



## CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform you that the Millennium Challenge Corporation intends to obligate up to \$9,850,000 to facilitate the development and implementation of a Millennium Challenge Compact with the Government of Niger.

The attached notification is being sent to the Congress on May 29, 2014. 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,

Paul Weinberger  
Vice President  
Congressional and Public Affairs

Enclosure:  
As stated

**MILLENNIUM CHALLENGE CORPORATION  
CONGRESSIONAL NOTIFICATION**

May 29, 2014

PROGRAM:	Eligible Countries
APPROPRIATIONS CATEGORY:	FY 2014 Program Funds
OBLIGATION AMOUNT:	\$9,850,000

Pursuant to section 7015(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2014, this is to advise that the Millennium Challenge Corporation (“MCC”) intends to obligate up to \$9,850,000 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 Niger.

The funds are expected to finance activities necessary for MCC to assess the expected impact of the proposed investments, to further design activities and to develop implementation strategies. In addition, the funds will eventually finance mobilization costs for the accountable entity. This request 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.

## SUPPLEMENTAL INFORMATION

### MCC 609(g) Activities for Niger

#### *Background*

MCC's Board of Directors first selected Niger as eligible to develop a compact in December 2012. On May 20, 2014, MCC's Acting Chief Executive Officer approved funding under section 609(g) of the Millennium Challenge Act, as amended, in an amount not to exceed \$9.85 million to support development of a compact in Niger.

Niger is a chronically poor, land-locked country, ranking last (186/186) on the United Nations Development Program's Human Development Index in 2012. The climate in Niger is one of the most variable and extreme in the world, and over 90 percent of the population relies on a single, three-month, highly capricious rainy season for agriculture and livestock production. The country's economic growth over the past 50 years has been hindered due to a combination of climatic shocks, political instability, poor governance, and, more recently, regional insecurity. Demographic growth estimated to be in excess of 3.5 percent per annum – among the highest in the world - undermines per-capita gains in gross domestic product.

Despite the challenges described above, the current Government of Niger (GON) has managed to demonstrate positive results on MCC's scorecard. Key GON stakeholders have shown a strong commitment to improving the scorecard by charging line managers within ministries with the task of addressing specific indicators. The GON is seeking to increase revenue from oil and uranium extraction to fund much-needed infrastructure and other development, and is paying particular attention to improving fiscal transparency. Niger has shown that with sufficient resources and an appropriate strategy, it can deliver results: for example, from 1990 to 2012 Niger made the greatest progress of any country in the world in reducing mortality of children under five (from 326 to 114 deaths out of 1000 live births).

#### *Constraints Analysis*

Having been selected as eligible to develop a compact and completed a constraints analysis, Niger submitted three concept notes to address the identified constraints to growth:

- access to water for agriculture and livestock production;
- government regulation of business; and
- regulatory and institutional barriers to trade.

The proposed project concepts seek to address these barriers through a combination of reforms, technical assistance, and capacity building using an implementation model that leverages technology, local expertise, and scalable, modular project activities adapted to Niger's unique context.

Not only has the GON demonstrated a strong commitment to evidence and results-focused project design processes but its engagement on economic and monitoring and evaluation analyses also represents best practice amongst MCC partner countries. The GON engaged stakeholders in a thorough problem analysis for each binding constraints to growth, and

included, to the greatest extent possible, a nuanced analysis of issues experienced by different groups and gender. The elaboration of the logic behind the concept notes' programs were conducted as a complement to the problem analysis, which has ensured clear links between the program logic and problem analysis. Both the problem analysis and logic have been vetted and validated by key stakeholders. The concept project logics are also generally well coordinated and in alignment with other donors and GON investment plans. The process has enabled a thorough understanding between MCC and the GON of key assumptions and risks in the project concepts, that can now be validated and tested with additional data and information compiled through the 609(g) funded studies. The GON is contributing approximately \$2 million per year towards compact development in the form of staff salaries, office rent, utilities, vehicles, stakeholder consultations, and logistical support for MCC staff on mission in Niger.

#### *MCC-Approved 609(g) Activities*

In order to assist the GON to develop the compact investment, MCC intends to fund preparatory activities that are expected to include the following:

- **Access to Water for Agriculture and Livestock Production Project:** Fund feasibility studies and analyses including, among others, market and value chain analysis, analyses of water resources management strategies and technologies, land tenure studies and agribusiness, legal and institutional reform diagnostics.
- **Government Regulation of Business Project:** Fund studies to determine prioritization of reforms and an associated action plan.
- **Barriers to Trade Project:** Fund trade diagnostics study.
- **Geographic Information Systems:** Fund studies and capacity building to map, visualize, and analyze resources as well as to monitor and evaluate development interventions.
- **Gender, Environmental and Social Performance:** Fund studies, technical assistance, and data collection to ensure full integration of gender analysis into each project area, develop a system to ensure that compact implementation complies with environmental requirements, and an analysis to recommend project design taking into account security risks specifically related to such projects.
- **Administrative and Management Costs:** Fund early administrative and implementation costs associated with the accountable entity in advance of compact signing, including salaries for personnel at the accountable entity and for facilities, and to mobilize fiscal and procurement agents to accelerate start-up of the accountable entity and implementation of the compact.