



CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform the Congress of our intent to provide funding of up to \$9,800,000 for the Millennium Challenge Corporation's Invitation to Innovate - Annual Partnership Solicitation Program.

The attached notification is being sent to Congress on October 7, 2011. Obligation of funds may be incurred on or after 15 days from the date of this notification.

Sincerely,

T. Charles Cooper
Vice President
Congressional and Public Affairs

Enclosure:

As stated

CONGRESSIONAL NOTIFICATION

October 7, 2011

APPROPRIATIONS CATEGORY:

Program Funding (Fiscal
Years 2009, 2010 and
2011)

OBLIGATION AMOUNT:

\$9,800,000

In accordance with (a) section 7015(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2009, (b) section 7015(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010, and (c) section 7015(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010, as carried forward by Division B of the Department of Defense and Full-Year Continuing Appropriations Act, 2011, this is to advise that the Millennium Challenge Corporation (“MCC”) intends to obligate up to a total of \$9,800,000 under the authority of section 614(a)(3) of the Millennium Challenge Act of 2003, as amended (the “Act”), to support projects proposed in response to MCC’s Invitation to Innovate - Annual Partnership Solicitation Program, in amounts as indicated in the following table by fiscal year of appropriation:

Fiscal Year of Appropriation	Funding (up to)
2009	\$800,000
2010	\$7,000,000
2011	\$2,000,000
Total	\$9,800,000

SUPPLEMENTAL INFORMATION

MCC INVITATION TO INNOVATE - ANNUAL PARTNERSHIP SOLICITATION

Background: Since its creation, the Millennium Challenge Corporation (MCC) has sought to collaborate with private and nongovernmental actors during compact development and implementation to enhance the impact and sustainability of its investments. MCC has learned over the last seven years, however, that its business model, with its five-year statutory limit on programs and emphasis on country ownership, can make private sector and nongovernmental organization engagement challenging.

Last year, MCC made increasing the level of such engagement, including the use of innovative partnerships and financing structures, a strategic priority. In February 2011, MCC launched the Invitation to Innovate (I-to-I) initiative to identify partnership opportunities consistent with the agency's mission and objectives. An Annual Partnership Solicitation (APS) was posted on the grants.gov website to invite proposals from potential partners such as private sector firms, nongovernmental organizations, social responsibility funds, foundations, other donors, and development-oriented investment funds. Other U.S. government agencies, including the Department of State and USAID, use similar mechanisms to invite creative responses to help advance their objectives.

Program Objective: The overall objectives of the Invitation to Innovate initiative are to (1) expand the range of entities with which MCC and partner countries can engage to enhance the impact and sustainability of MCC compact investments; and (2) stay on the cutting edge of applying and evaluating innovative approaches to development assistance. More specifically, I-to-I will enable MCC to proactively engage partners and support innovative projects, leverage resources for greater impact, benefit from the expertise partnership can bring, and promote the sustainability of development impact.

Partnerships: Potential partners are expected to bring leverage such as matching funds, new technologies, technical and staff expertise, equipment, innovative development assistance delivery approaches, an expanded range of partners and other resources to MCC programs. The focus will be on projects that offer new types of cooperation, new project content, and new financing structures.

I-to-I will help MCC identify partners for a wide range of possible new activities, from very small pilot projects to large co-financing opportunities. Most partners identified through the initiative will be engaged in the design, development or implementation of projects within the framework of MCC compacts. When partnerships are directly linked to compacts and involve the obligation of MCC funds under section 605 or 609(g) of the Millennium Challenge Act of 2003, as amended, MCC will notify the Congress through the usual notification processes for such obligations of funds.

In cases where a partnership is expected to offer the potential to test the viability of a particular technology, delivery mechanism, funding structure, or other innovative approach that advances MCC's objectives and improves its ability to carry out its functions, the partnership activity may

take place in a compact country but not be part of a compact. All activities funded through I-to-I will be in support of MCC compact-eligible countries.

Evaluation Process and Criteria: The APS requires that respondents first submit a short concept paper, which may be evaluated against potential opportunities. If the paper is reviewed favorably, then MCC may invite the submission of a full proposal. Partnerships are evaluated by relevant MCC staff according to a standard set of criteria laid out in the APS, including:

- Consistency with the countries and sectors solicited in the APS
- Shared focus on generation of broad-based economic growth
- Sustainability
- Risk sharing
- Strategy for leveraging skills and expertise of both organizations
- Leverage for MCC funds
- Innovation
- Local capacity building
- Introduction of new partners

In addition, all partnerships will be assessed for feasibility from a technical, economic, financial and social perspective. MCC's assessment of feasibility will consider the agency's core principles, policies and investment criteria.

Authority: MCC plans to fund partnerships requested through and accepted under the APS under the authority of sections 605, 609(g), and 614(a)(3) of the Millennium Challenge Act of 2003, as amended, as appropriate. MCC funding per partnership is expected not to exceed \$3 million.

Current Countries of Interest: Partnerships may be in any MCC compact-eligible country in a variety of sectors that are compatible with MCC's mission to reduce poverty through sustainable economic growth. Initially, the APS included the following countries in compact development and implementation (see chart below). Targeted countries will change over time as compact implementation evolves, new countries become compact-eligible, and other new opportunities emerge.

Countries	Areas of Focus
Cape Verde	Property Rights; Water, Sanitation and Hygiene
Indonesia	Education, Vocational Training
Zambia	Sustainable Tourism, Conservation and Wildlife Management, Alternative Livelihoods, Land and Property Rights
Lesotho	Health Facilities, Internet Connectivity
Tanzania	Road Safety and Maintenance, Renewable Energy, Environmental Conservation

Ghana	Agriculture, Agricultural Technology and Infrastructure, Small and Medium Enterprise Development, and Access to Finance
Priority Sectors	Relevant Countries
Land Tenure and Property Administration	Benin, Burkina Faso, Cape Verde, Lesotho, Mali, Mongolia, Mozambique, Namibia, Senegal, Zambia
Transportation Corridor Development	Burkina Faso, El Salvador, Mali, Mongolia, Tanzania

Initial Responses: MCC has received approximately 50 concept papers from interested private and other nongovernmental organizations in response to the initial APS. The submissions offer a range of potential partnership opportunities and involve various types and amounts of leverage. MCC is in the process of reviewing these submissions and expects that the first awards could be made in fall 2011.

Illustrative Partnerships: MCC has received a number of compelling and innovative partnership concepts to date. Areas in which prospective partners have expressed interest include impact investing, water and sanitation, tourism, telecommunications, natural resource management, renewable energy, education, land and property rights, health facility maintenance and connectivity, and agriculture. For example, under the I-to-I program, MCC or compact-eligible countries may partner with:

- An impact investing fund, which identifies, and supports the growth of, early-stage companies to provide goods and services to the poor in a range of sectors that reduce poverty through economic growth.
- A company that provides cost-effective road lighting systems for rural villages along MCC-funded roads.
- A firm that is focused on the design and deployment of renewable, clean, and efficient technologies or systems, including small-scale wind or solar energy.

Reporting: An entity selected for a partnership will generally be required to submit quarterly and annual reports on the progress of its project, which will include information on agreed upon monitoring and evaluation indicators, successes and challenges encountered in implementation and planned activities for the next quarter or year. MCC expects that all performance measures will be part of a coherent system that will objectively assess the overall project progress and, to the extent possible, the impacts of project activities with the ultimate goal of achieving the stated project objectives.