

IMPACT STORIES



PPIAF Supports the Creation of Burkina Faso's Electricity Sector Regulatory Agency

In 2002 PPIAF financed a comprehensive study of the regulatory and institutional frameworks for Burkina Faso's various infrastructure sectors, which included an analysis of the regulation of the electricity and hydrocarbon sectors, with the objective of proposing recommendations for improving the enabling environment for private sector participation in infrastructure. Following the recommendations of the final study, a new electricity law in 2007 provided for the creation of a regulatory authority, which assumed function in April 2010.

Burkina Faso is one of the poorest countries in the world with about 46.4% of the population still living below the official poverty line in 2004. In addition, infrastructure in most areas is underdeveloped and offers services of poor quality. In the power sector, for example, the country's national electricity access rate of 17% in 2008 is low. It is only 4% in rural areas owing to the limited transport and distribution networks in those areas.

By 2002 Burkina Faso had some limited experience with private sector participation in infrastructure, notably in telecommunications and railroads. The government of Burkina Faso realized that to obtain sustained economic growth and meet the infrastructure needs of its population, the role of the government must change from one that delivers goods and services to one that enables private sector investment.

PPIAF SUPPORT

In 2002 the government of Burkina Faso requested the Public-Private Infrastructure Advisory Facility (PPIAF)'s assistance to review and assess the existing legal, institutional, and regulatory frameworks for the main infrastructure sectors, and to propose recommendations for a new regulatory regime intended to improve the enabling environment for private sector participation in infrastructure.

The PPIAF-funded Country Framework Report was finalized in 2005 and consists of a comprehensive study of the country's water and sewerage, telecommunications, airports, air transport, and railways sectors. The Country Framework Report analyzed the importance of regulation for public-private partnerships, the differences and advantages of a multi-sector regulator as compared to a single-sector regulator, the types of tariff systems, and other regulatory aspects. The Country Framework Report also analyzed the progress made in each of the infrastructure sectors analyzed, either by the public or private sectors, and the potential for increased private sector participation.

As part of the Country Framework Report, an analysis for the regulation of the power sector was also prepared in 2002. This study summarized the existing institutional and regulatory frameworks for both the electricity and hydrocarbon sectors. It analyzed alternatives to bring private capital to these sectors to ensure the security of the supply, and contained suggestions to amend certain provisions of the existing legislation. This PPIAF-funded study also analyzed options for the regulation of the electricity sector, and included a draft Decree for the establishment of a regulatory entity, providing for its structure, organization, role, authority, and independence.

A workshop held in Ouagadougou on November 29, 2004 brought together relevant stakeholders—operators, line ministries, the Ministry of Economy and Finances, the Ministry of Commerce, Enterprise Promotion and Artisans, the Privatization Commission, consumers, donors, non-governmental organizations, and interested private sector investors—to discuss the findings, recommendations, and draft legislation of the preliminary report resulting from this PPIAF activity. The final report that detailed an action plan to establish a regulatory regime conducive to private sector participation in infrastructure was delivered in March 2005.

OUTCOMES

On November 20, 2007 Law no. 027-2007/AN regarding the regulation of the electricity subsector in Burkina Faso was enacted, based on the recommendations of the PPIAF-funded studies, and provided for the creation of a regulatory entity, the Autorité de Régulation du Sous-Secteur de l'Électricité (ARSE). Decree no. 2008-369/PRES/PM/MCE/MCPEA, regarding the authority, organizations, and functioning of the regulatory entity, was enacted on June 24, 2008. The functions of this entity include, among others, regulating the production, exploitation, transport, distribution, import, export, and sales of electricity; promoting competition and the development of the electricity sector; increasing access to electricity for the population; dictating measures to ensure the rendering of electricity services to the population; and supervising the players in the sector. The five members of ARSE were appointed for a five-year period on April 16, 2010.

Since 1999 PPIAF, a multidonor technical assistance facility, has helped developing countries use public-private partnerships to improve their infrastructure. A key focus has been upstream technical assistance to support the development of an enabling environment for such partnerships.

This series highlights how PPIAF's support has made an impact on the ground.

DONOR COORDINATION

The World Bank and International Finance Corporation financed studies on options for public-private partnerships in key infrastructure facilities in Burkina Faso. Studies in this respect included the reform of the electricity sector regulatory legal framework and studies that led to the choice of public-private partnership type of contract for the electricity company, as well as a study for the construction of a new Airport in Ouagadougou.



RELATED PPIAF ACTIVITIES IN BURKINA FASO

- 2002: Assessment of the Regulatory Regime for Private Sector Participation in Infrastructure Sectors, **\$277,400**
- 2009: Economic Analysis of the Donsin Airport in Burkina Faso, **\$170,000**
- 2010: Development of Institutional and Legal Public-Private Partnership (PPP) Framework, **\$437,500**
- 2010: City of Ouagadougou Financial Management Diagnostic, **\$152,500**