private sector and civil society organizations and allowing them opportunities to provide advice and input. The stakeholder engagement plan must be consistent with the requirements of IFC Performance Standard 1 for the Assessment and Management of Environmental and Social Risks and Impacts and must include feedback and communication features that satisfy the stakeholder committee structures required by MCC’s Guidelines for Accountable Entities and Implementation Structures.

2. **Implementing Entities.**

Subject to the terms and conditions of this Compact, the Program Implementation Agreement, and any other related agreement entered into in connection with this Compact, MCC and the Government have identified certain institutions that may receive technical assistance or other support under this Compact and/or that may assist MCA-Burkina Faso II with implementing any
Project or Activity (or a component thereof) (each, an “Implementing Entity”). The Government shall ensure that the roles and responsibilities of each Implementing Entity, and any other appropriate terms, are set forth in an agreement between MCA-Burkina Faso II and such Implementing Entity, which agreement must be in form and substance satisfactory to MCC (each an “Implementing Entity Agreement”).

3. Fiscal Agent.

Unless MCC agrees otherwise in writing, the Government, acting through MCA-Burkina Faso II (or prior to MCA-Burkina Faso II’s establishment, UCF-Burkina Faso), shall engage an individual or firm with expertise in financial management and reporting to serve as fiscal agent (the “Fiscal Agent”), which shall be responsible for assisting the Government with its financial management and reporting and assuring appropriate fiscal accountability of MCC Funding and the Government Contribution. The roles and responsibilities of the Fiscal Agent shall include those set forth in the Program Implementation Agreement, as well as those set forth in such agreement as the Government enters into with the Fiscal Agent, which agreement shall be in form and substance satisfactory to MCC.

4. Procurement Agent.

Unless MCC agrees otherwise in writing, the Government, acting through MCA-Burkina Faso II (or prior to MCA-Burkina Faso II’s establishment, UCF-Burkina Faso), shall engage an individual or firm with expertise in procurement and contract management to serve as procurement agent (the “Procurement Agent”), which shall be responsible for assisting the Government to carry out and certify specified procurement activities in furtherance of this Compact. The roles and responsibilities of the Procurement Agent shall include those set forth in the Program Implementation Agreement, as well as those set forth in such agreement as the Government enters into with the Procurement Agent, which agreement shall be in form and substance satisfactory to MCC. The Procurement Agent shall adhere to the procurement standards set forth in the MCC Program Procurement Guidelines and ensure procurements are consistent with the procurement plan by the Government pursuant to the Program Implementation Agreement, unless MCC agrees otherwise in writing.
This Annex II summarizes the Multi-Year Financial Plan for the Program.

A. General.

A multi-year financial plan summary ("Multi-Year Financial Plan Summary") is attached hereto as Exhibit A to this Annex II. By such time as specified in the Program Implementation Agreement, the Government shall adopt, subject to MCC approval, a multi-year financial plan that includes, in addition to the multi-year summary of estimated MCC Funding and the Government Contribution, the annual and quarterly funding requirements for the Program (including administrative costs) and for each Project and Activity, projected both on a commitment and cash requirement basis.

B. Government Contribution.

During the Compact Term, the Government shall make contributions as are necessary to carry out the Government’s responsibilities under Section 2.6(a) of this Compact. These contributions may include in-kind and financial contributions. In connection with this obligation the Government has developed a budget over the Compact Term to complement MCC Funding through budget allocations to the Program, as further described in the Program Implementation Agreement; provided that, with prior written agreement, the Government may make a portion of the Government Contribution available for expenses related to the Program prior to entry into force so long as the Government contributes an amount equal to no less than 7.5 percent of the MCC Funding over the Compact Term. The Government shall make a contribution of Fifty Million One Hundred Ten Thousand Seven Hundred Ninety-Five United States Dollars (US$50,110,795), as provided in Section 2.6(a), of which the Government intends to apply an amount that shall not exceed Fifteen Million United States Dollars (US$15,000,000) to make the initial purchase of shares required for Burkina Faso to join ATI. Such contribution shall be in addition to the Government’s spending allocated toward such Project Objectives in its budget for the years immediately preceding the date this Compact is signed and the date of entry into force of this Compact. The Government Contribution shall be subject to any legal requirements in Burkina Faso for the budgeting and appropriation of such contribution, including approval of the Government’s annual budget by its legislature. The Parties may set forth in the Program Implementation Agreement or other appropriate Supplemental Agreements certain requirements regarding this Government Contribution, which requirements may be conditions precedent to the Disbursement of MCC Funding.
## EXHIBIT A TO ANNEX II
### MULTI-YEAR FINANCIAL PLAN SUMMARY

**Multi-Year Financial Plan Summary**

<table>
<thead>
<tr>
<th>Component</th>
<th>CFF</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>Closeout</th>
<th>Total MCC Funding</th>
<th>Total Government Contribution</th>
<th>Total Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening Electricity Sector Effectiveness Project</td>
<td>$4,628,250</td>
<td>$8,999,620</td>
<td>$11,090,550</td>
<td>$9,299,000</td>
<td>$8,329,000</td>
<td>$4,573,750</td>
<td>$46,920,170</td>
<td>$15,000,000</td>
<td>$61,920,170</td>
<td></td>
</tr>
<tr>
<td>Development of Institutional and Regulatory Framework Activity</td>
<td>$2,691,000</td>
<td>$819,000</td>
<td>$585,000</td>
<td>$234,000</td>
<td>$234,000</td>
<td>$234,000</td>
<td>$4,797,000</td>
<td></td>
<td>$4,797,000</td>
<td></td>
</tr>
<tr>
<td>Support in the Development of the IPPs Activity</td>
<td>$-</td>
<td>$351,000</td>
<td>$585,000</td>
<td>$585,000</td>
<td>$585,000</td>
<td>$585,000</td>
<td>$2,691,000</td>
<td>$15,000,000</td>
<td>$17,691,000</td>
<td></td>
</tr>
<tr>
<td>Strengthening of Institutional Organization and Capacity Activity</td>
<td>$1,784,250</td>
<td>$7,490,340</td>
<td>$9,564,750</td>
<td>$8,190,000</td>
<td>$7,254,000</td>
<td>$3,597,750</td>
<td>$37,881,090</td>
<td>$15,000,000</td>
<td>$52,881,090</td>
<td></td>
</tr>
<tr>
<td>Project Management</td>
<td>$153,000</td>
<td>$399,280</td>
<td>$355,800</td>
<td>$234,000</td>
<td>$234,000</td>
<td>$234,000</td>
<td>$1,551,080</td>
<td></td>
<td>$1,551,080</td>
<td></td>
</tr>
<tr>
<td>Cost-Effective and Reliable Electricity Supply Project</td>
<td>$5,500,000</td>
<td>$2,700,950</td>
<td>$17,988,429</td>
<td>$25,028,429</td>
<td>$25,678,181</td>
<td>$22,638,429</td>
<td>$99,534,417</td>
<td>$11,265,583</td>
<td>$110,800,000</td>
<td></td>
</tr>
<tr>
<td>Facilitating Low Cost Supply Activity</td>
<td>$-</td>
<td>$1,242,522</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$4,881,576</td>
<td>$6,000,000</td>
<td>$16,124,097</td>
<td>$7,457,856</td>
<td>$70,000,000</td>
<td></td>
</tr>
<tr>
<td>Improving the Reliability of Supply Activity</td>
<td>$-</td>
<td>$1,008,429</td>
<td>$11,488,429</td>
<td>$17,928,429</td>
<td>$17,928,429</td>
<td>$14,188,429</td>
<td>$62,542,144</td>
<td>$10,931,244</td>
<td>$70,000,000</td>
<td></td>
</tr>
<tr>
<td>Improving Regional Connectivity Activity</td>
<td>$4,000,000</td>
<td>$-</td>
<td>$3,500,000</td>
<td>$4,000,000</td>
<td>$2,068,176</td>
<td>$2,000,000</td>
<td>$15,568,176</td>
<td></td>
<td>$17,500,000</td>
<td></td>
</tr>
<tr>
<td>Project Management and Oversight Activity</td>
<td>$1,500,000</td>
<td>$450,000</td>
<td>$1,000,000</td>
<td>$1,100,000</td>
<td>$800,000</td>
<td>$450,000</td>
<td>$5,300,000</td>
<td></td>
<td>$5,300,000</td>
<td></td>
</tr>
<tr>
<td>Grid Development and Access Project</td>
<td>$5,483,125</td>
<td>$6,612,400</td>
<td>$47,962,148</td>
<td>$64,622,148</td>
<td>$55,139,220</td>
<td>$30,859,748</td>
<td>$210,678,788</td>
<td>$23,845,212</td>
<td>$234,524,000</td>
<td></td>
</tr>
<tr>
<td>Expanding and Improving the Ouagadougou Grid Activity</td>
<td>$-</td>
<td>$2,390,000</td>
<td>$17,417,841</td>
<td>$23,957,841</td>
<td>$20,299,702</td>
<td>$13,517,841</td>
<td>$77,583,226</td>
<td>$9,516,774</td>
<td>$87,100,000</td>
<td></td>
</tr>
<tr>
<td>Expanding and Improving the Bobo-Dioulasso Grid Activity</td>
<td>$-</td>
<td>$2,330,000</td>
<td>$18,809,506</td>
<td>$26,689,506</td>
<td>$24,231,132</td>
<td>$14,909,506</td>
<td>$86,969,651</td>
<td></td>
<td>$100,200,000</td>
<td></td>
</tr>
<tr>
<td>Improving Access and Productive Use Activity</td>
<td>$898,325</td>
<td>$500,000</td>
<td>$2,000,000</td>
<td>$3,040,000</td>
<td>$2,223,586</td>
<td>$1,040,000</td>
<td>$9,701,911</td>
<td></td>
<td>$10,800,000</td>
<td></td>
</tr>
<tr>
<td>Project Management and Oversight Activity</td>
<td>$4,584,800</td>
<td>$1,392,400</td>
<td>$9,734,800</td>
<td>$10,934,800</td>
<td>$8,384,800</td>
<td>$1,392,400</td>
<td>$36,424,000</td>
<td></td>
<td>$36,424,000</td>
<td></td>
</tr>
<tr>
<td>Monitoring and Evaluation (M&amp;E)</td>
<td>$270,000</td>
<td>$3,275,000</td>
<td>$1,675,000</td>
<td>$1,875,000</td>
<td>$3,975,000</td>
<td>$1,522,899</td>
<td>$11,992,899</td>
<td></td>
<td>$11,992,899</td>
<td></td>
</tr>
<tr>
<td>M&amp;E Components</td>
<td>$270,000</td>
<td>$3,275,000</td>
<td>$1,675,000</td>
<td>$1,875,000</td>
<td>$3,975,000</td>
<td>$1,522,899</td>
<td>$11,992,899</td>
<td></td>
<td>$11,992,899</td>
<td></td>
</tr>
<tr>
<td>Program Administration</td>
<td>$17,540,044</td>
<td>$10,890,647</td>
<td>$11,247,588</td>
<td>$11,683,801</td>
<td>$12,072,074</td>
<td>$13,558,579</td>
<td>$3,880,995</td>
<td></td>
<td>$80,873,726</td>
<td></td>
</tr>
<tr>
<td>Total Program</td>
<td>$33,421,419</td>
<td>$32,478,618</td>
<td>$89,963,714</td>
<td>$112,508,377</td>
<td>$104,593,474</td>
<td>$73,153,404</td>
<td>$3,880,995</td>
<td></td>
<td>$50,110,795</td>
<td>$500,110,795</td>
</tr>
</tbody>
</table>

**ANNEX II - 2**
ANNEX III
COMPACT MONITORING & EVALUATION SUMMARY

This Annex III summarizes the monitoring and evaluation plan for this Compact ("M&E Plan"). The actual structure and content of the M&E Plan, which may differ from those specified in this Annex III, shall be agreed to by MCC and the Government in accordance with MCC’s Policy for Monitoring and Evaluation of Compacts and Threshold Programs (the “MCC M&E Policy”). In addition, the M&E Plan may be modified from time to time as described in the MCC M&E Policy without requiring an amendment to this Annex III. The M&E Plan shall be posted publicly on the MCC Website and updated as necessary.

1. Objective

MCC and the Government shall formulate, and the Government shall implement or cause to be implemented, an M&E Plan that explains in detail how and what MCC and MCA--Burkina Faso II shall (i) monitor to determine whether each Project is on track to achieve its intended results (“Monitoring Component”), and (ii) evaluate to assess implementation strategies, provide lessons learned, compare costs to benefits, and estimate the impact of Compact interventions (“Evaluation Component”). The M&E Plan shall summarize all indicators that must be reported to MCC on a regular basis, as well as a description of any complementary data to be collected for evaluation of the Program. The M&E Plan shall also include any monitoring and evaluation (“M&E”) requirements that MCA-Burkina Faso II must meet in order to receive Disbursements, and shall serve as a communication tool so that MCA-Burkina Faso II staff and other stakeholders clearly understand the objectives and targets the MCA-Burkina Faso II is responsible for achieving. The results of M&E activities, measured by monitoring data and evaluations, shall be made publicly available on the website of MCA-Burkina Faso II and on the MCC Website.

2. Program Logic

The program logic is an explanatory model that demonstrates how specific interventions lead to the expected outcomes, objectives, and goal of a Compact Program. This model reflects the design and implementation plans of a program, noting planned activities and outputs and the sequencing of results. Secondly, it reflects the economic logic, which forms the basis of the cost-benefit analysis that produces the Economic Rate of Return (“ERR”). Lastly, it notes critical risks and assumptions related to achieving results. The program logic forms the basis of the M&E Plan. A description of the logic underlying each Project is included below:

Reform and Capacity Building Project:

The electricity sector in Burkina Faso is financially unsustainable, poorly regulated, and underperforming. It suffers from weak policies and regulations, overlapping institutional roles, a lack of coordination, insufficient empowerment of the regulator, weak technical capacity due to a lack of financial resources for training, poor strategic planning within each institution, and an inability to source enough generation capacity at competitive tariffs. The Project has three Activities, which are expected to achieve the objective.
The Development of the Institutional and Regulatory Framework Activity includes key sub-activities, such as the clarification of the regulatory framework, the definition of institutional roles and financing, the development of the standards and regulations for compliance to be a member of the West African Power Pool, and the development of a national electrification strategy. Key outcomes of this work are improved institutional organization and coordination and a more efficient and sustainable electricity market.

The Strengthening Institutional Organization and Capacity Activity incorporates capacity building for the Ministry of Energy, SONABEL, ARSE, ABER, and other key power sector actors; the definition of new institutional structures within the key sector actors identified above; the separation of generation, transmission, and distribution accounts at SONABEL; extensive work on tariffs, including the review and approval process as well as the tariff methodology; and making the sector more inclusive. These outputs from the sub-Activities are expected to lead to improved institutional structure and performance, improved transparency and financial sustainability of SONABEL, and a rationalized tariff.

The Support for the Development of Independent Power Producer Projects Activity entails the development of an institutional framework for IPPs, technical assistance and advisory support for the IPP unit, and the provision of an ATI guarantee and other support to enable an IPP deal to close during the Compact implementation period. This Activity is directly linked to the Facilitating Low Cost Supply Activity and the Improving the Reliability of Supply Activity under the Supply Project. The key expected result of this Activity is a well-functioning IPP unit that can successfully bring an IPP deal to financial close within the Compact Term. This outcome would lead to increased private sector investment in electricity generation and increased energy supply.

The principal higher-level expected outcomes of this Project that would lead to poverty reduction through economic growth are reduced cost of service, increased demand satisfaction (electricity supply), increased electrification (access to electricity), and reduced subsidies.

A detailed project logic diagram for the Reform and Capacity Building Project is shown below.
Supply Project:

Burkina Faso’s electricity sector suffers from poor electricity reliability due to inadequate dispatching capabilities, mismatched electricity supply and demand, as well as an inability to source enough generation capacity at competitive tariffs. The Project’s three activities (Improving Reliability of Supply Activity, Regional Connectivity Activity, and Facilitating Low Cost Supply Activity) are designed to achieve the Project Objective.

The Improving Reliability of Supply Activity includes the construction and equipping of a new control center as well as the updating of the Dispatch Center. Three battery plants shall be installed to aid in better dispatching. The expected outcomes of these sub-activities are reduced load shedding, reduced non-distributed energy, reduced generation costs, and a reduced proportion of thermal energy in the national energy mix.

The Regional Connectivity Activity shall have three key outputs: the installation of power flow control equipment, the installation of a static var controller, and the completion of a feasibility study for regional interconnection. All of these actions are expected to lead to an increase in the amount of electricity imports to Burkina Faso.
The Facilitating Low Cost Supply Activity is linked to the Support in the Development of the IPPs Activity in the Reform and Capacity Building Project and has three principal outputs: technical assistance and transaction advisory support for tendering two new 30 MW solar power plants to the private sector, a detailed feasibility study (including ESIA and resettlement policy framework) for the above-mentioned solar projects, catalytic funding to cover guarantee premiums, and viability gap funding towards solar battery storage. The successful implementation of this Activity is expected to lead to reduced generation costs, increased solar energy supply, and a reduction in the proportion of thermal energy in the energy mix.

The principal higher-level expected outcomes of this Project that should lead to poverty reduction through economic growth are reduced non-distributed energy, increased electricity imports, and increased solar energy supply.

A detailed project logic diagram for the Supply Project is shown below.

Grid and Access Project:

Burkina Faso’s national grid does not provide adequate coverage to the country (low electrification rates). Not all Burkinabës who are covered by the grid are connected to it, and those who are
connected to the grid experience unreliable electricity due to limitations in the transmission and distribution lines. The Project’s three activities (Expanding and Improving the Ouagadougou Grid Activity, Expanding and Improving the Bobo-Dioulasso Grid Activity, and the Improving Access and Productive Use Activity) are designed to achieve the objective.

The Expanding and Improving the Ouagadougou Grid and Expanding and Improving the Bobo-Dioulasso Grid Activities cover the construction of new transmission lines as well as the rehabilitation of existing transmission lines around Ouagadougou and Bobo-Dioulasso, the two largest cities in Burkina Faso. These Activities also includes the building of substations, grid reliability upgrades, and grid extension in and around Ouagadougou and Bobo. The key expected outcomes of this work are reduced technical losses, reduced duration and number of outages or reduced non-distributed energy, and improved network coverage. The grid extension work is also expected to lead to an increased number of grid customers.

The Improving Access and Productive Use Activity is composed of sub-activities to promote new grid connections as well as the productive consumption of electricity. The Connections Fund and the information, education, and communications sub-Activities are designed to support potential and new grid clients as they connect to the grid through the provision of financing and other assistance. The PUE Fund sub-activity aims to increase grid connections, electricity consumption rates, firm productivity, and incomes through the provision of financing and other business support. The Connections Fund is linked to a randomized control study (formative evaluation carried out in the period prior to entry into force), which is designed to identify interventions that are most effective at increasing connections in households and firms. The Activity also includes the electrification of up to 200 social institutions like schools and medical centers.

The principal higher-level expected outcomes of this Project that would lead to poverty reduction through economic growth are increased energy supply, reduced non-distributed energy, and reduced technical losses.

A detailed project logic diagram for the Grid and Access Project is shown below.
2.1 Projected Economic Benefits and Beneficiaries

The Government and MCC have conducted an economic analysis of each Project to determine the cost effectiveness of the planned investments. The economic analysis of the Program consists of a cost-benefit analysis ("CBA"), which is summarized by an estimated ERR, as well as a beneficiary analysis. Each are described below, as well as key risks and assumptions.

2.1.1 Projected Economic Benefits

The economic analysis for the Projects is summarized in the following table and summarized for each Project below.

<table>
<thead>
<tr>
<th>Project</th>
<th>Estimated ERRs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening Electricity Sector Effectiveness Project (Project 1)</td>
<td>11%</td>
</tr>
<tr>
<td>Cost Effective and Reliable Electricity Supply Project (Project 2)</td>
<td>16%</td>
</tr>
<tr>
<td>Grid Development and Access Project (Project 3)</td>
<td>23%</td>
</tr>
</tbody>
</table>

The benefit streams of Project 1 comes from four sources, including: (i) reduction in cost of service; (ii) increase supply as the system creates the necessary environment for IPPs to enter the market and for increased imports of lower cost electricity; (iii) increased electrification due to higher investment (both public and private); and, (iv) reduction in subsidy needs, since cheaper imports and solar-based IPPs reduce the cost of service and therefore reduce the need for...
government subsidies. To do use, MCC and the Government used the technical-financial model as part of the Roadmap analysis and estimate the differences across the four benefit streams between what the model assumes as the base case scenario and the scenario that reflects the changes that MCC and the Government anticipate as results from the reforms and interventions the Government agreed to pursue per the Roadmap.

To estimate the project ERR, MCC and the Government compared the consumer surplus of the base case scenario to the consumer surplus of the scenario chosen by the Government. To estimate the consumer surplus, the following formula was used:

\[ CS_{it} = (WTP - CRT_{it}) \times GWh_{it} - Inv_{it} - Sub_{it} \]

where \( CS \) stands for consumer surplus, \( WTP \) is the willingness to pay (as captured by the willingness to pay survey conducted during Program development in both Ouagadougou and Bobo-Dioulasso), \( CRT \) is the cost reflective tariff, as measured in the technical-financial model, and \( GWh \) is the additional supply, also as measured in the model. The consumer surplus is not generated in a vacuum, but is an outcome of investments, and the model gives us estimates of both the investment and subsidy costs associated with various policy reform scenario.

Specifically, the model defines \( Inv \) as the investment required to meet the expected demand, and \( Sub \) is the subsidy requirement to ensure the utility financial viability. Finally, the subscripts \( i \) stands for the scenario (base case versus with reform) and \( t \) stands for the year as the analysis covers the impact of the reform for the next 15 years, 2020 - 2035.

The CBA model consisted of taking the difference between consumer surplus before and after the implementation of project 1. In other words, \( CBA = CS_{after \ p1} - CS_{before \ p1} \). For the case of Project 1, the difference in consumer surplus after implementing Project 1 corresponds to an ERR of 11.33 percent with a NPV of $78.04 million.

The overall ERR of Project 2 is 16 percent, and the net present value at a 10 percent discount rate is $42.27 million. Table 3 below presents the ERRs and NPVs of all activities and sub-activities. The ERRs for all project’s activities and their respective sub-activities lie above the 10 percent hurdle rate.

Activity 1 seeks to lower the cost of electricity supply through three sub-activities, namely recruiting a transaction advisor, providing credit support to selected IPPs, and availing batteries storage to facilitate IPP adherence to the Government requirements. The benefit streams from this activity are derived from thermal displacement, reduction in imports (especially during peak hours), and the two sources of electricity being replaced by an increase in solar electricity. These tradeoffs lead to a reduction in cost of service and bears a 12 percent ERR with a NPV of $3.96 million at 10 percent discount rate.

Activity 2 is composed of two important sub-activities, including, load dispatch center and operational service that uses battery storage. The impact of the load dispatch center includes both thermal displacement and reduction in non-distributed electricity. The impact of the operational reserve is the reduction in thermal electricity, which is compensated by an increase in both imports and solar electricity. The ERR for the two sub-activities are 16 percent and 13
percent, respectively with a NPV of $7.49 million and $44.05 million. The activity level ERR stands at 16 percent with a NPV of $38.86 million.

Activity 3 seeks to lay the groundwork the Government’s integration into the West African Power Pool by conducting studies and purchasing equipment that should improve the resilience of the grid to import instabilities. No ERRs were calculated for this activity since this activity benefits the West African region broadly, not specifically Burkina Faso; however, the cost of the project is included when estimating the project level ERR.

The overall ERR of Project 3 is 23 percent, and the net present value at a 10 percent discount rate is $265 million. Table 4 below presents the ERRs and NPVs of all activities and sub-activities under Project 3. The ERRs for all project’s activities lie above the 10 percent hurdle rate.

Activity 1 seeks to upgrade the Ouagadougou network by strengthening and slightly expanding the Ouagadougou transmission loop, improving the reliability of the distribution network, and expanding grid access to previously non-connect neighborhoods. The ERR for the first sub-activity (HV lines and substations around Ouagadougou) is 37 percent with a NPV at 10 percent discount rate of $208.6 million. The ERR for the second sub-activity is 45 percent with a NPV at 10 percent discount rate of $43.7 million. The ERR for the third sub-activity is 3 percent with a NPV at 10 percent discount rate of $-15.98 million.

The composition of Activity 2 is like that of Activity 1, but shall be implemented in Bobo-Dioulasso. Activity 2 seeks to substantially upgrade the Bobo-Dioulasso network by strengthening and expanding the transmission loop, improving the reliability of the distribution network, and expanding grid access to previously non-connect neighborhoods. The ERR for the first sub-activity (HV lines and substations around Ouagadougou) is 15 percent with a NPV at 10 percent discount rate of $39.36 million. The ERR for the second sub-activity is 9 percent with a NPV at 10 percent discount rate of $-0.35 million. The ERR for the third sub-activity is 1 percent with a NPV at 10 percent discount rate of $-2.47 million.

The third sub-activity consists of a formative randomized control study to help better design the distribution sub-activities and increase adoption rate and to efficiently target the PUE Fund sub-activity to increase electricity use for productive needs. The other sub-activities include connection of social institutions and a communication campaign to support pre-electrification. Given that the implementation of these activities shall be informed by the eventual results of the randomized control study, MCC and the Government did not find it useful to estimate an activity level ERR. Rather the cost of this activity are included in the overall project level ERR for accountability purposes.

2.1.2 Projected Program Beneficiaries

The M&E Plan shall also define in detail the persons or entities expected to benefit from the Program.Beneficiary analysis is an extension of economic rate of return analysis that seeks to disaggregate the total increase in income to determine specifically which segments of society
shall benefit from the Projects and Activities. MCC considers beneficiaries\(^2\) of Projects and Activities to be those people who experience better standards of living as a result of the Project or Activity (as the case may be) through higher real incomes. The expected beneficiaries of this Compact are shown in the following table:

<table>
<thead>
<tr>
<th>Project</th>
<th>Estimated Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 1: Strengthening Electricity Sector Effectiveness Project</td>
<td>8.1 Million people</td>
</tr>
<tr>
<td>Project 2: Cost Effective and Reliable Electricity Supply Project</td>
<td>8.1 Million people</td>
</tr>
<tr>
<td>Project 3: Grid Development and Access Project</td>
<td>4.3 Million people</td>
</tr>
</tbody>
</table>

2.1.3 **Risks and Assumptions**

The M&E Plan shall also outline key assumptions and risks that underlie the accomplishment of the theory of change summarized in the program logic. However, such assumptions and risks shall not excuse any Party’s performance unless otherwise expressly agreed to in writing by the other Party. The known assumptions and risks include

**Reform and Capacity Building Project:**

1. This project includes a number of actions across 5 key electricity sector actors, and some of those activities are interdependent. The project’s complexity has been limited through the grouping of these actions into implementation packages, but it remains a risk.
2. There is a risk that a high level of government bureaucracy shall challenge the ability of sector institutions to cope with the load of the ongoing reform activities. The Project shall establish dedicated project implementation units, realistic work planning, and embedded assistance.
3. Despite the support/technical assistance provided under the project to help ensure reforms are put into practice, change management is likely to be a challenge. There is a risk of continued resistance to activities that would empower ARSE. The Compact includes conditions precedent to mitigate this risk.
4. The gender sub-activity to promote the recruitment and retention of women into the electricity sector may not be effective since the lack of women in the sector is not only a matter of financial aid and mentorship for women; it requires a change in organizational culture that involves entrenched gender norms.
5. The provision of training may not lead to improved sector performance for several reasons: poor quality of training, inadequate amount of training, lack of willingness of training participants to learn and practice training curriculum, adverse incentives to not practice contents of training curriculum, and unforeseen systemic sector or national obstacles. Early development of strategic business and robust human capital strategies and support for their implementation may mitigate this risk.

---

\(^2\) As used in this Compact, the term “beneficiary” has the meaning described in MCC’s *Guidelines for Economic and Beneficiary Analysis*.
6. Burkina Faso has a 10-year history of failed IPP deals. Though MCC is acting in Project 1 and Project 2 to bring an IPP deal to financial close, Burkina Faso’s history in this regard could discourage private investors. The Compact has incorporate several incentives to encourage the private sector to intervene.

Supply Project:

1. SONABEL may not be able to sufficiently source generation and imports to meet demand, leading to continued load shedding and constrained consumption. The Compact includes mechanisms to support project financing, such as ATI membership, catalytic funding for credit enhancements and battery storage to manage curtailment. These measures should help mitigate risks to the current pipeline being delayed. In addition, the proposed investments in system reserves, load dispatch, and power and voltage control equipment are intended to allow SONABEL more flexibility to source more imports from neighboring countries should the domestic project pipeline not come to fruition. Finally, SONABEL has recently contracted a merchant power operator (Aggreko) in the short term to cover gaps in generation from project delays. This has resulted in significantly reduced load shedding in the past year, and this trend should continue in the future.

2. Projects that would bring cheaper imports and solar generation could be delayed, forcing SONABEL to use higher cost substitutes such as short-term merchant power. The combination of infrastructure and credit and transaction support for new solar IPP plants should result in a significant closure of the current gap.

3. SONABEL may lack the capability to operate and maintain the new kinds of infrastructure and equipment delivered by the project, which may result in a relapse to current practices of non-automated generation control, load shedding caused by unreliable supply, and reliance on running thermal plants on standby. The Project’s focus on supporting IPPs aligns the profit incentive directly with continued asset maintenance and operation. In addition, the Project has included scope and budget for significant training for relevant utility staff, as well as a condition precedent that links funding of this infrastructure to adherence to the strategic staffing plan (covering requirements, training and retention incentives) provided in Project 1. Finally, the Compact includes the purchase of a maintenance contract for the batteries to be provided for system reserve.

4. Costs for battery storage components might not continue to drop, leading to insufficient funding for all proposed battery storage plants. Battery storage costs have been plunging with increased commercialization of electric cars and utility scale storage, following a similar trend witnessed for solar panels. However, this may not continue, and costs estimated in the feasibility study assume continuation of the current trend and it is possible that the budget set aside for the total 70MWh of battery capacity is insufficient to install that amount. In addition to setting aside contingencies, the team purposely selected the alternative studied in the feasibility study that assumed no reserve contribution from the WAPP even though Burkina Faso is already interconnected with Ghana and Côte d’Ivoire, with a new link planned to Nigeria via Niger. This means that it is likely that Burkina Faso would have enough back-up capacity even with installed battery capacity below the planned 70MWh. Under the Program, the battery plant contracts shall be structured with base plus option to leave the maximum flexibility during implementation to adapt to actual battery prices as well as the real requirements for system reserve.
5. Battery storage projects may not be commissioned when needed by SONABEL and other IPPs, leading to redundant investments in storage before Program improvements are delivered. SONABEL has noted that under the proposed schedule, battery plants may not arrive until 2024-2025, which would be late for solar projects commissioned prior to that timeframe. The Government is already insisting that all new solar plants include storage to help manage the risk of curtailment. However, this can be mitigated because (i) the solar pipeline is likely to be delayed until Program-funded storage is delivered, making it a self-sustaining likelihood; (ii) any storage added could easily be taken into account in final dimensioning of Program investments; and, (iii) battery storage can always be repurposed to serve other roles and system functions, the most obvious of which would be converting back-up capacity to energy storage of cheap solar power during the day for consumption at night when demand is higher and other sources are more expensive.

6. Delays in commissioning a new load dispatch facility and equipment may push back upgrades to the existing system beyond the five-year implementation period. The new load dispatch center needs to be operational before the old one can be shut down and refurbished. The team proposes to prioritize this procurement, and notes that even if the old system is not refurbished its primary purpose after commissioning the new LDC is as a back-up and it can be done later even if this occurs with minimal expected loss of benefits.

7. The influx of new solar panels and batteries to Burkina Faso could lead to improper handling and disposal of components. Hazardous waste generated by energy activities, including used or broken solar panels and batteries, must be appropriately managed to prevent pollution and contamination. In Burkina Faso, isolated initiatives are in place to address hazardous waste from these sources, but there are no systematic policies or fully functioning systems in place to address them. A long-term plan for management of wastes is necessary to avoid long-term environmental and health and safety risks to the country. The Program shall establish a working group of sector stakeholder representatives, chaired by the Ministry of Environment’s Office of Environmental Preservation, to adopt and monitor a long-term strategic plan to manage these wastes. In addition, the ESIA and detailed feasibility studies include assessments on how to properly manage solar panels and batteries, including potential take back schemes from suppliers, maintenance by suppliers, and eventual proper disposal by appropriate Burkinabè entities based on effective protocols established by the Ministry of Environment and SONABEL. It should be noted that batteries, in particular, have rare and valuable components that make take-back schemes more likely and financially attractive.

Grid and Access Project:

1. Demand for electricity may not grow as planned, and MCC’s investments in grid infrastructure may not be fully used. Demand has grown consistently over the past 5-10 years in the 10 percent range and in the compact areas of Ouagadougou and Bobo-Dioulasso there is a well-established consumption pattern supported by consistent growth in subscribers and consumption. MCC’s proposed investments combined with new imports and solar plants should remove bottlenecks and faults that have caused suppression of even higher demand in the past.

ANNEX III - 11
2. Generation projects may not come online as forecast, and there may not be enough electricity available in the system to meet load growth. Imports now account for 50 percent of electricity sold in Burkina Faso, which has offset slow growth in generation. The Government has managed to secure investment in all but 200MW of its planned generation growth. MCC’s investments in grid infrastructure are aimed at increasing the amount of electricity available. Also, MCC’s interventions in Projects 1 and 2 are meant to de-risk some subset of this portfolio by making private sector investment in solar power more attractive.

3. MCA-Burkina Faso II cannot secure the right-of-way and property required for the new transmission loop around Bobo-Dioulasso, in a timely manner, and the upgrades to the system cannot be fully completed.

4. With the Connections Fund, there is a results risk that lengthy procurement timelines for key inputs like installation equipment and/or meters could delay implementation and therefore reduce total number of connections achieved. This requires careful monitoring and timely action should procurements begin to lag.

5. The Connections Fund may be a loss-maker for SONABEL because the consumption level of fund clients is too low. It is critical that associated information, education and communications campaigns target behavior change messages for the Connection Fund clients to enable them to manage their consumption and adopt positive consumer behaviors. During implementation, MCC and the Government agree that a dynamic learning-by-doing component that assists SONABEL to refine eligibility criteria is important, so these clients do not become loss-making. The PUE Fund should offer useful insights for SONABEL in terms of stimulating demand. As with many investments in this Compact, there are important interactions to be considered when contemplating risk, including any progress towards tariff reform and agreed-to key performance indicators with the government. These can either mitigate or increase the risk associated with this activity.

6. There is a sustainability risk if SONABEL is unable to secure financing to replicate the Connections Fund pilot and take it to scale. Careful monitoring of the sub-activity and capturing of progress, achievements and lessons learned is critical to enable SONABEL to have a robust evidence base from this experience to share with other potential donors and the private sector as a means of securing additional funds to replicate and scale-up this investment.

7. There is a technology risk that PUE Fund equipment breaks or otherwise fails to perform, meaning that firm’s performance cannot be studied as intended and there is higher risk of loan default. The intermediary in charge of service delivery must have a mandate to steer the micro and small enterprises towards quality appliances and aid owners in understanding the importance of quality equipment, warranties, and appropriate electrical protection devices in addition to the overall financial feasibility of investing in productive uses. Implementing organizations shall be required to detail in their bidding documents how they intend to promote dependable and durable technologies.

8. Because of the financial/budget limitations of the PUE Fund, the enterprises studied are anticipated to be small, have modest capital needs, and receive limited amounts of investment. It is possible, and in fact suggested by some literature, that positive effects of electrification and productive use opportunities accrue disproportionately to businesses that are larger, which may make positive effects difficult to detect in this sub activity. Implementing and financing partners shall be directed to seek out and include businesses
in promising sectors where projected returns to electricity and productive use investments are above average.

3. Monitoring Component

As defined in the MCC M&E Policy, monitoring is the continuous, systematic collection of data on specified indicators to provide indications of progress toward objectives and the achievement of intermediate results along the way. To monitor progress toward the achievement of results of this Compact, the Monitoring Component of the M&E Plan shall identify (i) the Indicators (as defined below), (ii) the definitions of the Indicators, (iii) the sources and methods for data collection, (iv) the frequency for data collection, (v) the party or parties responsible for collecting and analyzing relevant data, and (vi) the timeline for reporting on each Indicator to MCC. It should be noted that some indicators shall continue to be tracked after the Compact Term, as necessary.

3.1 Goal, Outcome, Output, and Process Indicators

The M&E Plan shall measure the results of the Program using quantitative, objective, and reliable data (“Indicators”).

(a) The M&E Plan shall establish baselines for every Indicator (each, a “Baseline”). An Indicator’s Baseline should be established prior to the start of the corresponding Project, Activity and/or sub-activity. Baselines demonstrate that the problem can be specified in measurable terms and are thus a pre-requisite for adequate intervention design. The Government shall collect Baselines on the selected Indicators or verify already collected Baselines where applicable.

(b) The M&E Plan shall establish a benchmark for each Indicator that specifies the expected value and the time by which the result is expected to be achieved (“Target”).

(c) The M&E Plan shall indicate which Indicators shall be disaggregated by gender, income level, and age, and beneficiary types to the extent practical and applicable.

(d) A “Goal Indicator” measures the economic growth and poverty reduction that occurs during or after implementation of the program. This is typically a direct measure of local income. Measurement of the Goal Indicator is attempted in all MCC compacts and is therefore not listed in the table below.

(e) Outcome, output, and process indicators are all defined in the MCC M&E Policy.

(f) MCC’s “Common Indicators” (as defined in the MCC M&E Policy) also shall be included as relevant.

(g) Subject to prior written approval from MCC and in accordance with the MCC M&E Policy, the Government may add Indicators or refine the definitions and Targets of existing Indicators.
(h) MCA-Burkina Faso II must report to MCC on monitoring Indicators in the M&E Plan on a quarterly basis using an “Indicator Tracking Table” or “ITT” in the form provided by MCC. No changes to Indicators, Baselines, or Targets may be made in the ITT until the changes have been approved in the M&E Plan. Additional guidance on Indicator reporting is contained in the Reporting Guidelines. In the case that MCA-Burkina Faso II submits a six-month disbursement request, the ITT must still be submitted quarterly.

The M&E Plan shall contain the monitoring Indicators listed in Schedule A to this Annex III.

4. Evaluation Component

While good program monitoring is necessary for program management, it is not sufficient for assessing ultimate results. MCC therefore advocates the use of different types of evaluations as complementary tools to better understand the effectiveness of its programs. As defined in the MCC M&E Policy, evaluation is the objective, systematic assessment of a program’s design, implementation and results. MCC is committed to making its evaluations as rigorous as warranted in order to understand the causal impacts of its programs on the expected outcomes and to assess cost effectiveness. The Evaluation Component of the M&E Plan may contain three types of evaluation activities as necessary: (i) independent evaluations (impact and/or performance evaluations); (ii) self-evaluation; and (iii) special studies, each of which is further described in the MCC M&E Policy.

(a) Independent Evaluations. Every Project must undergo a comprehensive, independent evaluation (impact and/or performance) in accordance with the MCC M&E Policy. The Evaluation Component of the M&E Plan shall describe the purpose of the evaluation, methodology, timeline, required MCC approvals, and the process for collection and analysis of data for each evaluation. All independent evaluations must be designed and implemented by independent, third-party evaluators. If the Government wishes to engage an evaluator, the engagement shall be subject to the prior written approval of MCC. Contract terms must be acceptable to MCC and ensure non-biased results and the publication of results.

For each independent evaluation, MCA-Burkina Faso II is expected to review and provide feedback to independent evaluators on the evaluation design reports, evaluation materials (including questionnaires), baseline report (if applicable), and any interim and final reports, in order to ensure proposed evaluation activities are feasible and final evaluation products are technically and factually accurate.

The M&E Plan shall contain the evaluation Indicators listed in Schedule A to this Annex III.

Reform and Capacity Building Project:

Evaluation Objective: The evaluation shall determine whether and how improvements in electricity sector institutions, regulations, organization, and capacity in Burkina Faso affect the overall performance of the electricity sector and its key actors.

Evaluation Methodology: MCC distinguishes performance and impact evaluations. Impact evaluations require a credible and rigorously defined counterfactual to measure the impact of the
Project in an attributable way. A credible and rigorous counterfactual would not be possible to define for the Reform Project. It is anticipated that a rigorous pre-post, mixed methods performance evaluation shall be conducted for this Project.

Potential evaluation questions follow and shall be further elaborated in the M&E Plan once the targeted results are better understood.

**Evaluation Questions and Indicators:**

- Was the Reform and Capacity Building Project implemented according to plan (in terms of quantity and quality of outputs)?

- Did the program achieve its targeted outcomes, particularly its stated objective, in the timeframe and magnitude expected? Why or why not? *This question links to the following outcome indicators: Cost of Service, Sector Governance and Efficiency, and Total Electricity Sold, which make up the Project Objective.*

- Do the results of the program justify the allocation of resources towards it?

**Supply Project:**

**Evaluation Objective:** The evaluation shall determine whether and how improvements in dispatching might lead to an increased supply of available energy through reduced loss of energy in the system, whether improvements in the control and dispatch centers as well as the installation of battery plants and the provision of support for IPPs lead to reduced load shedding, reduced non-distributed energy, reduced reliance on expensive thermal energy, reduced generation costs, and increased solar energy supply. Finally, the evaluation shall assess the effects of installing power flow and voltage control equipment on the amount and flow of imports to the system.

**Evaluation Methodology:** It is anticipated that a rigorous pre-post, mixed-methods performance evaluation shall be conducted for this Project.

Potential evaluation questions follow and shall be further elaborated in the M&E Plan once the targeted results are better understood.

**Evaluation Questions and Indicators:**

- Was the program implemented according to plan (in terms of quantity and quality of outputs)?

- Did the program achieve its targeted outcomes, particularly its stated objective, in the timeframe and magnitude expected? Why or why not? *This question links to the following outcome indicators: Non-distributed Energy, Load Shedding, and Cost of Electricity Generation, which make up the Project Objective.*
• Do the results of the program justify the allocation of resources towards it?

**Grid and Access Project:**

*Evaluation Objective:* The evaluation shall determine whether and how improvements to the grid affected network coverage, electricity outages, and technical losses. The evaluation shall also examine whether the provision of different kinds of support (financial, information, infrastructure) to households, firms, and social institutions to connect to the grid and use electricity is effective.

*Evaluation Methodology:* It is anticipated that a rigorous pre-post, mixed-methods performance evaluation shall be conducted for this Project.

Potential evaluation questions follow and shall be further elaborated in the M&E Plan once the targeted results are better understood.

**Evaluation Questions and Indicators:**

- Was the program implemented according to plan (in terms of quantity and quality of outputs)?

- Did the program achieve its targeted outcomes, particularly its stated objective, in the timeframe and magnitude expected? Why or why not? *This question links to the following outcome indicators: Customers Added by the Project, Total Energy Sold, and Non-Distributed Energy, which make up the Project Objective.*

- Do the results of the program justify the allocation of resources towards it?

**Self-Evaluation:** Upon completion of the Compact Term, both MCC and MCA-Burkina Faso shall comprehensively assess three fundamental questions: (i) Did the Projects meet their Project Objectives?; (ii) Why did the Projects meet or not meet their Project Objectives?; and (iii) What lessons can be learned from the implementation experience (both procedural and substantive)? The MCA-Burkina Faso II staff shall draft the Compact Completion Report (“CCR”) in the last year of the Compact Term to evaluate these fundamental questions and other aspects of Program performance. Each MCA-Burkina Faso II department shall be responsible for drafting its section of the CCR for its own activities, subject to cross-departmental review. After MCA-Burkina Faso II staff drafts the CCR, relevant MCC staff shall draft a Compact performance review. Similar to the CCR, each MCC division shall be responsible for drafting its section of the document, subject to cross-departmental review.

**Special Studies** Plans for conducting special studies shall be determined jointly between MCA-Burkina Faso II and MCC before the approval of the M&E Plan. The M&E Plan shall identify and make provision for any special studies, *ad hoc* evaluations, and research that may be needed as part of the monitoring and evaluating of this Compact. Either MCC or the Government may request special studies or *ad hoc* evaluations of the Project, Activities, or the Program as a whole, prior to the expiration of the Compact Term.

The results of all evaluations shall be made publicly available in accordance with the MCC M&E Policy.
5. **Data Quality Reviews**

Data Quality Reviews ("DQRs") are a mechanism to review and analyze the utility, objectivity, and integrity of performance information. DQRs are to cover: (a) quality of data, (b) data collection instruments, (c) survey sampling methodology, (d) data collection procedures, (e) data entry, storage and retrieval processes, (f) data manipulation and analyses and (g) data dissemination. MCC requires that an independent entity conduct the DQR, such as a local or international specialized firm or research organization, or an individual consultant, depending on the size of the Program or Project in review. The frequency and timing of DQRs must be set forth in the M&E Plan; however, MCC may request a DQR at any time. DQRs should be timed to occur before or early enough in the Compact Term that meaningful remedial measures (if any) may be taken depending on the results of the review. The methodology for the review should include a mix of document and record reviews, site visits, key informant interviews, and focus groups.

6. **Other Components of the M&E Plan**

In addition to the monitoring and evaluation components, the M&E Plan shall include the following components:

(a) **Data Management System.** The M&E Plan shall describe the information system to be used to collect data, store, process, and deliver information to relevant stakeholders in such a way that the Program information collected and verified pursuant to the M&E Plan is accessible and useful to those who wish to use it. The system development shall take into consideration the requirement and data needs of the components of the Program, and shall be aligned with existing MCC systems, other service providers, and ministries.

(b) **Budget.** A detailed cost estimate for all components of the M&E Plan.

7. **Responsibility for Developing the M&E Plan**

Primary responsibility for developing the M&E Plan lies with the M&E staff at MCA-Burkina Faso II, with support and input from MCC’s M&E and economist staff. The M&E Plan must be developed in conjunction with key stakeholders, including MCA-Burkina Faso II leadership and sector leads, the MCC resident country mission, and other MCC staff (such as cross-cutting leads), as well as external stakeholders, as applicable. While the entire M&E Plan must be developed collaboratively, MCC and MCA-Burkina Faso II for each Project and Activity are expected to guide the selection of Indicators at the process and output levels that are particularly useful for management and oversight of each Project and Activity.

8. **Approval and Implementation of the M&E Plan**

The approval and implementation of the M&E Plan, as amended from time to time, shall be in accordance with the Program Implementation Agreement, any other relevant Supplemental Agreement, and the MCC M&E Policy. All M&E Plan modifications proposed by MCA-Burkina
Faso II must be submitted to MCC for prior written approval. The M&E Plan may undergo peer review within MCC before the beginning of the formal approval process.

9. **M&E Post-Compact Term**

As part of the planning process for winding up the Program at the end of the Compact Term, MCC and MCA-Burkina Faso II shall develop a post-Compact plan for M&E designed to observe the persistence of benefits created under this Compact. This plan should describe future monitoring and evaluation activities, identify the individuals and organizations that are expected to undertake these activities, and provide a budget framework for future monitoring and evaluation. The post-Compact plan for M&E should build directly off of the M&E Plan.

**Schedule A: Indicators**

The table below lists the preliminary set of monitoring and evaluation indicators linked to each result in the Project Logic. Key Indicators that can be reported on at least an annual basis shall be included in quarterly monitoring indicator reports, while Indicators that require survey data or a longer time period to track shall be included in evaluation reports.

**Reform and Capacity Building Project**

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline</th>
<th>Compact Target</th>
<th>ITT Indicator (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced cost of service (Objective)</td>
<td>SONABEL cost of service</td>
<td>SONABEL’s current cost of service per kWh</td>
<td>$/kWh</td>
<td>Value: 189 FCFA / kWh or $0.31/kWh Year: 2020</td>
<td>Value: 135 FCFA/kWh or $0.23/kWh Year: 2025</td>
<td>Yes</td>
</tr>
<tr>
<td>Increased demand satisfaction (Objective)</td>
<td>Share of estimated demand met by supply</td>
<td>kWh delivered by SONABEL/total estimated demand</td>
<td>%</td>
<td>Value: 96% Year: 2020</td>
<td>Value: 100% Year: 2025</td>
<td>Yes</td>
</tr>
<tr>
<td>(P-23) Total</td>
<td>The total megawatt hours of electricity</td>
<td>MWh</td>
<td>Value: 2561</td>
<td>Value: 5703.4</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Improved institutional efficiency</td>
<td>electricity sold</td>
<td>sales to all customer types.</td>
<td>Year: 2020</td>
<td>Year: 2025</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>----------------</td>
<td>-----------------------------</td>
<td>------------</td>
<td>------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sector governance and efficiency</td>
<td>This is an index composed of several objective indicators. The index is calculated by the African Development Bank for all African countries.</td>
<td>Index</td>
<td>Value: 4 Year: 2020</td>
<td>Value: 8 Year: 2025</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Functioning transmission operator</td>
<td>The transmission operator or manager operates within SONABEL</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Institutional structure and performance improved in key power sector actors</td>
<td>This is an index composed of several objective indicators. The index is calculated by the African Development Bank for all African countries.</td>
<td>Index</td>
<td>Value: 4 Year: 2020</td>
<td>Value: 8 Year: 2025</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Improved efficiency of electricity sector actors</td>
<td>Ratio of actual annual maintenance expenditure to total fixed asset value</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Collection rate</td>
<td>Value of revenue collected / value of energy billed</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>(P-20) Non-technical</td>
<td>Energy (kWh) billed/energy supplied (kWh)</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>(commercial) losses</td>
<td>Technical losses</td>
<td>Percentage of energy supplied (kWh) but not delivered</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------</td>
<td>--------------------------------------------------------</td>
<td>---</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Increased access</td>
<td>Share of population with an electricity connection</td>
<td>Percent of households with electricity connections</td>
<td>%</td>
<td>Value: 26%</td>
<td>Value: TBD</td>
<td>Year: 2020</td>
</tr>
<tr>
<td>Reduced subsidies</td>
<td>Total subsidies GoBF provides to SONABEL to cover cost of service</td>
<td>Value of GoBF transfers to SONABEL (including the value of fuel subsidy)/kWh</td>
<td>$/kWh</td>
<td>Value: 45.6</td>
<td>Value: 16.17</td>
<td>Year: 2020</td>
</tr>
</tbody>
</table>

**Output Indicators**

<table>
<thead>
<tr>
<th>Increased access</th>
<th>(P-12) Customers added by project</th>
<th>The number of new customers that have gained access to a legal connection to electricity service from an electrical utility or service provider as a direct output of an MCC-funded project or intervention.</th>
<th>Numbe</th>
<th>Value: 0</th>
<th>TBD</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Year: 2022</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Institutional and Regulatory Support Activity

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline</th>
<th>Compact Target</th>
<th>ITT Indicator (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National rural electrification strategy completed</td>
<td>National electrification strategy report adopted</td>
<td>The date when the national electrification strategy is adopted by the</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Task</td>
<td>Definition of Institutional roles and financing</td>
<td>The date when the institutional plan and its corresponding financial plan are published</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>National energy efficiency strategy completed</td>
<td>National energy efficiency strategy Report adopted</td>
<td>The date when the national energy efficiency strategy is adopted by the Ministry of Energy</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Institutional roles and financing defined</td>
<td>Definition of Institutional roles and financing</td>
<td>The date when the institutional plan and its corresponding financial plan are published</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Regulatory framework clarified</td>
<td>Number of decrees on regulation created or revised</td>
<td>The number of decrees that are passed to address specific issues</td>
<td>Number</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Standards and regulations harmonized with WAPP</td>
<td>Government decrees on standards and regulations written in compliance with WAPP</td>
<td>The date when the first decree on standards and regulations is adopted</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Gender and social inclusion and environmental charter completed</td>
<td>Gender and social inclusion and environmental charter adopted</td>
<td>The date when the gender and social inclusion and environmental charter is adopted</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
</tbody>
</table>
## Development of IPP Support Activity

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline</th>
<th>Compact Target</th>
<th>ITT Indicator (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Well-functioning IPP unit</td>
<td>IPP unit is operational</td>
<td>The date when the IPP unit is staffed with the necessary number of full-time, qualified staff with a work plan and adequate resources to perform its mandate and has documented procedures outlining how to manage IPP deals step by step</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Well-functioning IPP unit</td>
<td>IPP unit leads transactions</td>
<td>The number of transactions led by IPP unit</td>
<td>Number</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Well-functioning IPP unit</td>
<td>Time for IPPs to reach financial closure</td>
<td>The average number of months from PPA or MOU to financial close</td>
<td>Number</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>IPP deals closed</td>
<td>Number of IPP projects having reached</td>
<td>The number of IPP projects having reached</td>
<td>Number</td>
<td>Value: 0 Year: 2021</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Incentive</td>
<td>Indicator</td>
<td>Output Type</td>
<td>Value</td>
<td>Year</td>
<td>Year</td>
<td>Status</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>---------------</td>
<td>---------------</td>
<td>--------</td>
</tr>
<tr>
<td>Increased supply of lower-cost electricity</td>
<td>IPP power purchase price</td>
<td>$/kwh</td>
<td>Value: 60 FCFA/kWh or $0.10/kWh</td>
<td>Year: 2020</td>
<td>Year: 2025</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>The average purchase price of new IPPs per kwh</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Value: 45 FCFA/kWh or $0.075/kWh</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased private sector investment in generation</td>
<td>Share of private investment</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Percentage of investment in total generation from private sector financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased private sector investment in generation and increased supply of lower-cost electricity</td>
<td>Capacity of Generation with private sector financing</td>
<td>MW</td>
<td>Value: 0</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Total MW of generation capacity from IPPs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Output Indicators**

| Institutional framework for IPP development established                  | Government Decree on Institutional framework for IPP                      | The date when the institutional framework for IPP is adopted (decree passed) | Date          | N/A           | TBD           | Yes    |
|                                                                         |                                                                            |                                                                            |               |               |               |        |
| Institutional framework for IPP development established                  | IPP unit established                                                      | The date the IPP unit is staffed and operational                          | Date          | N/A           | TBD           | Yes    |
| TA and transaction advisory support provided | Training delivered to IPP Unit (and other GoBF stakeholders) | The date that technical IPP development training is completed by staff | Date | N/A | TBD | Yes |
| TA and transaction advisory support provided | IPP deals developed and transactions supported | TBD | TBD | TBD | TBD | Yes |
| ATI guarantee and other support for IPP provided | Burkina Faso membership in ATI | The date the GoBF attains membership in ATI | Date | N/A | Value: 6 months after compact signature | Year: 2021 | Yes |

**Strengthening Institutional Organization and Capacity Activity**

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline Target</th>
<th>Compact Target</th>
<th>ITT Indicator (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increased women’s recruitment and retention in the sector</strong></td>
<td>Women’s recruitment and retention in the sector</td>
<td>Total number of women employees in the electricity sector / total number of men and women electricity sector employees</td>
<td>%</td>
<td>Value: 17%</td>
<td>Year: 2020</td>
<td>Year: 2026</td>
</tr>
<tr>
<td><strong>Improved transparency and financial sustainability of SONABEL</strong></td>
<td>Transparent financial reports published</td>
<td>The date that current SONABEL cost of service, revenues, and specific GoBF subsidies are published in</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Improved transparency and financial sustainability of SONABEL</td>
<td>(P-24) Operating cost-recovery ratio</td>
<td>Total revenue collected / Total operating cost. Total operating cost is defined as operating expenses plus depreciation</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Improved transparency and financial sustainability of SONABEL</td>
<td>Current Ratio</td>
<td>Total current assets / Total current liabilities</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>ARSE becomes effectively independent</td>
<td>Independent source of financing established to fund ARSE</td>
<td>Date a specific source of financing is established</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>ARSE becomes effectively independent</td>
<td>Independent source of financing funds ARSE</td>
<td>Date ARSE collects revenue</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>ARSE becomes effectively independent</td>
<td>ARSE independent regulatory council established</td>
<td>Independent experts appointed in the ARSE regulatory council</td>
<td>Number</td>
<td>Value: 0</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>ARSE becomes effectively independent</td>
<td>ARSE Regulatory decisions enforced</td>
<td>Share of ARSE regulatory decisions enacted by the Government</td>
<td>%</td>
<td>Value: 0</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Utility cost recovery</td>
<td>(P-24) Operating cost-recovery ratio</td>
<td>Total revenue collected / Total operating cost. Total operating cost is defined as operating expenses plus depreciation</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

**Output Indicators**

<table>
<thead>
<tr>
<th>Increased women’s recruitment and retention in the sector</th>
<th>Number of women participating in scholarship and internship programs</th>
<th>Total number of women participating in scholarship and internship program</th>
<th>Number</th>
<th>Value: 0</th>
<th>Year: 2022</th>
<th>Value: 250</th>
<th>Year: 2027</th>
<th>Yes</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>New institutional structures defined and implemented in key sector actors</th>
<th>Ministerial decrees on New institutional structures for key sector actors</th>
<th>The date when new institutional structures are adopted and implemented</th>
<th>Date</th>
<th>N/A</th>
<th>TBD</th>
<th>Yes</th>
</tr>
</thead>
</table>

<p>| Capacity building provided to key sector actors | Number of employees trained | Total number of staff trained on specified skills at specific levels who have completed all modules in the training level in a specific period. The competencies covered in the training are technical and occupation-specific and required to fulfill a specific technical role. | Number | Value: 0 | Year: 2022 | TBD | Yes |</p>
<table>
<thead>
<tr>
<th>Description</th>
<th>Category</th>
<th>Details</th>
<th>Date</th>
<th>Value</th>
<th>Year</th>
<th>In Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Separation of SONABEL accounts completed (Gx, Tx, Dx)</td>
<td>Publication of separated SONABEL accounting reports (Gx, Tx, Dx)</td>
<td>The date when reports for the accounts of the 3 activities are first produced or reflected in the annual financial statement</td>
<td>N/A</td>
<td>TBD</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Separation of SONABEL accounts completed (Gx, Tx, Dx)</td>
<td>Number of publications of separated SONABEL accounting reports (Gx, Tx, Dx)</td>
<td>The number of times the annual reports for the 3 activities are published</td>
<td>Number</td>
<td>Value: 0</td>
<td>Year: 2022</td>
<td>Yes</td>
</tr>
<tr>
<td>Electricity tariff review and approval process developed, new tariff methodology and financial model adopted</td>
<td>ARSE Tariff regulation approved</td>
<td>The date when the tariff review and approval process is completed.</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Electricity tariff review and approval process developed, new tariff methodology and financial model adopted</td>
<td>Government Tariff decree</td>
<td>The date when tariff fee schedule decree is issued by the Government</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Improved transparency and financial sustainability of SONABEL</td>
<td>(P-14) Cost-reflective tariff regime</td>
<td>Average tariff per kilowatt-hour / Long-run marginal cost per kilowatt-hour</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>TA for improved sector data management provided (strategic planning, oversight/M&amp;E)</td>
<td>Sector plan, systems and templates for data collection and management are approved and adopted</td>
<td>Date the plan (with data management system and templates) is adopted</td>
<td>Date</td>
<td>N/A</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>TA for improved sector data management provided</td>
<td>Training in data management delivered</td>
<td>Total number of staff trained</td>
<td>Number</td>
<td>Value: 0</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Year: 2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TA for improved sector data management provided</td>
<td>Accurate electricity sector data reported</td>
<td>Sector annual reports with comprehensive data are produced</td>
<td>Number</td>
<td>Value: 0</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Year: 2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Supply Project**

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline</th>
<th>Compact Target</th>
<th>ITT Indicator (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced cost of generation (Objective)</td>
<td>Cost of electricity generation</td>
<td>The total cost to supply energy per kWh for the country, including domestic and foreign sources.</td>
<td>$/kWh</td>
<td>Value: 0.137</td>
<td>Value: 0.127</td>
<td>Yes</td>
</tr>
<tr>
<td>Year: 2018</td>
<td>Year: 2026</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased reliability of all power sources, Reduced non-distributed energy (Objective)</td>
<td>Non-distributed energy (amount)</td>
<td>The load at the substation when the outage occurs multiplied by the duration of the outage.</td>
<td>GWh</td>
<td>Value: 48</td>
<td>Value: 42</td>
<td>Yes</td>
</tr>
<tr>
<td>Year: 2018</td>
<td>Year: 2026</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Reduced non-distributed energy

<table>
<thead>
<tr>
<th>Percentage of non-distributed energy = (unplanned outage + load shedding) / total energy used.</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
</tr>
<tr>
<td>Year: 2018</td>
</tr>
</tbody>
</table>

Reduced load shedding (Objective)

<table>
<thead>
<tr>
<th>The load at the substation when load shedding occurs multiplied by the duration of the outage.</th>
</tr>
</thead>
<tbody>
<tr>
<td>GWh</td>
</tr>
<tr>
<td>Year: 2018</td>
</tr>
</tbody>
</table>

Improving Reliability Activity

<table>
<thead>
<tr>
<th>Output Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result</td>
</tr>
<tr>
<td>New Control Center built and equipped at Zagtouli</td>
</tr>
<tr>
<td>Dispatch center updated</td>
</tr>
<tr>
<td>3 battery plants installed</td>
</tr>
</tbody>
</table>

Year: 2022 | Year: 2027
## Regional Connectivity Activity

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline</th>
<th>Compact Target</th>
<th>ITT Indicator (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased electricity imports</td>
<td>Electricity imports</td>
<td>Amount of electricity imported.</td>
<td>GWh</td>
<td>Value: 837 Year: 2019</td>
<td>Value: 2,393 Year: 2027</td>
<td>Yes</td>
</tr>
<tr>
<td>Increased electricity imports</td>
<td>Electricity imports</td>
<td>Percentage of imports in global energy mix.</td>
<td>%</td>
<td>Value: 47% Year: 2018</td>
<td>Value: 67% Year: 2026</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Output Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased power flow control equipment</td>
<td>New Transformer capacity for cross border power flow</td>
<td>New transformer capacity added by the compact for the purpose of controlling cross border power flow.</td>
<td>MVA</td>
<td>Value: 0 Year: 2022</td>
<td>Value: 50 Year: 2027</td>
<td>Yes</td>
</tr>
<tr>
<td>SVC voltage equipment installed at Zagtouli</td>
<td>Static Var Compensator capacity</td>
<td>Amount of reactive power that exists in the circuit when the current and voltage are not in phase.</td>
<td>MVars</td>
<td>Value: 0 Year: 2022</td>
<td>Value: 40 Year: 2027</td>
<td>Yes</td>
</tr>
<tr>
<td>Feasibility study for regional interconnection conducted</td>
<td>Regional interconnection feasibility study completed</td>
<td>The date when the necessary detailed feasibility studies and engineering designs are completed (Review of detail engineering done by)</td>
<td>Date</td>
<td>N/A</td>
<td>Value: 24 months after compact signature</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Facilitating Low Cost Supply Activity

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline</th>
<th>Compact Target</th>
<th>ITT Indicator (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced proportion of in country thermal energy in the energy mix</td>
<td>Share of thermal energy production</td>
<td>Total amount of thermal energy produced /total energy produced</td>
<td>%</td>
<td>Value: 49 Year: 2018</td>
<td>Value: 26.11 Year: 2026</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Output Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TA and advisory support provided</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>DFS/FEED completed</td>
<td>DFS/FEED completed</td>
<td>The date when the necessary detailed feasibility studies and engineering designs are completed (Review of detail engineering done by owner's consultant)</td>
<td>Date</td>
<td>N/A</td>
<td>Value: 16 months after compact signature</td>
<td>Yes</td>
</tr>
<tr>
<td>Solar storage battery provided</td>
<td>Battery capacity installed</td>
<td>The amount of solar battery capacity installed for use.</td>
<td>MW</td>
<td>Value: 0 Year: 2018</td>
<td>10 MW (30MWh for 3 hours) Year: 2026</td>
<td>Yes</td>
</tr>
<tr>
<td>Increased supply of solar energy</td>
<td>Solar energy produced as share of energy mix</td>
<td>Percentage of solar power production in global energy mix.</td>
<td>%</td>
<td>Value: 3% Year: 2018</td>
<td>Value: 20% Year: 2026</td>
<td>Yes</td>
</tr>
<tr>
<td>Increased supply of solar energy</td>
<td>(P-6) Generation capacity added</td>
<td>Generation capacity added, measured in megawatts, resulting from construction of new generating capacity or reconstruction, rehabilitation, or upgrading of existing generating capacity funded with MCC support.</td>
<td>MW</td>
<td>Value: 0</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----</td>
<td>----------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Increased supply of solar energy</td>
<td>Electricity generated by solar power plants</td>
<td>Electricity generated by solar power plants, measured in MWh, resulting from construction of new generating capacity or reconstruction, rehabilitation, or upgrading of existing generating capacity funded with MCC support.</td>
<td>MWh</td>
<td>Year: 2018</td>
<td>Value: 171.9</td>
<td>Yes</td>
</tr>
</tbody>
</table>
## Grid and Access Project:

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline</th>
<th>Compact Target</th>
<th>ITT Indicator (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved reach of the electric grid</td>
<td>Coverage ratio</td>
<td>The ratio between (i) the number of households connected to the grid or sufficiently close (&lt;25m) to the existing network to subscribe to a connection and (ii) the total number of households in the city</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td>Improved reliability of electric grid, Grid reliability upgrades completed in Ouagadougou and Bobo</td>
<td>Number of transmission line faults</td>
<td>The number of faults per km of line per year</td>
<td>Number</td>
<td>Value: 0.4</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year: 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved reliability of electric grid, Grid reliability upgrades completed in Ouagadougou and Bobo</td>
<td>Duration of transmission line faults</td>
<td>The total duration of faults per year</td>
<td>Hours</td>
<td>Value: 51</td>
<td>TBD</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year: 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased grid customer electricity consumption</td>
<td>(P-23) Total electricity sold</td>
<td>The total megawatt hours of electricity</td>
<td>MWh</td>
<td>Value: 3760</td>
<td>Value: 6032</td>
<td>Yes</td>
</tr>
<tr>
<td>(Objective)</td>
<td>sales to all customer types.</td>
<td>Year: 2027</td>
<td>Year: 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>-----------------------------</td>
<td>------------</td>
<td>------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced losses</td>
<td>(P-18) Transmission system technical losses (%)</td>
<td>1- [Total megawatt hours transmitted out from transmission substations / Total megawatt hours received from generation to transmission substations].</td>
<td>%</td>
<td>Value: 2.10%</td>
<td>Value: 2.30%</td>
<td></td>
</tr>
<tr>
<td>Reduced losses</td>
<td>(P-19) Distribution system losses</td>
<td>1 – [Total megawatt hours billed / Total megawatt hours received from transmission].</td>
<td>%</td>
<td>Value: 13.60%</td>
<td>TBD</td>
<td></td>
</tr>
<tr>
<td>Reduced duration and number of outages (Objective)</td>
<td>Non-distributed energy</td>
<td>The load at the substation when an outage occurs multiplied by the duration of the outage.</td>
<td>GWh</td>
<td>Value: 42</td>
<td>Value: 48</td>
<td></td>
</tr>
</tbody>
</table>

Expanding and Improving the Ouagadougou Grid Activity

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline</th>
<th>Compact Target</th>
<th>ITT Indicator (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output Indicators</td>
<td>Ouagadougou and Bobo transmission lines built</td>
<td>(P-7) Km transmission lines upgraded or built</td>
<td>The sum of linear kilometers of new, reconstructed, rehabilitated, or upgraded transmission lines that have been energized, tested and commissioned with MCC support.</td>
<td>Km</td>
<td>Value: 0</td>
<td>Value: 18</td>
</tr>
</tbody>
</table>

ANNEX III - 34
<table>
<thead>
<tr>
<th><strong>Ouagadougou and Bobo transmission lines built</strong></th>
<th><strong>(P-8) Transmission throughput capacity added</strong></th>
<th>The increase in throughput capacity, measured in megawatts, added by new, reconstructed, rehabilitated, or upgraded transmission lines that have been energized, tested and commissioned with MCC support.</th>
<th><strong>MW</strong></th>
<th><strong>Value:</strong> 0</th>
<th><strong>Value:</strong> 160</th>
<th><strong>Year:</strong> 2022</th>
<th><strong>Year:</strong> 2027</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transmission substations built around Ouagadougou and Bobo</strong></td>
<td><strong>(P-9) Transmission substation capacity added</strong></td>
<td>The total added transmission substation capacity, measured in megavolt amperes that is energized, commissioned and accompanied by a test report and supervising engineer’s certification resulting from new construction or refurbishment of existing substations that is due to MCC support.</td>
<td><strong>Mega volt ampe re</strong></td>
<td><strong>Value:</strong> 0</td>
<td><strong>Value:</strong> 215</td>
<td><strong>Year:</strong> 2022</td>
<td><strong>Year:</strong> 2027</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Grid extension completed in Ouagadougou and Bobo</strong></td>
<td><strong>(P-10) Km distribution lines upgraded or built</strong></td>
<td>The sum of linear kilometers of new, reconstructed, rehabilitated, or upgraded distribution lines that have been energized, tested and commissioned with MCC support.</td>
<td><strong>Km</strong></td>
<td><strong>Value:</strong> 0</td>
<td><strong>Value:</strong> 32</td>
<td><strong>Year:</strong> 2022</td>
<td><strong>Year:</strong> 2027</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Grid extension completed in</strong></td>
<td><strong>(P-11) Distribution substation</strong></td>
<td>The total added substation capacity, measured in megavolt amperes that is energized,</td>
<td><strong>Mega volt ampe re</strong></td>
<td><strong>Value:</strong> 0</td>
<td><strong>Value:</strong> 9.9</td>
<td><strong>Year:</strong> 2022</td>
<td><strong>Year:</strong> 2027</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Ouagadougou and Bobo capacity added commissioned and accompanied by a test report and supervising engineer’s certification resulting from new construction or refurbishment of existing substations supported by MCC.

<table>
<thead>
<tr>
<th>Logic Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline Value</th>
<th>Compact Target Value</th>
<th>ITT Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output Indicators</td>
<td>Ouagadougou and Bobo transmission lines built</td>
<td>(P-7) Km transmission lines upgraded or built</td>
<td>The sum of linear kilometers of new, reconstructed, rehabilitated, or upgraded transmission lines that have been energized, tested and commissioned with MCC support.</td>
<td>km</td>
<td>Value: 0 Year: 2022</td>
<td>Value: 97 Year: 2027</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Logic Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline Value</th>
<th>Compact Target Value</th>
<th>ITT Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expanding and Improving the Bobo Grid Activity</td>
<td>Ouagadougou and Bobo transmission lines built</td>
<td>(P-8) Transmission throughput capacity added</td>
<td>The increase in throughput capacity, measured in megawatts, added by new, reconstructed, rehabilitated, or upgraded transmission lines that have been energized, tested and commissioned with MCC support.</td>
<td>MW</td>
<td>Value: 0 Year: 2022</td>
<td>Value: 300 Year: 2027</td>
</tr>
<tr>
<td>Description</td>
<td>Number</td>
<td>Value</td>
<td>Year</td>
<td>Year</td>
<td>Answer</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>--------</td>
<td>---------</td>
<td>---------------</td>
<td>---------------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>Transmission substations built around Ouagadougou and Bobo</td>
<td>(P-9)</td>
<td>Transmissio</td>
<td>Number Value: 0</td>
<td>Year: 2022</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>(P-9) Transmission substation capacity added</td>
<td></td>
<td></td>
<td>Value: 280</td>
<td>Year: 2027</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The total added transmission substation, that is energized, commissioned and accompanied by a test report and supervising engineer’s certification resulting from new construction or refurbishment of existing substations that is due to MCC support.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grid extension completed in Ouagadougou and Bobo (P-10) Km distribution lines upgraded or built</td>
<td>(P-10)</td>
<td>Km</td>
<td>Value: 0</td>
<td>Year: 2022</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>The sum of linear kilometers of new, reconstructed, rehabilitated, or upgraded distribution lines that have been energized, tested and commissioned with MCC support.</td>
<td></td>
<td></td>
<td>Value: 5</td>
<td>Year: 2027</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grid extension completed in Ouagadougou and Bobo (P-11) Distribution substation capacity added</td>
<td>(P-11)</td>
<td>MVA</td>
<td>Value: 0</td>
<td>Year: 2022</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>The total added substation capacity, measured in megavolt amperes that is energized, commissioned and accompanied by a test report and supervising engineer’s certification resulting from new construction or refurbishment of existing substations supported by MCC.</td>
<td></td>
<td></td>
<td>Value: 1.6</td>
<td>Year: 2027</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Access and Productive Use Activity

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator Name (CI Code)</th>
<th>Definition</th>
<th>Unit</th>
<th>Baseline</th>
<th>Compact Target</th>
<th>ITT Indicator (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased number of grid customers (Objective)</td>
<td>(P-12) Customers added by project</td>
<td>The number of new customers that have gained access to a legal connection to electricity service from an electrical utility or service provider as a direct output of an MCC-funded project or intervention.</td>
<td>Number</td>
<td>Value: 0 in Ouagadougou</td>
<td>Value: 241,685 in Ouagadougou</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0 in Bobo Year: 2019</td>
<td>92,754 in Bobo Year: 2027</td>
<td></td>
</tr>
<tr>
<td>Increased electrification ratio (access rate)</td>
<td>(P-25) Percentage of households connected to the national grid</td>
<td>Number of households that have access to a legal connection to electricity service from an electrical utility or service provider / Total number of households in the country</td>
<td>%</td>
<td>Value: 57.1% in Ouagadougou</td>
<td>Value: 67.3% in Ouagadougou</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>45% in Bobo Year: 2019</td>
<td>47.6% in Bobo Year: 2027</td>
<td></td>
</tr>
<tr>
<td>Increased electrification ratio (access rate)</td>
<td>Coverage ratio</td>
<td>The ratio between (i) the number of households connected to the grid or sufficiently close (&lt;25m) to the existing network to subscribe to a connection and (ii) the total number of households in the city</td>
<td>%</td>
<td>TBD</td>
<td>TBD</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Output Indicators**

<table>
<thead>
<tr>
<th>Connections RCT conducted</th>
<th>Connections RCT completed</th>
<th>The date that the Connections RCT analytical report is accepted by MCC</th>
<th>Date</th>
<th>N/A</th>
<th>Value: One year after compact signing</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connections Fund deployed</td>
<td>Connections Fund deployed</td>
<td>The date the Connections Fund begins providing financing to compact participants.</td>
<td>Date</td>
<td>N/A</td>
<td>Value: Two years after compact signing</td>
<td>Yes</td>
</tr>
<tr>
<td>Information Education Communication campaigns completed</td>
<td>Number of households and firms assisted</td>
<td>Number of households and firms that receive assistance from the Pre-Connection Information Education and Communication sub-Activity</td>
<td>Number</td>
<td>Value: 0</td>
<td>Year: 2021</td>
<td>Value: 3,000</td>
</tr>
<tr>
<td></td>
<td>Number of firms</td>
<td>The number of</td>
<td>Number</td>
<td>Value: 0</td>
<td>Value: 2,000</td>
<td>Yes</td>
</tr>
<tr>
<td>Productive Use Fund deployed</td>
<td>purchasing productive use appliances</td>
<td>participating firms who apply for credit and use that credit to purchase an appliance meeting MCC’s eligibility criteria</td>
<td>Year: 2021</td>
<td>Year: 2027</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productive Use Fund deployed</td>
<td>Productive use loans granted</td>
<td>The total value of loans granted to participating firms</td>
<td>$ Value: 0 Value: $2,000,000 Year: 2022 Year: 2027</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schools and medical centers electrified</td>
<td>Number of social institutions electrified</td>
<td>The number of social institutions (schools and medical centers) that are connected to the grid.</td>
<td>Number Value: 0 Value: 203 Year: 2019 Year: 2026</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased energy supply (P-15) Total electricity supply</td>
<td>Total electricity, in megawatt hours, produced or imported in a year.</td>
<td>MW</td>
<td>Value: 1208 Value: 2074 Year: 2020 Year: 2027</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ANNEX IV
CONDITIONS PRECEDENT
TO DISBURSEMENT OF COMPACT FACILITATION FUNDING

This Annex IV sets forth the conditions precedent applicable to Disbursements of CFF (each a “CFF Disbursement”). Upon signature of the Program Implementation Agreement, each CFF Disbursement shall be subject to the terms of the Program Implementation Agreement in addition to the terms set forth in this Annex IV.

1. Conditions Precedent to Initial CFF Disbursement.

Each of the following must have occurred or been satisfied, in form and substance acceptable to MCC, prior to the initial CFF Disbursement:

(a) The Government (or UCF-Burkina Faso or MCA-Burkina Faso II) has delivered to MCC:

(i) an interim fiscal accountability plan acceptable to MCC;

(ii) a CFF procurement plan acceptable to MCC; and

(iii) a plan, to be prepared collaboratively with MCC, outlining the Government’s contributions to, and procedures for, ensuring the security of the Program and any related activities by MCA-Burkina Faso II, in all cases in form and substance satisfactory to MCC and consistent with the terms of IFC Performance Standard 4.

2. Conditions Precedent to Subsequent CFF Disbursements.

(a) Prior to the sixth CFF Disbursement, the Government (or MCA-Burkina Faso II) shall have signed a contract for a project management oversight and social environmental support consultant.

3. Conditions Precedent to all CFF Disbursements (Including Initial CFF Disbursement).

Each of the following must have occurred or been satisfied prior to each CFF Disbursement:

(a) The Government (or MCA-Burkina Faso II) has delivered to MCC the following documents, in form and substance satisfactory to MCC:

(i) a completed Disbursement Request, together with the applicable Periodic Reports, for the applicable Disbursement Period, all in accordance with the Reporting Guidelines;

(ii) a certificate of the Government (or MCA-Burkina Faso II), dated as of the date of the CFF Disbursement Request, in such form as provided by MCC;

(iii) if a Fiscal Agent has been engaged, a Fiscal Agent Disbursement Certificate; and
(iv) if a Procurement Agent has been engaged, a Procurement Agent Disbursement Certificate.

(b) If any proceeds of the CFF Disbursement are to be deposited in one or more bank accounts, MCC has received satisfactory evidence that (i) the Bank Agreement has been executed and (ii) the Permitted Accounts have been established.

(c) Appointment of an entity or individual to provide fiscal agent services, as approved by MCC, until such time as the Government provides to MCC a true and complete copy of a Fiscal Agent Agreement, duly executed and in full force and effect, and the fiscal agent engaged thereby is mobilized.

(d) Appointment of an entity or individual to provide procurement agent services, as approved by MCC, until such time as the Government provides to MCC a true and complete copy of the Procurement Agent Agreement, duly executed and in full force and effect, and the procurement agent engaged thereby is mobilized.

(e) MCC is satisfied, in its sole discretion, that (i) the activities being funded with such CFF Disbursement are necessary, advisable or otherwise consistent with the goal of facilitating the implementation of this Compact and are not expected to violate any applicable law or regulation; (ii) no material default or breach of any covenant, obligation, or responsibility by the Government, MCA-Burkina Faso II, or any Government entity has occurred and is continuing under this Compact or any Supplemental Agreement; (iii) there has been no violation of, and the use of requested funds for the purposes requested are not expected to violate, the limitations on use or treatment of MCC Funding set forth in Section 2.7 of this Compact or in any applicable law or regulation; (iv) any Taxes paid with MCC Funding through the date 90 days prior to the start of the applicable Disbursement Period have been reimbursed by the Government in full in accordance with Section 2.8(c) of this Compact; and (v) the Government has satisfied all of its payment obligations, including any insurance, indemnification, tax payments, or other obligations, and contributed all resources required from it, under this Compact and any Supplemental Agreement.

(f) For any CFF Disbursement occurring after this Compact has entered into force in accordance with Article 7: MCC is satisfied, in its sole discretion, that (i) MCC has received copies of any reports due from any technical consultants (including environmental auditors engaged by MCA-Burkina Faso II) for any Activity since the previous Disbursement Request, and all such reports are in form and substance satisfactory to MCC; (ii) the Implementation Plan Documents and Fiscal Accountability Plan are current and updated and are in form and substance satisfactory to MCC, and there has been progress satisfactory to MCC on the components of the Implementation Plan for any relevant Projects or Activities related to such CFF Disbursement; (iii) there has been progress satisfactory to MCC on the M&E Plan and Social and Gender Integration Plan for any relevant Projects or Activities and substantial compliance with the requirements of the M&E Plan and Social and Gender Integration Plan (including the targets set forth therein and any applicable reporting requirements set forth therein for the relevant Disbursement Period); (iv) there has been no material negative finding in any financial audit report delivered in accordance with this Compact and the Audit Plan for the prior two quarters (or such other period as the Audit Plan may require); (v) MCC does not have grounds for concluding that any matter certified to it in the related MCA Disbursement Certificate, the Fiscal Agent Disbursement Certificate, or the Procurement Agent Disbursement Certificate is not as
certified; and (vi) if any of the officers or key staff of MCA-Burkina Faso II have been removed or resigned and the position remains vacant, MCA-Burkina Faso II is actively engaged in recruiting a replacement.

(g) MCC has not determined, in its sole discretion, that an act, omission, condition, or event has occurred that would be the basis for MCC to suspend or terminate, in whole or in part, this Compact or MCC Funding in accordance with Section 5.1 of this Compact.
ANNEX V
ADDITIONAL CONDITIONS PRECEDENT
TO ENTRY INTO FORCE

The following additional conditions must be met before this Compact enters into force:

(a) The Government shall establish a sound governance structure for all institutions in the electricity sector, consistent with the Roadmap and in each case covering the formation and maintenance of the governing bodies of such institutions and the elimination of any actual or potential conflicts of interest, including the following:

(i) issuing a new decree for the Ministry of Energy to replace Decree Nº 2017-0350/PRES/PM/ME and establishing the structure, roles, and responsibilities for the Ministry of Energy, including without limitation the ministry’s role in sector policy development, strategic planning, and monitoring, as well as explicitly reserving operational mandates for operational institutions, agencies, and operators in the sector;

(ii) issuing a new decree establishing the authorities, organizational structure, and functions of ARSE, to replace Decree Nº 2017-1016 and including, inter alia, provisions to ensure:

1. the transparent selection and independence of the regulatory council, which shall be composed of three permanent members recruited through a transparent competitive recruitment launched by the Government, then appointed by the President of Burkina Faso;

2. ARSE’s financial autonomy and complete funding of its resource requirements through the collection of an energy royalty fee and, if necessary, with Government budget allocations or subsidies; and

3. the empowerment of ARSE to perform key regulatory functions in accordance with the Electricity Law of 2017, including without limitation technical standard rules setting, granting of authorizations and licensing for electricity generation, distribution authorizations and concessions, and the determination and formulation of tariff proposals whether wholesale or retail;

(iii) issuing a new decree establishing the energy royalty fee to be paid by operators and specifying a distribution framework for allocating such fee, with priority to ARSE;

(iv) issuing a new decree establishing the governance, structure, roles, and responsibilities of SONABEL, including without limitation, delegating to SONABEL technical planning for grid development and expansion; and

(v) issuing new decrees for ABER and ANEREE setting forth, inter alia, their respective governance structures and clarifying the limits of their respective mandates in relation to each other and to SONABEL.
(b) The Government shall adopt a plan (the “*Sector Financial Plan*”) to (i) eliminate the deficit in the electricity sector by the end of the Compact Term through: (1) the payment of any arrears owed to SONABEL by the Government and/or other public institutions for electricity consumed; (2) adjustments to the electricity tariff; and/or, (3) the payment of any direct and/or indirect compensation owed but unpaid to SONABEL due to the existing tariff not being cost-reflective, and (ii) provide for the transparent appropriation, and timely transfer, of any compensation provided by the Government to SONABEL.

(c) The Government shall adopt a process for tariff revision (the “*Tariff Reform Plan*”), which shall include, *inter alia*, a timeline for setting a multi-year electricity tariff schedule with periodic, automatic adjustments to reflect variable costs (such as, but not limited to, foreign exchange rate, inflation rate, and fuel price) using a clear and transparent tariff methodology that transparently reflects all subsidies factored into the tariff schedule.

(d) The Government shall implement a mechanism to transparently account for and reflect the fuel price subsidy provided to SONABEL.

(e) The Government and SONABEL shall enter into a new performance contract providing for, *inter alia*, appropriate key performance indicators for SONABEL and regular performance monitoring by ARSE.

(f) SONABEL shall adopt a strategic business plan (the “*SONABEL Strategic Business Plan*”), taking into account SONABEL’s new scope and responsibilities as set forth in the decree required pursuant to Section (a)(iv) of this Annex V above, as well as new requirements resulting from the Program.
ANNEX VI
DEFINITIONS

ABER has the meaning provided in Section B.1(a)(i)(B) of Annex I.

Activity has the meaning provided in Section B of Annex I.

Additional Representative has the meaning provided in Section 4.2.

AFD has the meaning provided in Section A.1(b) of Annex I.

AfDB has the meaning provided in Section A.1(b) of Annex I.

ANEREE has the meaning provided in Section B.1(a)(i)(B) of Annex I.

Annex has the meaning provided in Section 6.1.

ARSE has the meaning provided in B.1(a) of Annex I.

ATI has the meaning provided in Section 2.6(a).

Audit Guidelines has the meaning provided in Section 3.8(a).

Audit Plan has the meaning provided in Section 3.8(a).

Bank means the financial institution approved by MCC to hold MCA-Burkina Faso II’s Permitted Account.

Bank Agreement means an agreement, in form and substance satisfactory to MCC, between MCA-Burkina Faso II and the Bank that sets forth the signatory authority, access rights, anti-money laundering and anti-terrorist financing provisions, and other terms related to MCA-Burkina Faso II’s Permitted Account.

Baseline has the meaning provided in Annex III.

Board of Directors has the meaning provided in Section C.1(a) of Annex I.

Burkina Faso has the meaning provided in the Preamble.

CBA has the meaning provided in Annex III.

CCR has the meaning provided in Annex III.

CDF Agreement has the meaning provided in Section 3.2(b).

Common Indicators has the meaning provided in Annex III.

CFF Disbursement has the meaning provided in Annex IV.
**CFF Disbursement Request** means a Disbursement Request pertaining to Compact Facilitation Funding.

**Compact** has the meaning provided in the Preamble.

**Compact Facilitation Funding** or **CFF** has the meaning provided in Section 2.2(a).

**Compact Goal** has the meaning provided in Section 1.1.

**Compact Records** has the meaning provided in Section 3.7(a).

**Compact Term** has the meaning provided in Section 7.4.

**Connections Fund** has the meaning provided in Section B.3(a)(iii)(A) of **Annex I**.

**Covered Provider** means any entity to which MCA-Burkina Faso II has disbursed Seven Hundred Fifty Thousand United States Dollars (US$750,000) or more of MCC Funding within a single fiscal year as part of one or more binding agreements that meet both of the following criteria: (1) the agreement is other than a fixed price contract for which the value has been determined through a procurement or other competitive selection process, and (2) the agreement requires the entity to manage funding directly on behalf of MCA-Burkina Faso II. In addition, any Implementing Entity that directly manages more than Seven Hundred Fifty Thousand United States Dollars (US$750,000) of MCC Funding, disbursed to them within a single fiscal year, shall also be considered to be a Covered Provider.

**Detailed Financial Plan** means the financial plan developed and implemented by MCA-Burkina Faso II for each quarter for the upcoming year and on an annual basis for each year of the remaining years of the Compact, in accordance with the Reporting Guidelines, setting forth funding requirements for the Program (including administrative costs) and for the Project, broken down to the sub-activity level (or lower, where appropriate), and projected both on a commitment and cash requirement basis.

**Disbursement** has the meaning provided in Section 2.4.

**Disbursement Period** means each quarter, or any other period of time as agreed between MCA-Burkina Faso II and MCC, during which MCA-Burkina Faso II submits to MCC a Disbursement Request for funding.

**Disbursement Request** means a request by MCA-Burkina Faso II to MCC for Program Funding or CFF, respectively, submitted in accordance with the Reporting Guidelines.

**DQRs** has the meaning provided in **Annex III**.

**ECOWAS** has the meaning provided in Section B.1(g) of **Annex I**.

**ERR** has the meaning provided in **Annex III**.

**ESIA** has the meaning provided in Section B.2(b) of **Annex I**.

**ESMP** has the meaning provided in Section B.2(b) of **Annex I**.

ANNEX VI - 2
ESMS has the meaning provided in Section B.1(a)(iii)(F) of Annex I.

EU has the meaning provided in Section A.1(b) of Annex I.

Evaluation Component has the meaning provided in Annex III.

Excess CFF Amount has the meaning provided in Section 2.2(d).

Fiscal Accountability Plan means the manual, to be developed and implemented by MCA-Burkina Faso II (as approved by MCC) setting forth the principles, mechanisms and procedures that MCA-Burkina Faso II shall use to ensure appropriate fiscal accountability for the use of MCC Funding, including the process to ensure that open, fair, and competitive procedures shall be used in a transparent manner in the administration of grants or cooperative agreements and in the procurement of goods, works, and services.

Fiscal Agent has the meaning provided in Section C.3 of Annex I.

Fiscal Agent Agreement means an agreement between MCA-Burkina Faso II and the Fiscal Agent, in form and substance satisfactory to MCC that sets forth the roles and responsibilities of the Fiscal Agent and other appropriate terms and conditions.

Fiscal Agent Disbursement Certificate means a certificate of the Fiscal Agent, substantially in the form provided by MCC.

Goal Indicator has the meaning provided in Annex III.

Government has the meaning provided in the Preamble.

Government Contribution has the meaning provided in Section 2.6(a).

Grant has the meaning provided in Section 3.6(b).

Grid and Access Project has the meaning provided in Section B.3(a) of Annex I.

Grid and Access Project Objective as the meaning provided in Section 1.2(c).

HFO has the meaning provided in Section A.1(a) of Annex I

IFC has the meaning provided in Section B.2(a)(i) of Annex I.

Implementation Letters has the meaning provided in Section 3.5.

Implementation Plan refers to the collective four Implementation Plan Documents, in form and substance approved by MCC, elaborating the framework for implementation of the Program.

Implementation Plan Document means each of (i) a Work Plan, (ii) a Detailed Financial Plan, (iii) an Audit Plan and (iv) a Procurement Plan.

Implementing Entity has the meaning provided in Section C.2 of Annex I.

Implementing Entity Agreement has the meaning provided in Section C.2 of Annex I.
Indicator Tracking Table and ITT have the meaning provided in Annex III.

Indicator has the meaning provided in Annex III.

Initial CFF Disbursement means the first Disbursement relating to CFF.

Inspector General has the meaning provided in Section 3.7(c).

Intellectual Property means all registered and unregistered trademarks, service marks, logos, names, trade names and all other trademark rights; all registered and unregistered copyrights; all patents, inventions, shop rights, know how, trade secrets, designs, drawings, art work, plans, prints, manuals, computer files, computer software, hard copy files, catalogues, specifications, and other proprietary technology and similar information; and all registrations for, and applications for registration of, any of the foregoing, that are financed, in whole or in part, using MCC Funding.

IPP has the meaning provided in Section A.1(a) of Annex I.

kV has the meaning provided in Section B.3(a)(i)(A) of Annex I.

M&E has the meaning provided in Annex III.

M&E Plan has the meaning provided in Annex III.

Management Unit has the meaning provided in Section C.1(a) of Annex I.

MCA Act has the meaning provided in Section 2.2(a).

MCA-Burkina Faso II has the meaning provided in Section 3.2(b).

MCC has the meaning provided in the Preamble.

MCC Environmental Guidelines has the meaning provided in Section 2.7(c).

MCC Funding has the meaning provided in Section 2.3.

MCC Gender Policy means the MCC Gender Policy (including any guidance documents issued in connection with such policy).

MCC M&E Policy has the meaning provided in Annex III.

MCC Program Closure Guidelines means the MCC Program Closure Guidelines (including any guidance documents issued in connection with such guidelines).

MCC Program Procurement Guidelines has the meaning provided in Section 3.6(a).

MCC Website means the MCC website at www.mcc.gov.

Ministry of Energy as the meaning provided in Section B.1(a) of Annex I.

Monitoring Component has the meaning provided in Annex III.
**Multi-Year Financial Plan Summary** has the meaning provided in Annex II.

**MW** as the meaning provided in Section A.1(a) of Annex I.

**Party** and **Parties** have the meaning provided in the Preamble.

**Periodic Reports** means the reports and information that MCA-Burkina Faso II shall periodically provide to MCC, in form and substance satisfactory to MCC, as required by the Reporting Guidelines.

**Permitted Account** has the meaning provided in Section 2.4.

**Principal Representative** has the meaning provided in Section 4.2.

**Procurement Agent** has the meaning provided in Section C.4 of Annex I.

**Procurement Agent Agreement** means the agreement that MCA-Burkina Faso II shall enter into with the Procurement Agent, in form and substance satisfactory to MCC that sets forth the roles and responsibilities of the Procurement Agent with respect to the conduct, monitoring and review of procurements and other appropriate terms and conditions.

**Procurement Agent Disbursement Certificate** means a certificate of the Procurement Agent, substantially in the form provided by MCC.

**Procurement Plan** means the plan prepared by MCA-Burkina Faso II for acquiring the goods, works, and consultant and non-consultant services needed to implement the Compact.

**Program** has the meaning provided in the recitals to this Compact.

**Program Assets** means any assets, goods or property (real, tangible or intangible) purchased or financed in whole or in part (directly or indirectly) by MCC Funding.

**Program Funding** has the meaning provided in Section 2.1.

**Program Guidelines** means collectively the Audit Guidelines, the MCC Environmental Guidelines, the MCC Guidelines for Accountable Entities and Implementation Structures, the MCC Program Procurement Guidelines, the Reporting Guidelines, the MCC M&E Policy, the MCC Cost Principles for Accountable Entity Operations, the MCC Program Closure Guidelines, the MCC Gender Policy, the MCC Gender Integration Guidelines, the MCC Guidelines for Economic and Beneficiary Analysis, the MCC Standards for Global Marking, the MCC Guidelines for Country Contributions, the MCC Counter-Trafficking in Persons Policy, the MCC Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations, and any other guidelines, policies or guidance papers relating to the administration of MCC-funded compact programs, in each case, as such may be posted from time to time on the MCC Website.

**Program Implementation Agreement** and **PIA** have the meaning provided in Section 3.1.

**Project** has the meaning provided in Section 1.2.
Project Objective has the meaning provided in Section 1.2.

Provider means (a) any entity of the Government that receives or uses MCC Funding or any other Program Asset in carrying out activities in furtherance of this Compact or (b) any third party that receives at least US$50,000 in the aggregate of MCC Funding (other than as salary or compensation as an employee of an entity of the Government) during the Compact Term.

Productive Uses of Electricity Fund or PUE Fund has the meaning provided in Section B.3(a)(iii)(B) of Annex I.

RAP has the meaning provided in Section B.2(b) of Annex I.

Reform and Capacity Building Project has the meaning provided in Section B.1(a) of Annex I.

Reform and Capacity Building Project Objective as the meaning provided in Section 1.2(a).

Reporting Guidelines means the MCC Guidance on Quarterly Accountable Entity Disbursement Request and Reporting Package.

Roadmap has the meaning provided in Section B.1(a) of Annex I.

Sector Financial Plan has the meaning provided in Section (b) of Annex V.

Social and Gender Integration Plan means the plan prepared in accordance with the MCC Gender Policy and the MCC Gender Integration Guidelines, as further described in the Program Implementation Agreement.

SONABEL has the meaning provided in Section B.1(a) of Annex I.

SONABEL Strategic Business Plan has the meaning provided in Section (f) of Annex V.

Supply Project has the meaning provided in Section B.2(a) of Annex I.

Supply Project Objective as the meaning provided in Section 1.2(b).

Supplemental Agreement means any agreement between (a) the Government (or any Government affiliate, including MCA-Burkina Faso II) and MCC (including, but not limited to, the PIA), or (b) MCC and/or the Government (or any Government affiliate, including MCA-Burkina Faso II), on the one hand, and any third party, on the other hand, including any of the Providers, in each case, setting forth the details of any funding, implementing or other arrangements in furtherance of, and in compliance with, this Compact.

Target has the meaning provided in Annex III.

Tariff Reform Plan has the meaning provided in Section (c) of Annex V.

Taxes has the meaning provided in Section 2.8(a).

TIP has the meaning provided in Section B.2(c) of Annex I.

UCF-Burkina Faso has the meaning provided in Section 3.2(b).
**United States Dollars or US$** means the lawful currency of the United States of America.

**USAID** has the meaning provided in Section A.1(b) of [Annex I](#).

**WAPP** has the meaning provided in A.1(a) of [Annex I](#).

**Work Plan** means the plan, in form and substance satisfactory to MCC that MCA-Burkina Faso II shall develop and implement for the overall administration of the Program.