



CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

In accordance with section 610(b)(2) of the Millennium Challenge Act of 2003, as amended, this Congressional Notification affirms that the United States of America entered into a Millennium Challenge Compact with the Republic of Sierra Leone on September 27, 2024 (the “Compact”). We have included a detailed summary of the Compact.

We will identify a link to the Compact and a summary of it in the Federal Register and on the Millennium Challenge Corporation’s (“MCC”) website.

The attached notification is being sent to Congress on October 4, 2024.

If you require a meeting to discuss the Compact with the Republic of Sierra Leone, or MCC at large, please contact Brian Forni at ForniBJ@mcc.gov.

Sincerely,

/s/

Aysha House
Vice President
Congressional and Public Affairs

Enclosure as stated

**MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION**

October 4, 2024

In accordance with section 610(b)(2) of the Millennium Challenge Act of 2003, as amended (22 U.S.C. 7701 et seq.) (the “Act”), this notification is to advise that the United States of America entered into a Millennium Challenge Compact with the Republic of Sierra Leone under section 605 of the Act on September 27, 2024 (the “Compact”).

A detailed summary of the Compact follows and the text of the Compact is available on the MCC website.

SUMMARY OF SIERRA LEONE COMPACT

Overview of the MCC Sierra Leone Power Compact

On September 27, 2024, the United States of America signed a five-year Compact with the Republic of Sierra Leone aimed at reducing poverty through economic growth. MCC compact funding of \$480,669,000, together with a voluntary contribution of \$14,200,000 million from the Government of Sierra Leone, will support economic growth in Sierra Leone through investments in the energy sector to address insufficient availability of affordable and reliable electricity. The Compact includes three projects: (1) the Transmission Backbone Project; (2) the Distribution and Access Project; and (3) the Power Sector Reform Project, that together will better satisfy demand among households, businesses, and social institutions.

Background and Context

Sierra Leone's economy suffers from a power sector that cannot serve its existing customer base or keep up with future business and household demand. This is due to limited and high-cost supply, low capacity and poor reliability of the transmission and distribution networks, and the ineffectiveness of sector policies and institutions. These bottlenecks negatively impact current customers, most of whom are in the capital city, and prevent Sierra Leone from expanding electricity service to the 70% of the population without electricity. As the economy grows and the grid expands, load forecasts suggest demand will more than double by the end of the compact term.

Meeting this demand will require large investments in foundational infrastructure and institutional capabilities. The need to simultaneously address multiple sector constraints, combined with the long lead times required to plan, finance, and construct large scale infrastructure, poses a major coordination challenge for public and private investment in the sector. This coordination challenge is magnified by the lack of capacity at sector institutions to reassess, update, and execute against sector planning documents—as well as sector wide issues with transparency and governance. As a result, much needed public and private investment is all too often delayed, withdrawn, or exceedingly costly due to the risks and uncertainties involved.

Given this sector context, the Compact strengthens the foundations of a reliable electricity sector through investments in transmission and distribution infrastructure, development of a strong enabling environment for independent power producers, and substantial capacity building support for the utilities and key sector institutions.

Country Selection and Ongoing Eligibility

In December of 2020, Sierra Leone was selected as eligible to develop a compact with MCC in recognition of its consistent passage of the MCC scorecard and strong partnership with MCC on the Sierra Leone Threshold Program. Following concerns that arose over the conduct and credibility of the June 2023 elections, MCC diverted from its original timeline for considering approval of a compact and instead focused engagement with the Government of Sierra Leone on the importance of establishing an inclusive process to address the concerns. Subsequently, MCC's Board of Directors reselected Sierra Leone as eligible to continue developing a compact in

December 2023 following progress that was made to advance the country's national dialogue process, begin implementation of the resulting Agreement for National Unity (ANU), and establish a national election review committee. Those actions constituted a critical beginning of an inclusive process to strengthen Sierra Leone's democratic and electoral institutions following the June 2023 elections. In making its reselection decision, the Board noted its expectation of continued progress toward meaningful electoral reform, as outlined in the Agreement for National Unity, prior to approval of a compact.

Since December, stakeholders in Sierra Leone have made substantial progress implementing the ANU process, concluding the electoral review committee's work, and producing a report recommending a wide range of meaningful reforms to address shortcomings in Sierra Leone's electoral processes. Following the report's release, the Government of Sierra Leone has taken a number of steps to begin implementation of the report recommendations, including adopting a cabinet paper that officially endorses the electoral review committee's report, establishing an implementation steering committee, approving a terms of reference for the committee's work and a timebound plan for implementing the recommendations, and endorsing a concept note for the external review of the electoral management body of the country. Signing the compact acknowledged the substantial progress made in the inclusive process to strengthen Sierra Leone's democracy. While signing recognized the progress to-date, going forward, MCC will continue to engage in constructive dialogue with the Government of Sierra Leone, the opposition, and relevant Sierra Leonean stakeholders to emphasize the importance of full implementation of the ANU and recommended reforms for continued eligibility for MCC assistance.

Project Summaries

The Compact's three projects are described below:

The **Transmission Backbone Project (\$226,702,000)** will expand Sierra Leone's transmission network to increase network coverage, increase the throughput capacity needed to evacuate increasing electricity supply, and increase reliability of service. With less than 500 miles of transmission lines currently in Sierra Leone, the country's extremely limited grid means most citizens do not have access to power. This project connects a high-voltage West African Power Pool transmission line to the capital city. The project also builds and operationalizes a main and back up transmission dispatch center critical for network reliability and integration into the regional power marketplace. Technical assistance supports critical capacity development for the transmission utility in transmission operations and maintenance.

The **Distribution and Access Project (\$123,634,000)** is designed to increase reliability of the grid, improve the financial viability of the distribution utility, and make strategic investments in connecting new customers to the grid and regularizing existing connections. This project refurbishes critical components of the distribution network in the capital city where 80% of power is consumed in Sierra Leone and reduces both technical and commercial losses through the provision of new meters and organizational change. Access investments include distribution line and substation expansion as well as direct connections to select end users, driven by socioeconomic data and planned transmission expansion. In addition, this project will involve the construction and operationalization of a main and a back-up distribution dispatch center to improve the

Electricity Distribution and Supply Authority's operations and maintenance performance.

The **Power Sector Reform Project (\$50,490,000)** is designed to improve sector financial sustainability, reduce the cost of service, and improve regulation by investing in priority sector reforms and capacity-building for key sector actors, including the utilities, regulator, and Ministry of Energy. The project includes embedded support to key sector institutions such as the regulator, the Electricity and Water Regulatory Commission, and the Ministry of Energy (especially its planning functions) to help them develop the capabilities needed to shepherd sector development over the coming decade. This support is intended to help Sierra Leone implement its Power Sector Reform Roadmap and Action Plan, including achieving improvements on key sector performance indicators targeting improved sector financial sustainability, reduced cost of service while fostering cost recovery for supplied electricity, and improved regulation. Additionally, this project seeks to spur private sector financed generation through project preparation support, transaction advisory services, and de-risking mechanisms.

Compact Overview and Budget

Below is a summary describing the components of the Compact. The budget for the program is approximately \$495 million, which includes MCC funding under the Compact of up to \$480,669,000 and a voluntary Government of Sierra Leone contribution of \$14,200,000.

Sierra Leone Compact Budget

Component	Amount
1. Transmission Backbone Project	\$226,702,000
Activity 1.1: Transmission Dispatch Center	\$23,447,000
Activity 1.2: Southern Transmission Corridor	\$170,900,000
Activity 1.3: Bumbuna-Freetown Line Upgrade	\$24,390,000
Activity 1.4: EGTC Capacity Building	\$7,965,000
2. Distribution and Access Project	\$123,634,000
Activity 2.1: Distribution Dispatch Center	\$30,554,000
Activity 2.2: Distribution Refurbishment	\$44,335,000
Activity 2.3: Access	\$26,850,000
Activity 2.4 EDSA Capacity Building	\$21,895,000
3. Power Sector Reform Project	\$50,490,000
Activity 3.1: MIAA	\$25,250,000
Activity 3.2: Financial Sustainability	\$8,300,000
Activity 3.3: Policy & Planning	\$10,420,000
Activity 3.4: Cross-Cutting Capacity Activity	\$6,520,000
4. Monitoring and Evaluation	\$7,800,000

Component	Amount
5. Program Administration and Oversight	\$72,043,000
Total MCC Compact Funding	\$480,669,000

Total Funding	Amount
Total MCC Compact Funding	\$480,669,000
Government of Sierra Leone Contribution	\$14,200,000
Total Program	\$494,869,000

Sierra Leone CN History:

CN Type	Date Submitted to Congress	Date Cleared by Congress
Post-Signing	10.4.2024	TBD
Intent to Sign	7.29.2024	9.24.2024
Intent to Negotiate	4.12.2024	4.26.2024
Compact Development Funds	1.24.2022	2.7.2022
Compact Development Funds	3.30.2023	4.13.2021