



CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform you that the Millennium Challenge Corporation intends to obligate up to \$10,500,000 to facilitate the development and implementation of a Millennium Challenge Compact with the Government of Côte d'Ivoire.

The attached notification is being sent to the Congress on May 19, 2016. Obligation of funds may be incurred on or after 15 days from the date of this notification.

In addition, we have attached supplemental information that further describes the planned use of the funds.

Sincerely

/s/

Paul Weinberger
Vice President
Congressional and Public Affairs

Enclosure:
As stated

**MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION**

May 19, 2016

PROGRAM:	ELIGIBLE COUNTRIES:
APPROPRIATIONS CATEGORY:	FISCAL YEAR 2016 PROGRAM FUNDS
OBLIGATION AMOUNT:	\$10,500,000

Pursuant to the heading “Millennium Challenge Corporation” and 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 \$10,500,000 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 Côte d’Ivoire.

The funds are expected to finance activities necessary to assess the expected impact of the proposed investments, to further design projects and activities, to develop implementation strategies and to assist in setting up the accountable entity.

SUPPLEMENTAL INFORMATION

MCC 609(g) Activities for Côte d'Ivoire

Background

MCC's Board of Directors selected Côte d'Ivoire as eligible for compact assistance in December 2015, after the country's adoption of an aggressive reform agenda (that was firmly based on MCC's scorecard indicators) helped it soar to passing 13 indicators from only passing five indicators four years ago.

The return of political stability since 2012, coupled with the stable and sufficiently high price of its primary export, cocoa, have allowed Côte d'Ivoire's economy to begin recovering from years of decline and stagnation. However, because the Ivorian economy remains tightly tied to the price of cocoa, the country remains vulnerable to economic shocks, limiting its growth potential. If Côte d'Ivoire's economy is to continue to grow, the economy will need to diversify from dependence on cocoa and expand into sectors that can produce the jobs that will absorb new entrants in the labor market. Côte d'Ivoire's new National Development Plan for 2016-2020 has identified improvements in: (a) the supply of skilled labor to the private sector, (b) access to industrial land for development (c) well-maintained transport infrastructure, especially in and around Abidjan, and (d) the business climate.

Compact Eligibility

The MCC Board of Directors selected Côte d'Ivoire for a threshold program in fiscal year (FY) 2015, after the country met the minimum scorecard criteria for the first time, passing 10 indicators, including both hard hurdles (Control of Corruption and Democratic Rights). Following continued improvement from FY 2015 to FY 2016, the Board determined that Côte d'Ivoire should transition from developing a threshold program to developing a compact. MCC and the Government of Côte d'Ivoire (GoCI) are working to develop a compact program that builds on the constraints analysis and sector diagnostics that were conducted for the Threshold program.

Constraints to Growth and Regional Implications

Under the Threshold Program, MCC and the GoCI undertook a constraints to growth analysis, which identified the following four areas as binding constraints to economic growth:

- Low level of basic and technical or vocational skills;
- Barriers to moving goods and people, especially in and around Abidjan;
- Lack of access to industrial land; and
- Administrative burden and unpredictability of paying taxes.

To further examine the drivers of these constraints, MCC and the GoCI undertook root cause and sector analysis including problem diagnosis workshops in each of the four sectors. The workshops brought together key stakeholders in Abidjan including government ministries, the private sector, the donor community, and civil society, and culminated in detailed sector reports for each of the

binding constraints. This process outlined the core problems, key drivers, and institutional and donor landscapes in each sector and recommended policy and institutional reform areas.

Côte d'Ivoire is an important regional actor in West Africa which provides potential opportunities for MCC to amplify its investments by considering the potential to facilitate regional economic growth. Given its role as a cultural and an economic hub in the region, there are particularly strong opportunities to invest in improving Côte d'Ivoire's regional links with its neighbors. These opportunities are especially strong in the transport sector and offer potential linkages to transport-related investments that MCC and the GoCI envision in the greater Abidjan metropolitan area. However, given Côte d'Ivoire's geographical location next to countries which already have MCC compacts, this exploration is necessarily limited by MCC's lack of concurrent compact authority.

Possible Compact Projects and 609(g) Activities

After the Government of Côte d'Ivoire's completion of the analyses and consultations mentioned above and submission of initial concept notes, MCC and the GoCI narrowed the focus for a compact to the following possible projects:

- **Skills for Employability and Productivity** to improve the employability of Ivoirians and the productivity of the private sector through improving the supply of basic skills and technical skills in response to private sector demand;
- **Smart Urbanization** to address key barriers to the movement of goods and people and easing access to industrial land in Abidjan through investments in policy reform, capacity building and infrastructure; and
- **Major Transport Corridors** to include investments with a regional impact around major transport corridors linking Côte d'Ivoire with its neighbors, particularly the east-west corridor linking Abidjan with points in Ghana and the north-south corridor linking Abidjan with points in Burkina Faso and Mali.

In order to assist the GoCI in developing the strongest possible compact proposal, MCC intends to fund preparatory activities that will design the possible activities associated with these projects and assess their expected impact. The funds will also be used to develop implementation strategies, including the eventual start-up of an accountable entity, and support early administrative costs and fund cross-cutting studies in support of the proposed projects. This use of the funds reflects MCC's commitment to preparing projects in a comprehensive manner, prior to compact signing, to reduce implementation risk and increase confidence in the economic justification and technical feasibility of the proposed projects.