



## 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 Senegal.

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

Enclosure: 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 Senegal.

MCC plans to finance initial administrative expenses required to ensure prompt development of comprehensive preliminary analysis activities, including the completion of an analysis of constraints to economic growth, public consultations, and detailed assessments of the core problems and underlying root causes of the identified binding constraints.

## **SUPPLEMENTAL INFORMATION**

### **MCC 609(g) Initial Engagement Expenses for Senegal**

#### **Background**

The Government of Senegal (GoS) has demonstrated a strong commitment to improving its policy performance. The country is one of the strongest performers on MCC's eligibility scorecard, passing 14 of the 20 indicators and scoring in the 96th percentile on the indicator for control of corruption. In September of 2015, Senegal completed an MCC compact program that focused on road transport and irrigation for agriculture. The GoS was a strong partner that continued to improve its policy performance throughout our engagement. Against this background, MCC's Board of Directors selected Senegal as eligible to develop a second compact program on December 16, 2015.

#### **Planned 609(g) Expenses**

MCC's compact development process begins with a diagnostic analysis intended to identify a country's binding constraints to economic growth (the "Constraints Analysis"). Timely completion of the Constraints Analysis and agreement on binding constraints, as well as completion of related public consultations and initial sector assessments, represents a critical, initial milestone in MCC's compact development process. Because the 2009 compact has closed and there is no longer any staff or financing leftover from that compact, this funding is required to begin our new engagement with Senegal.

MCC intends to use 609(g) funding to finance initial administrative expenses necessary to ensure timely completion of a comprehensive Constraints Analysis and related analyses. Such expenses may include, without limitation: initial salaries for critical, dedicated technical experts, such as economists, social, gender and private sector experts, monitoring and evaluation expertise, and a designated national coordinator; support for public consultations; and related administrative expenses. The planned funding will ensure that the GoS and MCC have early access to the technical expertise needed to conduct a rigorous Constraints Analysis, as well as related analyses, thereby setting the stage for robust project proposal(s) and facilitating the development of an MCC compact.

#### **Update on the 2009 Compact**

MCC signed a five-year, \$540 million compact agreement with the GoS on September 16, 2009. The compact program was designed to promote agricultural productivity and access to markets and services through capital investments and policy reforms in the road and irrigation sectors. The compact entered into force one year after signing, starting the five-year clock, and closed on September 23, 2015.

***Roads Rehabilitation Project*** (\$324.7 million) aimed to rehabilitate 372 km (231 mi.) of the national road network in two transport corridors, each critical to allowing year-round, reliable, cost-effective, and time-saving transportation of agricultural production between outlying areas of the country and domestic and international markets. In the northern region, the project led to

construction of the 190 m (623 ft.) Ndioum Bridge and the rehabilitation of 121 km (75 mi.) of the RN2 highway, opening an important link to neighboring Mali and Mauritania. In the southern region, the project led to strengthening of the 91 m (298 ft.) Kolda bridge and rehabilitation of 64 km (40 mi.) of the RN6 highway through Casamance, one of the poorest parts of the country and the gateway to neighboring Guinea-Bissau, Guinea, and Mali. An additional 72 km (45 mi.) road segment was provisionally accepted by the GoS post-compact in November 2015.

The GoS procured contracts for construction of all road segments on schedule and according to MCC's procurement guidelines. Despite challenging physical conditions and weather events, all but one of the segments was completed on schedule and within budget. The GoS has set aside \$50 million for post-compact activities, \$42 million of which will ensure completion of the final segments of the RN6 highway. The GoS has also established a new entity to manage post-compact activities.

Together, the RN2 and RN6 highway improvements have increased access to markets and services for residents, farmers, merchants and other small businesses in some of the poorest administrative regions of Senegal. Investments in the northern region have cut measures of road roughness well in excess of the original compact targets and is expected to reduce average travel time by as much as 15 percent. Anticipated results are even more dramatic in the southern region, where travel times are expected to decline as much as 50 percent while traffic is expected to quadruple on parts of the RN6 highway. The GoS estimates that these improvements will directly benefit 123,000 households in both regions over the next 20 years.

In addition, the GoS took great care in mitigating impacts from the construction of these two primary roads. Prior to construction, it identified and arranged compensation for more than 3,000 residents who would be adversely affected by construction activities. During construction, the GoS trained 36,000 local residents on issues of road safety, added safety features to 58 schools and eight health facilities located near the road, and built one new school and one social center for people with disabilities. To improve environmental quality, it planted trees and established managed forest reserves on 808 hectares (1997 acres) of land along the roadways.

***Irrigation and Water Resources Management Project*** (\$171.7 million) improved land tenure and upgraded both irrigation and drainage networks in nine municipalities within two agriculturally productive regions of the country, in an effort to increase agricultural production and raise levels of agricultural productivity. The project rehabilitated 24 km (15 mi) of irrigation canals in the Podor (Ngalenka) region along with 181 km (113 mi) of irrigation canals and 39.8 km (25 mi) of drainage canals in the Senegal River Delta region.

Together, these infrastructure upgrades are expected to substantially improve irrigated farming on 38,381 hectares (82,486 acres) of farm land in the two regions, increasing the total amount of farm land under improved irrigation in the country by nearly one third. As a result of higher cropping intensity, Senegal expects to see dramatic increases in its output of tomatoes, onions, and rice—an important staple crop. The GoS calculates that these changes will benefit 22,390 households in both regions.

During implementation of the project, the GoS implemented a comprehensive land mapping exercise that covered 60,151 hectares (148,636 acres) of agricultural land in the two regions – substantially more than initially targeted under the compact program. The mapping exercise contributed to the creation of seven new land registers, two land property books and a new land information system, culminating in the clarification of more than 10,000 land plots and the award of 8,655 new land titles – four times more than originally targeted under the compact program. These clear land plots and land titles should allow land owners to borrow and raise funds to make improvements and investments that raise the productivity of their agricultural land. To ensure positive outcomes, the GoS trained 2,035 people in such activities as poultry farming, animal fattening, entrepreneurship and financial management. In the Ngalenka region, a participatory system of land allocation was adopted to ensure that women and other vulnerable groups have access to newly developed land.