



**MILLENNIUM  
CHALLENGE  
CORPORATION**  
REDUCING POVERTY THROUGH GROWTH

FRANCES C. MCNAUGHT  
VICE PRESIDENT, CONGRESSIONAL AND PUBLIC AFFAIRS

### CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform of the intent to provide funding of up to US\$155,000 to be funded for the purpose of facilitating the development of a Millennium Challenge Compact with the Government of Lesotho.

This notification is being sent to the Congress on December 21, 2006. Allocation and obligation of funds may be incurred on or after fifteen days from the date of this notification. The obligation of funds will be made at the time the applicable agreement is effective.

Sincerely,

Frances C. McNaught  
Vice President  
Congressional and Public Affairs

Enclosure:  
As stated



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CONGRESSIONAL NOTIFICATION**

**PROGRAM: FY 2004, FY 2005, FY 2006 and FY 2007 Eligible Countries**

**APPROPRIATIONS CATEGORY: FY 2004 Program Funds**

**INTENDED FY07 OBLIGATION: Up to US\$155,000**

In accordance with section 515 of the Foreign Operation, Export Financing, and Related Programs Appropriations Act 2004 (Div. D, P.L. 108-199) ("FOAA"), this is to advise that the Millennium Challenge Corporation ("MCC") intends to obligate up to US\$155,000 in fiscal year 2004 MCC program funds pursuant to its authority under 609(g) of the Millennium Challenge Act of 2003 ("Act"). In addition, MCC intends to de-obligate approximately US\$421,000 from 609(g) funds from fiscal year 2004 MCC program funds previously obligated for Lesotho in May 2005.

Pursuant to section 609(g) of the Act, MCC plans to undertake certain activities to facilitate the development of a Millennium Challenge Compact with the Government of Lesotho (GoL). These funds are required to facilitate compact development for proposed Land Reform, Mainstreaming Gender Equality in Economic Rights, and Wetlands Management Compact activities. Specifically, these 609(g) funds are intended to support the following:

**(1) Systematic land regularization study:**

The Compact proposal by the GoL refers to the need for systematic regularization of land rights. This proposed activity was identified based largely on a 609(g)-funded study completed in May 2005 that made recommendations for the improvement of the GoL land administration system, such as clearing a backlog of previously approved land-lease applications and conversion of deeds to leases. The current 609(g) study will refine the proposed Compact land administration activity and broaden the proposed land regularization sub-activity by targeting formalization of land rights in areas where informal and illegal occupation of land are especially problematic. The study will define a methodology for systematic mass regularization of land rights, the objectives and outcomes expected, the tasks involved, and the costs of such a project.

**(2) Mainstreaming Gender Equality in Economic Rights:**

The Legal Capacity of Married Persons Law was enacted in Lesotho in November 2006. This law removes the minority status of married women and achieves economic rights for all married persons. In order for womens' economic rights to be fully implemented in relation to the proposed Compact activities, it is necessary to review all laws, regulations and policies within the GoL's ministries with a view to removing all forms of discrimination affecting the economic rights of women, which may by text or effect, exist in the laws, regulations or policies. In addition, to ensure that these legal reforms are fully implemented, a training and public awareness project has been proposed for the Compact.

Specifically 609(g) funds will support two activities:

*Review and Reform of Laws and Policies*

The 609(g) funds will be used to support the review of Lesotho laws to ascertain where they contain provisions that could limit women from full participation in economic life, and to draft a proposal for developing corrective language and a strategy for legislative reform. Similarly, government regulations and policies would also be reviewed and alternative language would be developed to ensure that gender equality in economic rights is mainstreamed throughout government regulations and policies. These reform recommendations will be relevant to the success of the proposed Compact activities and the results of this review will facilitate Compact development and accelerate implementation of a Compact, if a Compact is entered into.

*Training and Outreach Activity for the Compact*

To ensure that the Legal Capacity of Married Persons Law is fully implemented, as well as to implement any other legal or policy reforms related to women's economic rights, the GoL has identified a need to develop a comprehensive public awareness and training program. The activity would include training for magistrates, judges, attorneys, prosecutors and police to assure that legal reforms related to women's economic rights are enforced by the judiciary. In addition, there would be a related training and outreach activity aimed at specific actors such as officers of financial institutions, business leaders, cultural leaders, staff of relevant government ministries, youth, and women and men in civil society. 609(g) funds would support the further development of this proposed Compact activity which in turn will accelerate its implementation, if a Compact is entered into.

**(3) Wetlands and Natural Resource Management Study:**

The Lesotho proposal asserts that water is the country's primary natural resource and recognizes that current land uses affecting wetland areas potentially threaten water and other natural resources important not only to local communities, but also to the revenues the country collects from the Lesotho Highlands Water Project. Improved management and conservation of wetlands will help protect water resources that support local livelihoods and contribute to national income and economic growth. 609(g) funds will be used to supplement the existing cost/benefit analysis prepared by the GoL and to collect additional field data on potential project beneficiaries. The outputs of this study will be used to refine estimated project costs, provide inputs for economic rate of return calculations, establish program logic, and select monitoring and evaluation indicators.

**(4) Procurement Administrative Expenses.** Contracts for a portion of the 609(g) funds will be procured by the GoL directly, funded through a proposed grant agreement between MCC and GoL. To facilitate these procurements, 609(g) funds will be used to support certain administrative expenses related to the GoL's procurement efforts for these contracts, including without limitation advertising costs.