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## MILLENNIUM CHALLENGE CORPORATION

[MCC FR 20-04]

### **Notice of Entering into a Compact with the Government of Burkina Faso**

**AGENCY:** Millennium Challenge Corporation.

**ACTION:** Notice.

**SUMMARY:** In accordance with Section 610(b)(3) of the Millennium Challenge Act of 2003, as amended, and the heading "Millennium Challenge Corporation" of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2020, the Millennium Challenge Corporation (MCC) is publishing a summary of the Millennium Challenge Compact (Compact) between the United States of America, acting through MCC, and the Government of Burkina Faso, acting through the Ministry of Economy, Finance and Development. Representatives of MCC and Burkina Faso signed the Compact on August 13, 2020. The complete text of the Compact has been posted at:

<https://assets.mcc.gov/content/uploads/compact-burkina-faso-ii.pdf>.

Dated: August 19, 2020.

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Jeanne M. Hauch,  
*VP/General Counsel and Corporate Secretary.*

## SUMMARY OF BURKINA FASO COMPACT

### Overview of MCC Burkina Faso Compact

MCC's five-year, \$450,000,000 Compact with the Government of Burkina Faso (the "Government") is aimed at addressing Burkina Faso's key binding constraint to economic growth: the high cost of, and low quality and low access to, electricity. The Compact will address this constraint through three projects: the Strengthening Electricity Sector Effectiveness Project, the Cost-Effective and Reliable Electricity Supply Project, and the Grid Development and Access Project. Collectively, these projects will address the poor condition of energy infrastructure in the country, insufficient generation capacity, and an over-reliance on thermal energy. The Government will also contribute approximately \$50,000,000 to support the Compact program.

Burkina Faso is a landlocked country in West Africa with a population of 18.6 million. It faces significant development challenges, as indicated by its ranking of 182 (out of 189 countries) in the United Nations Development Program 2019 Human Development Index, and 43.7 percent of its population is considered poor. However, Burkina Faso also has one of Africa's fastest growing economies, with a gross domestic product growth rate of six percent in 2019. Burkina Faso's challenge is how to sustain this growth rate. Burkina Faso is focusing on investments needed to sustain and broaden this growth over the long-term and has prioritized the electricity sector.

### Project Summaries

The Compact is comprised of three projects:

- The **Strengthening Electricity Sector Effectiveness Project** aims to improve and strengthen the legal, regulatory, and institutional framework of Burkina Faso's electricity sector

by supporting priority sector reforms and capacity-building for key actors in the sector, including the national utility, regulator, and Ministry of Energy. This project is expected to result in improved planning and operational efficiency, and increased investment by the private sector, all of which will translate into improved quality and supply of electricity, as well as lowering the cost of service.

- The **Cost-Effective and Reliable Electricity Supply Project** aims to increase the supply of electricity and the reliability of the network, at a lower cost for the national utility, through the production and storage of solar energy and increased imports. This project will improve electricity supply infrastructure through the introduction of batteries for energy storage, and improvements to electricity dispatch centers. These activities are expected to result in the increased availability of more affordable electricity through the production and storage of solar electricity and increased imports, which in turn will improve electricity network reliability by reducing outages and other breakdowns. Improved reliability and increased supply from cheaper sources will make electricity more cost-effective by lowering costs for both the national utility as well as its customers.

- The **Grid Development and Access Project** aims to reduce outages and increase the availability and consumption of electricity for grid-connected end users by (i) updating the transmission and distribution network, and (ii) increasing access and targeting productive use of electricity. This project is expected to result in extending the reach and capacity of the network and improving the access of customers covered, allowing the national utility to reduce losses and outages caused by system failures and lack of redundancy, as well as to increase coverage, access, and consumption of end users.

## **Compact Budget**

Table 1 presents the Compact budget and sets forth both the MCC funding allocation by Compact components and the Government's expected \$50 million contribution toward the objectives of the Compact.

**Table 1: Burkina Faso Compact Budget**

<b>Component</b>	<b>Amount</b>
<b>1. Strengthening Electricity Sector Effectiveness Project</b>	<b>\$46,920,170</b>
1.1 Development of Institutional and Regulatory Framework Activity	\$4,797,000
1.2 Support in the Development of Independent Power Producers Activity	\$2,691,000
1.3 Strengthening of Institutional Organization and Capacity Activity	\$37,881,090
1.4 Project Management Activity	\$1,551,080
<b>2. Cost-Effective and Reliable Electricity Supply Project</b>	<b>\$99,534,417</b>
2.1 Facilitating Low-Cost Supply Activity	\$16,124,097
2.2 Improving the Reliability of Supply Activity	\$62,542,144
2.3 Improving Regional Connectivity Activity	\$15,568,176
2.4 Project Management and Oversight Activity	\$5,300,000
<b>3. Grid Development and Access Project</b>	<b>\$210,678,788</b>
3.1 Expanding and Improving the Ouagadougou Grid Activity	\$77,583,226
3.2 Expanding and Improving the Bobo-Dioulasso Grid Activity	\$86,969,651
3.3 Improving Access and Productive Use Activity	\$9,701,911
3.4 Project Management and Oversight Activity	\$36,424,000
<b>4. Monitoring and Evaluation</b>	<b>\$11,992,899</b>
<b>5. Program Administration</b>	<b>\$80,873,726</b>
<b>Total MCC Funding</b>	<b>\$450,000,000</b>
<b>Total Compact Program Funding</b>	<b>Amount</b>
Total MCC Funding	\$450,000,000
Government of Burkina Faso Contribution	\$50,110,795
<b>Total Compact</b>	<b>\$500,110,795</b>