



CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform you that the Millennium Challenge Corporation intends to obligate up to \$750,000 to facilitate the development and implementation of a Millennium Challenge Compact with the Government of Cote d'Ivoire.

The attached notification is being sent to the Congress on December 30, 2015. Obligation of funds may be incurred on or after fifteen (15) days from the date of this notification.

We have attached supplemental information that further describes the planned use of the funds.

Sincerely,

/s/

James A. Mazzarella
Vice President (Acting)
Congressional and Public Affairs

Enclosures: As stated

**MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION**

December 30, 2015

PROGRAM:	Eligible Countries
APPROPRIATIONS CATEGORY:	Fiscal Year 2016 Program Funds
OBLIGATION AMOUNT:	\$750,000

Pursuant to section 7015(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016, this is to advise that the Millennium Challenge Corporation (“MCC”) intends to obligate up to \$750,000 under section 609(g) of the Millennium Challenge Act of 2003, as amended, for the purpose of facilitating the development and implementation of a Millennium Challenge Compact (“Compact”) with the Government of Cote d’Ivoire.

MCC plans to finance initial administrative expenses required to ensure prompt recruitment of full-time Compact development counterparts, including the specialized expertise needed to build on diagnostic work completed during the initial development of a threshold program and to identify viable projects for further Compact development.

SUPPLEMENTAL INFORMATION

MCC Initial Engagement Funding for Cote d'Ivoire under Section 609(g) Authority

Background

Since 2011, Cote d'Ivoire has made steady progress in strengthening its performance across the full range of MCC's eligibility criteria, including improvements in control of corruption and rule of law. Cote d'Ivoire passed the MCC eligibility scorecard for the first time in fiscal year ("FY") 2015, and MCC's Board of Directors selected it for threshold program assistance that year. On the basis of its strong performance through the initial stages of threshold program development, in FY 2016 MCC's Board of Directors selected Cote d'Ivoire as eligible for compact assistance.

During development of the threshold program, the Government of Cote d'Ivoire ("Government") worked in close coordination with MCC to complete an analysis of constraints to its economic growth. The analysis identified four factors – transport infrastructure, availability of land for industrial development, technical skills and human capital, and the burden of taxation – as binding constraints to economic growth. The Government is currently working closely with MCC to develop more detailed assessments of these issues, including a more complete understanding of the core problems and their underlying root causes. This work benefits from extensive outreach and consultation with key stakeholders throughout the country, including civil society organizations, private businesses, and international development partners.

The Government's detailed assessments demonstrates that the country's extensive road transport infrastructure suffered significant decline during decades of instability, with travel speeds on significant sections of the trunk road network reduced to less than 35 km per hour and transport costs in and out of the capital city, Abidjan, higher than most other African cities, including Lagos and Nairobi. The country's education system, while improving, is still struggling, with 44 percent of the total population and 48 percent of youth remaining illiterate. The system of tax administration creates a burden on proprietors and small business owners. Based on information that firms report through the World Bank's periodic enterprise surveys, Cote d'Ivoire's tax collection systems requires more interaction with tax officials and more payments than that of any other country in Africa, while collecting revenues that amount to only 16 percent of the country's gross domestic product. Over the course of compact development, MCC will work with the Government to focus the potential compact projects, likely in one or several of these areas.

A compact program will build on the economic analysis and diagnostic work that has already been completed under the threshold program. Given the extent of such work, MCC expects the Government to move quickly to develop initial concept notes and more detailed project proposals that respond to these binding constraints in FY 2016. The prospect of compact assistance offers Cote d'Ivoire a significant opportunity to improve economic growth and alleviate poverty.

Planned 609(g) Expenses

Now that Cote d'Ivoire has transitioned from a threshold program-eligible country to a compact-eligible country, MCC will no longer fund a threshold program for Cote d'Ivoire but will use the data gathered, including the constraints analysis, to inform the compact proposal. MCC intends to use 609(g) funding to assist the Government with the initial administrative expenses that are

necessary to ensure a timely startup to compact development activities, including the recruitment of staff to support the initial stages of the compact development process. Expenses may include, for example, (i) initial salaries for a dedicated national coordinator and other technical experts, such as one or more economists, a private sector specialist, a social and gender specialist, a stakeholder and sector (power and roads) technical experts; (ii) support for public consultations and stakeholder engagements; and (iii) related administrative expenses. These funds will permit MCC and the Government to scale up their engagement as required for the development of the much larger compact and ensure that Cote d'Ivoire and MCC have access to the technical expertise needed for development of an MCC compact.