

MILLENNIUM CHALLENGE COMPACT

BETWEEN

**THE UNITED STATES OF AMERICA
ACTING THROUGH**

THE MILLENNIUM CHALLENGE CORPORATION

AND

**THE REPUBLIC OF NIGER
ACTING THROUGH**

THE MINISTRY IN CHARGE OF FOREIGN AFFAIRS AND COOPERATION

MILLENNIUM CHALLENGE COMPACT

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MILLENNIUM CHALLENGE COMPACT

PREAMBLE

This MILLENNIUM CHALLENGE COMPACT (this “*Compact*”) is between the United States of America, acting through the Millennium Challenge Corporation, a United States government corporation (“*MCC*”), and the Republic of Niger (“*Niger*”), acting through the Ministry in Charge of Foreign Affairs and Cooperation (the “*Government*”) (individually, a “*Party*” and collectively, the “*Parties*”). Capitalized terms used in this Compact will have the meanings provided in Annex VI.

Recognizing that the Parties are committed to the shared goals of promoting economic growth and the elimination of extreme poverty in Niger and that MCC assistance under this Compact supports Niger’s demonstrated commitment to strengthening good governance, economic freedom and investments in people;

Recalling that the Government consulted with the private sector and civil society of Niger to determine the priorities for the use of MCC assistance and developed and submitted to MCC a proposal for such assistance to achieve lasting economic growth and poverty reduction; and

Recognizing that MCC wishes to help Niger implement the program described herein to achieve the goal and objectives described herein (as such program description and objectives may be amended from time to time in accordance with the terms hereof, the “*Program*”);

The Parties hereby agree as follows:

ARTICLE 1.

GOAL AND OBJECTIVES

Section 1.1 Compact Goal. The goal of this Compact is to reduce poverty through economic growth in Niger (the “*Compact Goal*”). MCC’s assistance will be provided in a manner that strengthens good governance, economic freedom and investments in the people of Niger.

Section 1.2 Program Objective. The objective of the Program (the “*Program Objective*”) is to increase rural incomes by improving the sustainable productive use of natural resources for agricultural production and improving trade and market access for agricultural products. The Program consists of the projects described in Annex I (each a “*Project*” and collectively, the “*Projects*”).

Section 1.3 Project Objectives. The objective of each of the Projects (each a “*Project Objective*” and collectively, the “*Project Objectives*”) is to:

(a) increase rural incomes through improvements in agricultural productivity and increases in sales resulting from modernized irrigated agriculture and flood management systems with sufficient trade and market access; and

(b) increase incomes for small-scale agricultural- and livestock-dependent families in Eligible Communes and Livestock Corridors in rural Niger by improving crop and livestock productivity, sustaining natural resources critical to production, supporting growth of agricultural enterprises and increasing market sales of targeted commodities.

ARTICLE 2.

FUNDING AND RESOURCES

Section 2.1 Program Funding. Upon entry into force of this Compact in accordance with Section 7.3, MCC will grant to the Government, under the terms of this Compact, an amount not to exceed Four Hundred Nine Million Eight Hundred Fifty Thousand United States Dollars (US\$ 409,850,000) (“**Program Funding**”) for use by the Government to implement the Program. The allocation of Program Funding is generally described in Annex II.

Section 2.2 Compact Development Funding.

(a) Upon the signing of this Compact, MCC will grant to the Government, under the terms of this Compact and in addition to the Program Funding described in Section 2.1, an amount not to exceed Twenty-Seven Million One Hundred Seventy Four Thousand United States Dollars (US\$ 27,174,000) (“**Compact Development Funding**”) under Section 609(g) of the Millennium Challenge Act of 2003, as amended (the “**MCA Act**”), for use by the Government to facilitate implementation of this Compact, including for the following purposes:

- (i) financial management and procurement activities;
- (ii) administrative activities (including start-up costs such as staff salaries) and administrative support expenses such as rent, computers and other information technology or capital equipment;
- (iii) monitoring and evaluation activities;
- (iv) feasibility, design and other project preparatory studies; and
- (v) other activities to facilitate Compact implementation as approved by MCC.

The allocation of Compact Development Funding is generally described in Annex II.

(b) In accordance with Section 7.5, this Section 2.2 and other provisions of this Compact applicable to Compact Development Funding will be effective, for purposes of Compact Development Funding only, as of the date this Compact is signed by MCC and the Government.

(c) Each Disbursement of Compact Development Funding is subject to satisfaction of the conditions precedent to such disbursement as set forth in Annex IV.

(d) If MCC determines that the full amount of Compact Development Funding available under Section 2.2(a) exceeds the amount that reasonably can be utilized for the purposes set forth in Section 2.2(a), MCC, by written notice to the Government, may withdraw the excess amount, thereby reducing the amount of the Compact Development Funding available under Section 2.2(a) (such excess, the “*Excess CDF Amount*”). In such event, the amount of Compact Development Funding granted to the Government under Section 2.2(a) will be reduced by the Excess CDF Amount, and MCC will have no further obligations with respect to such Excess CDF Amount.

(e) MCC, at its option by written notice to the Government, may elect to grant to the Government an amount equal to all or a portion of such Excess CDF Amount as an increase in the Program Funding, and such additional Program Funding will be subject to the terms and conditions of this Compact applicable to Program Funding.

Section 2.3 MCC Funding. Program Funding and Compact Development Funding are collectively referred to in this Compact as “*MCC Funding*,” and includes any refunds or reimbursements of Program Funding or Compact Development Funding paid by the Government in accordance with this Compact.

Section 2.4 Disbursement. In accordance with this Compact and the Program Implementation Agreement, MCC will disburse MCC Funding for expenditures incurred in furtherance of the Program (each instance, a “*Disbursement*”). Subject to the satisfaction of all applicable conditions precedents, the proceeds of Disbursements will be made available to the Government, at MCC’s sole election, by (a) deposit to one or more bank accounts established by the Government and acceptable to MCC (each, a “*Permitted Account*”) or (b) direct payment to the relevant provider of goods, works or services for the implementation of the Program. MCC Funding may be expended only for Program expenditures.

Section 2.5 Interest. The Government will pay or transfer to MCC, in accordance with the Program Implementation Agreement, any interest or other earnings that accrue on MCC Funding prior to such funding being used for a Program purpose.

Section 2.6 Government Resources; Budget.

(a) The Government will: (i) provide any funds, and create any associated accounts, that may be necessary to effectuate Section 2.8 hereof and Annex IV to the Program Implementation Agreement; and (ii) provide all other funds and other resources, and will take all other actions that are necessary to carry out the Government’s responsibilities under this Compact.

(b) The Government will use its best efforts to ensure that all MCC Funding it receives or is projected to receive in each of its fiscal years is fully accounted for in its annual budget for the duration of the Program.

(c) The Government will not reduce the normal and expected resources that it would otherwise receive or budget from sources other than MCC for the activities contemplated under this Compact and the Program.

(d) Unless the Government discloses otherwise to MCC in writing, MCC Funding will be in addition to the resources that the Government would otherwise receive or budget for the activities contemplated under this Compact and the Program.

Section 2.7 Limitations on the Use of MCC Funding. The Government will ensure that MCC Funding is not used for any purpose that would violate United States law or policy, as specified in this Compact or as further notified to the Government in writing, including but not limited to the following purposes:

(a) for assistance to, or training of, the military, police, militia, national guard or other quasi-military organization or unit;

(b) for any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production;

(c) to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health or safety hazard, as further described in MCC's *Environmental Guidelines* and any guidance documents issued in connection with such guidelines (collectively, the "*MCC Environmental Guidelines*"); or

(d) to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations or to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

Section 2.8 Taxes.

(a) Unless the Parties otherwise specifically agree in writing, the Government will ensure that all MCC Funding is free from the payment or imposition of any existing or future taxes, duties, levies, contributions or other similar charges (but not fees or charges for services that are generally applicable in Niger, reasonable in amount and imposed on a non-discriminatory basis) ("*Taxes*") of or in Niger (including any such Taxes imposed by a national, regional, local or other governmental or taxing authority of or in Niger). Specifically, and without limiting the generality of the foregoing, MCC Funding will be free from the payment of (i) any tariffs, customs duties, import taxes, export taxes and other similar charges on any goods, works or services introduced into Niger in connection with the Program; (ii) sales tax, value added tax, excise tax, property transfer tax and other similar charges on any transactions involving goods, works or services in connection with the Program; (iii) taxes and other similar charges on ownership, possession or use of any property in connection with the Program; and (iv) taxes and other similar charges on income, profits or gross receipts attributable to work performed in connection with the Program and related social security taxes and other similar charges on all natural or legal persons performing work in connection with the Program except (1) natural persons who are citizens or permanent residents of Niger and (2) legal persons formed under the laws of Niger (but excluding MCA-Niger and any other entity formed for the purpose of implementing the Government's obligations hereunder).

(b) The mechanisms that the Government will use to implement the tax exemption required by Section 2.8(a) for certain principal taxes are set forth in the Program Implementation Agreement. Such mechanisms may include exemptions from the payment of Taxes that have been granted in accordance with applicable law, refund or reimbursement of Taxes by the Government to MCC, MCA-Niger or to the taxpayer, or payment by the Government to MCA-Niger or MCC, for the benefit of the Program, of an agreed amount representing any collectible Taxes on the items described in Section 2.8(a).

(c) If a Tax has been paid contrary to the requirements of Section 2.8(a) or the Program Implementation Agreement, the Government will refund promptly to MCC (or to another party as designated by MCC) the amount of such Tax in United States dollars or the currency of Niger within sixty (60) days (or such other period as may be agreed in writing by the Parties or agreed upon in the Program Implementation Agreement) after the Government is notified in writing (whether by MCC or MCA-Niger) that such Tax has been paid. Failure to refund such amount within the specified time will result in interest accruing on the unpaid amount in accordance with Section 5.4.

(d) No MCC Funding, proceeds thereof or Program Assets may be applied by the Government in satisfaction of its obligations under Section 2.8(c). The Government will from time to time execute and deliver, or cause to be executed and delivered, such other instructions, instruments or documents, and to take or cause to be taken such other actions as may be necessary or appropriate in the determination of MCC in order to implement this Section 2.8 of the Compact. Such further assurances may include, without limitation, (i) passage of an “*arrêté d’application*” (or such similar document or documents having the same legal effect), in form and substance satisfactory to MCC to provide specific instructions to Government agents with respect to their role in the implementation of the exemption from Taxes required by this Compact; or (ii) provision of an *attestation d’exoneration* to appropriate beneficiaries of the tax exemption described in this Compact.

ARTICLE 3.

IMPLEMENTATION

Section 3.1 Program Implementation Agreement. The Parties will enter into an agreement providing further detail on the implementation arrangements, fiscal accountability and disbursement and use of MCC Funding, among other matters (the “*Program Implementation Agreement*” or “*PIA*”); and the Government will implement the Program in accordance with this Compact, the PIA, any other Supplemental Agreement and any Implementation Letter.

Section 3.2 Government Responsibilities.

(a) The Government has principal responsibility for overseeing and managing the implementation of the Program.

(b) With the prior written consent of MCC, the Government may designate an entity to be established through the passage of a decree (an “*Establishment Decree*”) as the accountable entity to implement the Program and to exercise and perform the Government’s

rights and obligations to oversee, manage and implement the Program, including without limitation, managing the implementation of Projects and their Activities, allocating resources and managing procurements. Such entity will be referred to herein as the Millennium Challenge Account-Niger (“*MCA-Niger*”), and will have the authority to bind the Government with regard to all Program activities. The designation contemplated by this Section 3.2(b) will not relieve the Government of any obligations or responsibilities set forth hereunder or under any related agreement (including, without limitation, the PIA), for which the Government remains fully responsible. MCC hereby acknowledges and consents to the designation in this Section 3.2(b).

(c) The Government will ensure that any Program Assets or services funded in whole or in part (directly or indirectly) by MCC Funding are used solely in furtherance of this Compact and the Program unless MCC agrees otherwise in writing.

(d) The Government will take all necessary or appropriate steps to achieve the Program Objective and the Project Objectives during the Compact Term (including, without limiting Section 2.6(a), funding all costs that exceed MCC Funding and are required to carry out the terms hereof and achieve such objectives, unless MCC agrees otherwise in writing).

(e) The Government will ensure that the Program is implemented and that the Government carries out its obligations hereunder with due care, efficiency and diligence in conformity with sound technical, financial and management practices, and in conformity with this Compact, the Program Implementation Agreement, each other Supplemental Agreement and the Program Guidelines.

(f) The Government grants to MCC a perpetual, irrevocable, royalty-free, worldwide, fully paid, assignable right and license to practice or have practiced on its behalf (including the right to produce, reproduce, publish, repurpose, use, store, modify or make available) any portion or portions of Intellectual Property as MCC sees fit in any medium, now known or hereafter developed, for any purpose whatsoever.

Section 3.3 Policy Performance. In addition to undertaking the specific policy, legal and regulatory reform commitments identified in Annex I (if any), the Government will seek to maintain and to improve its level of performance under the policy criteria identified in Section 607 of the MCA Act, and the selection criteria and methodology used by MCC.

Section 3.4 Accuracy of Information. The Government assures MCC that, as of the date this Compact is signed by the Government, the information provided to MCC by or on behalf of the Government in the course of reaching agreement with MCC on this Compact is true, correct and complete in all material respects.

Section 3.5 Implementation Letters. From time to time, MCC may provide guidance to the Government in writing on any matters relating to this Compact, MCC Funding or implementation of the Program. The Government will use such guidance in implementing the Program. Such writings are referred to herein as “*Implementation Letters*.”

Section 3.6 Procurement and Grants.

(a) The Government will ensure that the procurement of all goods, works and services by the Government or any Provider to implement the Program will be in accordance with MCC's *Program Procurement Guidelines* (the "**MCC Program Procurement Guidelines**"). The MCC Program Procurement Guidelines include the following requirements, among others:

(i) open, fair and competitive procedures must be used in a transparent manner to solicit, award and administer contracts and to procure goods, works and services;

(ii) solicitations for goods, works and services must be based upon a clear and accurate description of the goods, works and services to be acquired;

(iii) contracts must be awarded only to qualified contractors that have the capability and willingness to perform the contracts in accordance with their terms on a cost effective and timely basis; and

(iv) no more than a commercially reasonable price, as determined, for example, by a comparison of price quotations and market prices, will be paid to procure goods, works and services.

(b) Unless MCC otherwise consents in writing, the Government will ensure that any grant issued in furtherance of the Program (each, a "**Grant**") is awarded, implemented and managed pursuant to open, fair and competitive procedures administered in a transparent manner acceptable to MCC. In furtherance of this requirement, and prior to the issuance of any Grant, the Government and MCC will agree upon written procedures to govern the identification of potential Grant recipients, including, without limitation, appropriate eligibility and selection criteria and award procedures. Such agreed procedures will be posted on the MCA-Niger website.

Section 3.7 Records; Accounting; Covered Providers; Access.

(a) Government Books and Records. The Government will maintain, and will use its best efforts to ensure that all Covered Providers maintain, accounting books, records, documents and other evidence relating to the Program adequate to show, to MCC's satisfaction, the use of all MCC Funding and the implementation and results of the Program ("**Compact Records**"). In addition, the Government will furnish or cause to be furnished to MCC, upon its request, originals or copies of such Compact Records.

(b) Accounting. The Government will maintain and will use its best efforts to ensure that all Covered Providers maintain Compact Records in accordance with generally accepted accounting principles prevailing in the United States, or at the Government's option and with MCC's prior written approval, other accounting principles, such as those (i) prescribed by the International Accounting Standards Board, or (ii) then prevailing in Niger. Compact Records must be maintained for at least five (5) years after the end of the Compact Term or for such longer period, if any, required to resolve any litigation, claims or audit findings or any applicable legal requirements.

(c) Access. Upon MCC's request, the Government, at all reasonable times, will permit, or cause to be permitted, authorized representatives of MCC, the Inspector General of MCC ("***Inspector General***"), the United States Government Accountability Office, any auditor responsible for an audit contemplated herein or otherwise conducted in furtherance of this Compact, and any agents or representatives engaged by MCC or the Government to conduct any assessment, review or evaluation of the Program, the opportunity to audit, review, evaluate or inspect facilities, assets and activities funded in whole or in part by MCC Funding.

Section 3.8 Audits; Reviews.

(a) Government Audits. Except as the Parties may agree otherwise in writing, the Government will, on at least a semi-annual basis, conduct, or cause to be conducted, financial audits of all Disbursements of MCC Funding covering the period from signing of this Compact until the earlier of the following March 31 or September 30 and covering each six-month period thereafter ending March 31 and September 30, through the end of the Compact Term. In addition, upon MCC's request, the Government will ensure that such audits are conducted by an independent auditor approved by MCC and named on the list of local auditors approved by the Inspector General or a United States-based certified public accounting firm selected in accordance with MCC's *Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities* issued and revised from time to time by the Inspector General (the "***Audit Guidelines***"). Audits will be performed in accordance with the Audit Guidelines and be subject to quality assurance oversight by the Inspector General. Each audit must be completed and the audit report delivered to the Inspector General no later than ninety (90) days after the applicable audit period, or such other period as the Parties may otherwise agree in writing.

(b) Audits of Other Entities. The Government will ensure that MCC financed agreements between the Government or any Provider, on the one hand, and (i) a United States nonprofit organization, on the other hand, state that the United States nonprofit organization is subject to the applicable audit requirements contained in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, issued by the United States Office of Management and Budget ("***OMB***"); (ii) a United States for-profit Covered Provider, on the other hand, state that the United States for-profit organization is subject to audit by the applicable United States Government agency, unless the Government and MCC agree otherwise in writing; and (iii) a non-US Covered Provider, on the other hand, state that the non-US Covered Provider is subject to audit in accordance with the Audit Guidelines.

(c) Corrective Actions. The Government will use its best efforts to ensure that each Covered Provider (i) takes, where necessary, appropriate and timely corrective actions in response to audits, (ii) considers whether the results of the Covered Provider's audit necessitates adjustment of the Government's records, and (iii) permits independent auditors to have access to its records and financial statements as necessary.

(d) Audit by MCC. MCC will have the right to arrange for audits of the Government's use of MCC Funding.

(e) Cost of Audits, Reviews or Evaluations. MCC Funding may be used to fund the costs of any audits, reviews or evaluations required under this Compact.

ARTICLE 4.

COMMUNICATIONS

Section 4.1 Communications. Any document or communication required or submitted by either Party to the other under this Compact must be in writing and, except as otherwise agreed with MCC, in English. All such documents or communication must be submitted to the address of each Party set forth below or to such other address as may be designated by any Party in a written notice to the other Party.

To MCC:

Millennium Challenge Corporation
Attention: Vice President, Compact Operations
(with a copy to the Vice President and General Counsel)
1099 Fourteenth Street, N.W.
Suite 700
Washington, DC 20005-3550
United States of America
Facsimile: (202) 521-3700
Telephone: (202) 521-3600
Email: VPOperations@mcc.gov (Vice President, Compact Operations)
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

To the Government:

Presidency of the Republic of Niger
Attention: Directeur de Cabinet
(with a copy to Directeur de Cabinet Adjoint)
Présidence de la République du Niger
B.P. 550 Niamey
Niger
Telephone: +227 20 72 24 72
Email: dircab@presidence.ne

To MCA-Niger:

Upon establishment of MCA-Niger, MCA-Niger will notify the Parties of its contact details.

Section 4.2 Representatives. For all purposes relevant to implementation of this Compact, the Government will be represented by the individual holding the position of, or acting as, Chief of Staff to the President of the Republic of Niger, and MCC will be represented by the individual

holding the position of, or acting as, Vice President, Compact Operations (each of the foregoing, a “*Principal Representative*”). Each Party, by written notice to the other Party, may designate one or more additional representatives of the Government or MCC, as appropriate (each, an “*Additional Representative*”) for all purposes relevant to implementation of this Compact except Section 6.2(a). The Government hereby designates the Director General of MCA-Niger as an Additional Representative. MCC hereby designates the Deputy Vice President, Department of Compact Operations, Africa and the Resident Country Director for Niger as Additional Representatives. A Party may change its Principal Representative to a new representative that holds a position of equal or higher authority upon written notice to the other Party.

Section 4.3 Signatures. Signatures to this Compact and to any amendment to this Compact will be original signatures appearing on the same page or in an exchange of letters or diplomatic notes.

ARTICLE 5.

TERMINATION; SUSPENSION; EXPIRATION

Section 5.1 Termination; Suspension.

(a) Either Party may terminate this Compact without cause in its entirety by giving the other Party thirty (30) days’ prior written notice. MCC may also terminate this Compact or MCC Funding without cause in part by giving the Government thirty (30) days’ prior written notice.

(b) MCC may, immediately, upon written notice to the Government, suspend or terminate this Compact or MCC Funding, in whole or in part, and any obligation related thereto, if MCC determines that any circumstance identified by MCC, as a basis for suspension or termination (as notified to the Government in writing) has occurred, which circumstances include but are not limited to the following:

(i) the Government fails to comply with its obligations under this Compact, or any other agreement or arrangement entered into by the Government in connection with this Compact or the Program;

(ii) an event or series of events has occurred that makes it probable that the Program Objective or any of the Project Objectives will not be achieved during the Compact Term or that the Government will not be able to perform its obligations under this Compact;

(iii) a use of MCC Funding or continued implementation of this Compact or the Program violates applicable law or United States Government policy, whether now or hereafter in effect;

(iv) the Government or any other person or entity receiving MCC Funding or using Program Assets is engaged in activities that are contrary to the national security interests of the United States;

(v) an act has been committed or an omission or an event has occurred that would render Niger ineligible to receive United States economic assistance under Part I of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151 *et seq.*), by reason of the application of any provision of such act or any other provision of law;

(vi) the Government has engaged in a pattern of actions inconsistent with the criteria used to determine the eligibility of Niger for assistance under the MCA Act; and

(vii) the Government or another person or entity receiving MCC Funding or using Program Assets is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking.

Section 5.2 Consequences of Termination, Suspension or Expiration.

(a) Upon the suspension or termination, in whole or in part, of this Compact or any MCC Funding, or upon the expiration of this Compact, the provisions of Section 4.2 of the Program Implementation Agreement will govern the post-suspension, post-termination or post-expiration treatment of MCC Funding, any related Disbursements and Program Assets. Any portion of this Compact, MCC Funding, the Program Implementation Agreement or any other Supplemental Agreement that is not suspended or terminated will remain in full force and effect.

(b) MCC may reinstate any suspended or terminated MCC Funding under this Compact if MCC determines that the Government or other relevant person or entity has committed to correct each condition for which MCC Funding was suspended or terminated.

Section 5.3 Refunds; Violation.

(a) If any MCC Funding, any interest or earnings thereon, or any Program Asset is used for any purpose in violation of the terms of this Compact, then MCC may require the Government to refund to MCC in United States Dollars the value of the misused MCC Funding, interest, earnings and/or asset, plus Late Payment Interest within thirty (30) days after the Government's receipt of MCC's request for refund. The Government will not use MCC Funding, proceeds thereof or Program Assets to make such payment.

(b) Notwithstanding any other provision in this Compact or any other agreement to the contrary, MCC's right under Section 5.3(a) to obtain a refund will continue during the Compact Term and for a period of (i) five (5) years thereafter or (ii) one (1) year after MCC receives actual knowledge of such violation, whichever is later.

Section 5.4 Late Payment Interest. If the Government fails to pay any amount under this Compact or the PIA when due (including amounts under Section 2.8(c) and 5.3(a)), interest will be paid on such unpaid amount ("**Late Payment Interest**"). Late Payment Interest will accrue on such unpaid amount at a rate equal to the then current US Treasury Current Value of Funds Rate, calculated on a daily basis and a 360-day year from the due date of such payment until such amount is paid in full. Any such payment will first be credited against Late Payment Interest due, and once the Late Payment Interest due amount is extinguished, then payments will be credited against outstanding principal.

Section 5.5 Survival. The Government's responsibilities under this Section and Sections 2.7, 2.8, 3.2(f), 3.7, 3.8, 5.2, 5.3, 5.4 and 6.4 will survive the expiration, suspension or termination of this Compact, provided that the terms of Section 2.8 will survive for only one hundred and twenty (120) days following this Compact's expiration.

ARTICLE 6.

COMPACT ANNEXES; AMENDMENTS; GOVERNING LAW

Section 6.1 Annexes. Each annex to this Compact constitutes an integral part hereof, and references to "Annex" mean an annex to this Compact unless otherwise expressly stated.

Section 6.2 Amendments and Modifications.

(a) The Parties may amend this Compact only by a written agreement. Such agreement will specify how it enters into force.

(b) Notwithstanding subsection (a), the Parties agree that the Government and MCC may by written agreement, which will enter into force upon signature, modify any Annex to (i) suspend, terminate or modify any Project or Activity, (ii) change the allocations of funds as set forth in Annex II as of the date hereof, (iii) modify the implementation framework described in Annex I, (iv) add, change or delete any indicator, baseline or target or other information set forth in Annex III as of the date hereof in accordance with the MCC M&E Policy, or (v) add, modify or delete any condition precedent described in Annex IV; *provided that*, in each case, any such modification (1) is consistent in all material respects with the Program Objective and Project Objectives, (2) does not cause the amount of Program Funding to exceed the aggregate amount specified in Section 2.1 (as may be modified by operation of Section 2.2(e)), (3) does not cause the amount of Compact Development Funding to exceed the aggregate amount specified in Section 2.2(a), and (4) does not extend the Compact Term.

(c) The Parties understand that any amendment of this Compact or any modification of any Annex pursuant to this Section 6.2 may be entered into by the Government without the need for further action by the Government (including any parliamentary action), or satisfaction of any additional domestic requirements of Niger.

Section 6.3 Inconsistencies. In the event of any conflict or inconsistency between:

(a) any Annex and any of Articles 1 through 7, such Articles 1 through 7, as applicable, will prevail; or

(b) this Compact and any other agreement between the Parties regarding the Program, this Compact will prevail.

Section 6.4 Governing Law. This Compact is an international agreement and as such will be governed by the principles of international law.

Section 6.5 Additional Instruments. Any reference to activities, obligations or rights undertaken or existing under or in furtherance of this Compact or similar language will include

activities, obligations and rights undertaken by, or existing under or in furtherance of any agreement, document or instrument related to this Compact and the Program.

Section 6.6 References to MCC Website. Any reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a document or information available on, or notified by posting on the MCC Website will be deemed a reference to such document or information as updated or substituted on the MCC Website from time to time.

Section 6.7 References to Laws, Regulations, Policies and Guidelines; References to Compact Expiration and Termination.

(a) Each reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a law, regulation, policy, guideline or similar document will be construed as a reference to such law, regulation, policy, guideline or similar document as it may, from time to time, be amended, revised, replaced or extended and will include any law, regulation, policy, guideline or similar document issued under or otherwise applicable or related to such law, regulation, policy, guideline or similar document.

(b) Each reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to the Compact's "expiration" refers to the date on which the Compact Term ends if the Compact is not terminated earlier, which in accordance with Section 7.4 is five (5) years after its entry into force. Each reference in any of the aforementioned documents to the Compact's "termination" refers to the Compact ceasing to be in force prior to its expiration in accordance with Section 5.1.

Section 6.8 MCC Status. MCC is a United States government corporation acting on behalf of the United States Government in the implementation of this Compact. MCC and the United States Government assume no liability for any claims or loss arising out of activities or omissions under this Compact. The Government waives any and all claims against MCC or the United States Government or any current or former officer or employee of MCC or the United States Government for all loss, damage, injury or death arising out of activities or omissions under this Compact, and agrees that it will not bring any claim or legal proceeding of any kind against any of the above entities or persons for any such loss, damage, injury or death. The Parties confirm their understanding that the activities of the United States Government, including those of MCC, and those of their agents and advisors regarding this Compact are governmental and not commercial in nature. Accordingly, the Government agrees that MCC and the United States Government or any current or former officer or employee of MCC or the United States Government will be immune from the jurisdiction of all courts and tribunals of Niger for any claim or loss arising out of activities or omissions under this Compact.

ARTICLE 7.

ENTRY INTO FORCE

Section 7.1 Domestic Procedures. The Government will proceed in a timely manner to complete all of its domestic requirements for this Compact and the PIA to enter into force.

Section 7.2 Conditions Precedent to Entry into Force. Before this Compact enters into force:

(a) the PIA must have been signed by the parties thereto;

(b) The Government must have delivered to MCC:

(i) a letter signed and dated by the Principal Representative of the Government, or such other duly authorized representative of the Government acceptable to MCC, confirming that the Government has completed its domestic requirements necessary for this Compact to enter into force and that the other conditions precedent to entry into force in this Section 7.2 have been met;

(ii) a signed legal opinion from the Director General of Legal and Consular Affairs, Ministry of Foreign Affairs of Niger (or such other legal representative of the Government acceptable to MCC), in form and substance satisfactory to MCC;

(iii) complete, certified copies of all decrees, legislation, regulations or other governmental documents relating to the Government's domestic requirements necessary for this Compact and the PIA to enter into force, which MCC may post on its website or otherwise make publicly available;

(c) MCC will not have determined, at the time of this Compact's entry into force, that the Government has engaged in a pattern of actions inconsistent with the eligibility criteria for MCC Funding; and

(d) The conditions set forth in Annex V have been satisfied.

Section 7.3 Date of Entry into Force. This Compact will enter into force on the date of the letter from MCC to the Government in an exchange of letters confirming that MCC and the Government have completed their respective domestic requirements for entry into force of this Compact and that the conditions precedent to entry into force in Section 7.2 have been met to MCC's satisfaction.

Section 7.4 Compact Term. This Compact will remain in force for five (5) years after its entry into force, unless terminated earlier under Section 5.1 (the "***Compact Term***").

Section 7.5 Provisional Application. Upon signature of this Compact, and until this Compact has entered into force in accordance with Section 7.3, the Parties will provisionally apply the terms of this Compact; *provided that*, no MCC Funding, other than Compact Development Funding, will be made available or disbursed before this Compact enters into force.

SIGNATURE PAGE FOLLOWS ON THE NEXT PAGE

IN WITNESS WHEREOF, each Party, through its duly authorized representative, has signed this Compact.

Done at Washington, D.C., this 29th day of July, 2016, in the English language.

FOR THE UNITED STATES OF
AMERICA, acting through THE
MILLENNIUM CHALLENGE
CORPORATION

FOR THE REPUBLIC OF NIGER, acting
through THE MINISTRY IN CHARGE OF
FOREIGN AFFAIRS AND COOPERATION

/s/

Name: Dana J. Hyde
Title: Chief Executive Officer

/s/

Name: Ibrahim Yacoubou
Title: Minister in Charge of Foreign Affairs
and Cooperation

**SIGNATURE PAGE TO MILLENNIUM CHALLENGE COMPACT
BETWEEN THE UNITED STATES OF AMERICA
ACTING THROUGH THE MILLENNIUM CHALLENGE CORPORATION
AND THE REPUBLIC OF NIGER
ACTING THROUGH THE MINISTRY IN CHARGE OF FOREIGN AFFAIRS AND COOPERATION**

ANNEX I

PROGRAM DESCRIPTION

This Annex I describes the Program that MCC Funding will support in Niger during the Compact Term.

A. PROGRAM OVERVIEW

1. Background and Consultative Process.

a. Background.

MCC's Board of Directors selected Niger as eligible to develop a Millennium Challenge Compact in December 2012. Since passing the scorecard for the first time in 2012, Niger has consistently passed, meeting 12 indicators from FY13 through FY16, with a regularly passing Control of Corruption score. The Nigeriens have demonstrated a strong commitment to governance reforms, economic growth and investing in their people. In 2015, for example, Niger completed a \$16.9 million MCC threshold program focusing on strengthening girls' education, reducing public corruption, streamlining business creation procedures and improving rights and access to land.

The country's economic growth over the past 50 years has been hindered by a combination of climatic shocks, political instability, poor governance and more recently regional insecurity. Over the past decade, Niger has experienced volatile GDP performance ranging from negative growth to 12.5 percent. Broad-based development has been hampered by the predominance of agriculture and extractive sectors, which are subject to commodity price fluctuations. In addition, Niger's climate is one of the most variable and extreme in the world. Despite notable improvements made in Niger over the past few years, over 40 percent of the population still lives below the global poverty line of less than \$1.25 per day. High rates of poverty, population growth and gender inequality contribute to making Niger one of the world's poorest countries.

Over 90 percent of the population relies on a single, three-month, highly capricious rainy season for agriculture and livestock production. Roughly 80 percent of the population lives in rural areas and relies on agriculture for their livelihood. Agricultural productivity has stagnated due to a lack of access to critical productive inputs such as improved seed, fertilizer, irrigation and extension services like technical production trainings. Frequent droughts and floods decimate crops and productive assets, undermining the population's ability to build their resilience and economic security.

Sustainable natural resource management is lacking in this fragile environment and water and pasture resources are frequently over-utilized, causing severe erosion of once productive areas. Water resource management, community-based livestock and climate-resilient agriculture systems are critical to ensure adaptability, improve agricultural productivity and sustain water and land resources in Niger.

The Program builds on the progress made by the Government's 3N Initiative (Nigeriens Nourish Nigeriens), which includes programs that seek to diversify agricultural production, use improved

seed varieties, irrigate more land and improve nutrition. The Program also aligns with and supports the U.S. Agency for International Development’s regional resilience initiative, Resilience in the Sahel Enhanced (“*RISE*”), which is a set of the U.S. Agency for International Development (“*USAID*”) development and humanitarian assistance projects that focus on multi-sectoral resilience and specific agricultural value chains.

b. Consultative Process.

Throughout the Compact development process, the Government engaged in an inclusive and strategic consultative process to inform the Program’s focus and design. During the preliminary analysis phase, local and national government, civil society and the private sector were engaged in multiple stages, and contributed to the identification of binding constraints and an understanding of how these constraints impact different populations and sectors in Niger. As the Compact development process continued, the Government and MCC held consultations with the Government’s 3N initiative, relevant ministries, tax administrators and judges, and local and international non-governmental organizations regarding issues with access to water and capacity to provide critical training and management services. In addition, public consultations were held to better understand barriers to trade.

To involve the private sector, the Government engaged over 100 business leaders and entrepreneurs from both formal and informal enterprises across sectors. Additionally, the Government held a workshop with representatives from formal and informal agricultural enterprises to understand their need for finance and business development services. Nearly 200 private producers and agricultural micro-, small- and medium-enterprises were surveyed to inform the design of the Facility (as defined in Part B below). The Government also consulted with the private financial sector including Niger’s largest micro-finance institutions.

2. Description of Program and Beneficiaries.

a. Program Description.

The Program will directly address the underlying causes of two binding constraints to economic growth and investment in Niger: lack of access to water for productive uses, which inhibits agricultural productivity and household food security; and physical access and institutional barriers to trade, which create high transaction costs and lower sales volume.

The Program seeks to raise rural incomes by increasing agricultural and livestock production by boosting production through increases in areas under cultivation and improvements in yields. The Program will achieve this through a combination of policy reforms, infrastructure investments, access to finance and services for smallholder producers, facilitation of partnerships and improvements to agricultural and livestock production and market platforms. The Program consists of two Projects:

(i) the Irrigation and Market Access Project, which Project Objective is to increase rural incomes through improvements in agricultural productivity and increases in sales resulting from modernized irrigated agriculture and flood management systems with sufficient trade and market access; and

(ii) the Climate-Resilient Communities Project, which Project Objective is to increase incomes for small-scale agricultural- and livestock-dependent families in Eligible Communes and Livestock Corridors in rural Niger by improving crop and livestock productivity, sustaining natural resources critical to production, supporting growth of agricultural enterprises, and increasing market sales of targeted commodities.

As a result of these interventions, farming, fishing and pastoral households in the intervention areas will be able to increase their agricultural and livestock production and in turn, raise their income through improved access to markets and increased trade. In addition, the beneficiaries will receive assistance to improve water resource management (including irrigation), strengthen community-based livestock and climate-resilient agriculture systems, manage water resources and increase sustainability and resilience against climate risks and shocks. At a national level, this Compact will improve national water resource planning and management and expand private sector participation in fertilizer distribution.

b. Intended Beneficiaries.

The principal, intended direct beneficiaries of the Program are expected to be 489,359 households (approximately 3.9 million people). A breakdown of the number of direct beneficiaries is provided below; Annex III provides more detail on beneficiary calculations. The Parties acknowledge that the numbers below do not include indirect beneficiaries that may benefit from the Program.

Activity	Beneficiaries
1. Irrigation and Market Access Project	
1.1 Irrigation Perimeter Development Activity	37,656
1.2 Management Services and Market Facilitation Activity	
1.3 Roads for Market Access Activity	447,501
1.4 Policy Reform Activity	National
2. Climate-Resilient Communities Project¹	
2.1 Regional Sahel Pastoralism Support (PRAPS) Activity	3,414,436
2.2 Climate-Resilient Agriculture (CRA) Activity	25,736

¹ The Climate-Resilient Communities Project will be implemented by the Government and will be co-financed by MCC and the World Bank. The PRAPS Activity will benefit approximately 3,414,436 people. This number represents the total number of people who will benefit from the animal vaccination component. About 114,288 of these individuals will also benefit from the transhumance pasture improvement sub-activity and about 152,467 will benefit from the market infrastructure sub-activity. MCC Funding will finance approximately 50% of the total transhumance pasture improvement sub-activity (114,288 beneficiaries) and 30% of the market infrastructure sub-activities (152,467 beneficiaries). Using MCC's beneficiary calculation methodology, estimates for individuals benefiting from World Bank financing would be 114,288 (50%) for transhumance pasture improvement and 355,756 beneficiaries (70%) for market infrastructure. The CRA Activity will benefit about 25,736 people in 16 communes, representing 23% of the total number of beneficiaries for that activity. The World Bank funding will benefit the remaining 77%, or approximately 84,664 beneficiaries. These estimates may change once Corridor Investment Plans and the ICRIPs are adopted.

B. DESCRIPTION OF PROJECTS

Set forth below is a description of each of the Projects that the Government will implement, or cause to be implemented, using MCC Funding to advance the applicable Project Objective. In addition, specific Activities that will be undertaken within each Project, including sub-activities, are also described.

1. Irrigation and Market Access Project.

a. Summary of Project and Activities.

The Irrigation and Market Access Project is designed to increase rural incomes through improvements in agricultural productivity and increases in sales resulting from modernized irrigated agriculture and flood management systems with sufficient trade and market access. Given the increasing frequency of drought in Niger, investing in large-scale irrigation infrastructure in the Dosso and Tahoua regions² will result in increased water availability for Project beneficiaries during the wet and dry seasons. Through technical training in water and natural resource management, savings, improved production techniques, marketing, literacy and numeracy, nutrition, sanitation and hygiene education and other complementary skills, women and men in the irrigated perimeters will be able to utilize the water more productively and to minimize health risks associated with use of water points for both agriculture and livestock and domestic and household purposes. In addition, by investing in roads that are linked to the irrigation perimeters, project beneficiaries will be able to more effectively access inputs, services and markets and sell their increased production. These investments in infrastructure, human capacity and market and performance-oriented management systems will enable Niger's farmers to move toward more commercialized irrigated agriculture as the foundation for sustained growth in rural incomes.

The Irrigation and Market Access Project consists of the following Activities:

(i) Irrigation Perimeter Development Activity.

MCC Funding will be used to rehabilitate the Konni irrigation system and develop new irrigated perimeters in the Dosso-Gaya area (the "***Irrigation Perimeter Development Activity***"). Specifically, MCC Funding will support:

(a) Construction costs, including, without limitation, (1) for Konni, the rehabilitation of the irrigation system of two cascading surface runoff dams, a downstream collection reservoir and supply channel and the approximately 2,452 hectares ("***ha***") perimeter in the Maggia Valley, including soil conservation in the catchment to stem the siltation problem, and repairs and rehabilitation of the irrigation system to reduce water losses and improve efficiency; (2) for the Dosso-Gaya area, the development of the Ouna-Kouanza (zones 4, 5, 6 and 7) and Sia (lower terrace) perimeters, the construction of flood protection dikes and access roads,

² The preliminary list of communes that are expected to benefit from the large-scale irrigation infrastructure include Birni N'Konni, Tanda, and Sambera. The Parties will agree in writing to any modification to the final list of communes at the conclusion of any required feasibility and design studies.

the layout and levelling of parcels (with bunds separating them), water control gates and pumps for intakes and/or drainage structures to enable full water control during the river's high season, and additionally for Sia, the pumping and water distribution networks for mixed crop irrigated agriculture; and (3) any environmental, social, health and safety measures required for construction; and

(b) Non-construction costs, including, without limitation, studies, construction supervision, environmental and social mitigation and enhancement activities, livelihoods restoration and resettlement activities and project management costs.

For the avoidance of doubt, the Parties agree that MCC Funding will not be used to raise the height of either of the cascading surface runoff dams in Konni.

(ii) Management Services and Market Facilitation Activity.

MCC Funding will be used to establish a suite of institutional and management support activities designed to ensure the achievement of Project Objectives in the irrigated perimeters targeted by the Irrigation Perimeter Development Activity (the "**Management Services and Market Facilitation Activity**"). The Management Services and Market Facilitation Activity will be implemented using a community-based approach to provide services that address the entire production chain, including the supply of agricultural inputs, the yields obtained by farming, the marketing of produce and the sustainable use of natural resources. Specifically, MCC Funding will support:

(a) Consistent with the Land Allocation Core Principles (described in Annex III of the PIA), activities targeting land tenure security and mitigation of the risk of land conflict in Project intervention zones, by (1) establishing and implementing a framework for land allocation, based on (i) development of local land tenure profiles, (ii) participatory development of core local land allocation standards and of a transparent process for undertaking the land allocation, and (iii) completing the land allocation and formalizing land property rights; and (2) building capacity for local land governance including (i) reinforcement of local institutional capacity for land tenure and land conflict management, and (ii) integrated local land use planning;

(b) the establishment and empowerment of single-purpose, self-governing, self-financing non-profit irrigation water user associations ("**IWUAs**") to undertake irrigation management functions in the Program intervention areas, including preparatory studies, technical support and capacity building for the newly formed IWUAs; and

(c) Strengthening the capacity of beneficiaries, through new or existing savings groups and existing producer groups including women's groups and youth groups, to: (1) develop cropping calendars that help grow commodities to market demand and pricing signals; (2) participate in savings groups to improve business skills and save capital to operationalize their cropping calendars; (3) increase use of appropriate fertilizers and improved seeds; (4) monitor and adapt to changing conditions in the environment to maximize benefits from ecosystem services; (5) participate in producer organizations to improve their negotiation

position at the farm gate and in the market place; (6) invest in infrastructure to store, process and add value to their production; and (7) increase sales of commodities and processed products.

(iii) Roads for Market Access Activity.

MCC Funding will be used to reduce trade barriers and improve physical market access through targeted improvements of the road network serving the Dosso-Gaya perimeters and linking them to the rest of the country (the “*Roads for Market Access Activity*”). Specifically, MCC Funding will support the following sub-activities:

(a) RN7 Road

MCC Funding will support the complete rehabilitation, upgrade and paving of approximately 83 kilometers (“*km*”) of the main north-south international trunk road (“*RN7*”) linking the southern region of Niger to the rest of the country. Specifically, MCC Funding will support:

- (i) Construction costs, including, without limitation, road structure strengthening, surface course, road width restoration, road safety improvements, replacement or upgrading of associated structures, such as bridges and culverts, and are inclusive of any environmental, social, health and safety measures required for construction; and
- (ii) Non-construction costs, including, without limitation, studies, construction supervision, environmental and social mitigation and enhancement activities, livelihoods restoration and resettlement activities and project management costs.

(b) RN35 Road

MCC Funding will support the rehabilitation and gravel upgrade of approximately 187 km of the RN35 road directly serving the Dosso-Gaya perimeters (“*RN35*”). Specifically, MCC Funding will support:

- (i) Construction costs, including, without limitation, road structure strengthening, surface course, road width restoration, road safety improvements, replacement or upgrading of associated structures, such as bridges and culverts, and environmental, social, health and safety measures required for construction; and
- (ii) Non-construction costs, including, without limitation, studies, construction supervision, environmental and social mitigation and enhancement activities, livelihoods restoration and resettlement activities and project management costs.

(c) Sambera Rural Road

MCC Funding will support the rehabilitation and gravel upgrade of approximately 37 km of rural road that links the Ouna-Kouanza and Sia irrigation perimeters with the RN7 (“**Sambera Rural Road**”). Specifically, MCC Funding will support:

- (i) Construction costs, including, without limitation, road structure strengthening, surface course, road widening, road safety improvements, replacement or upgrading of associated structures, such as bridges and culverts, and any environmental, social, health and safety measures required for construction; and
- (ii) Non-construction costs, including, without limitation, studies, construction supervision and environmental and social mitigation and enhancement activities, livelihoods restoration and resettlement activities and project management costs.

Unless otherwise agreed by the Parties, this Activity will utilize, on a pilot basis, one or more performance-based maintenance contract(s) for the RN7 and RN35, as well as support for a community-based road network management program for the Sambera Rural Road (modeled after the ongoing program supported by *Coopération Suisse* in neighboring Gaya Department).

(iv) Policy Reform Activity.

MCC Funding will be used to promote several major policy reforms directly linked to the success and sustainability of the Program (the “**Policy Reform Activity**”). Specifically, MCC Funding will support:

- (a) the development and implementation of a new national water resources plan covering a minimum of ten (10) years (“**National Water Resources Plan**”), including a detailed assessment of water resources using remote sensing technology and detailed hydrogeological studies to improve sustainable management of groundwater resources;
- (b) the development and implementation of natural resource and land use management plans for the protected areas and nearby communities affected by the Irrigation and Market Access Project in the Dosso Region, including (i) ecological assessments and land use studies necessary to identify and promote conservation and natural resource planning objectives; (ii) the development and implementation of management plans for Dosso Partial Faunal Reserve and Ramsar Convention site *Zone Humide du Moyen Niger II*; and (iii) support for the development of community land use plans within and adjacent to the protected areas;
- (c) the reform of the fertilizer distribution market to allow greater competition and private sector participation and to enable broad availability and affordability of fertilizers, especially to women and small farmers. The sub-Activity will assist in the development of an action plan to: (1) open the fertilizer procurement and distribution process to more private firms; (2) adjust fertilizer pricing to be aligned with regional markets; and (3) adopt and implement a fertilizer subsidy exit strategy that leaves in place a focused program to meet crisis needs of the most marginalized (collectively, as such will be agreed by the Parties, the “**Fertilizer Action Plan**”); and

(d) the development of the statistical capacities of the National Institute of Statistics and key ministries (Water and Sanitation, Agriculture and Livestock, and Environment) to (1) generate relevant, timely, gender responsive and accurate productive sector data, including data disaggregated by income level, gender and age, to the maximum extent practicable; (2) analyze and inform the impacts of government policy related to growth strategies, investment, agricultural trade, natural resources and services; (3) measure economic growth and poverty reduction; and (4) the development of the Government’s monitoring and evaluation capacity.

b. Environmental and Social Mitigation Measures.

The Irrigation and Market Access Project is classified as “Category A” in accordance with MCC Environmental Guidelines as it may have significant environmental or social impacts that are sensitive, diverse or unprecedented. These impacts include potential involuntary resettlement of homes, structures or villages, permanent changes in land use and economic displacement of livelihoods; permanent changes to floodplains and wetlands within a protected area – Dosso Partial Faunal Reserve and Ramsar sites; potential for increases in land conflict due to in-migration; and potential impacts to transboundary waters. As such, MCC Funding will be used to undertake an environmental and social impact assessment, environmental and social management plan, and a resettlement action plan and/or livelihood restoration plan. In addition, a management plan and improved legal protection status for *Zone Humide du Moyen Niger II* will be required in order to comply with International Finance Corporation Performance Standard 6.

Consistent with Section 2.7(c) of this Compact, the Irrigation and Market Access Project will be implemented consistent with the International Finance Corporation Performance Standards (the “*IFC Performance Standards*”), incorporated by reference into the MCC Environmental Guidelines. The Government will ensure that the Project is conducted in accordance with any applicable international law, including, but not limited to, the Ramsar Convention. To that end, the Government will apply IFC Performance Standards to avoid or mitigate any potential impacts to wetlands, and MCC Funding will be used to promote and enhance effective management thereof.

c. Social Inclusion and Gender Integration.

The Irrigation and Market Access Project has several key risks and opportunities for women and youth. As a central principle, the Government and MCC are committed to ensuring that women have the opportunity to gain ownership over, or access to land, in the Project areas. In view of this commitment, the Management Services and Market Facilitation Activity will, among other actions, conduct a participatory and inclusive land inventory process to understand unofficial land transactions that have created opportunities for women to have ownership over and/or access to land and disseminate information to help women better understand their legal rights to land. Furthermore, the Management Services and Market Facilitation Activity will, among other actions, establish savings groups as an entry point to help empower women and youth and build leadership skills to address their limited access to capital and increase their participation in farmer and producer cooperatives. The Activity will work with both men and women to help socialize the idea of women’s leadership within the community, ensuring parents, spouses and community leaders understand the objectives. Additionally, technical training will target both

women and youth, focusing on marketing, functional literacy, business development services, household nutrition and basic sanitation.

d. Donor Coordination.

The major donors in the large scale irrigation sector in Niger are the World Bank, the French Development Agency (“*AFD*”) and the German Development Agency (“*KfW*”). Irrigation sector reform is underway with World Bank and other support, and MCC will promote the coordination among the donors and formation of an irrigation donor working group in support of operationalizing this reform.

The principal donors of the main road network in Niger are the World Bank and the European Union. In the rural road sector, the two major donors have been *Coopération Suisse* and *Coopération Luxembourgeoise*, both of which are working in the Dosso-Gaya area. *Coopération Suisse* has developed a community-based maintenance program, which will serve as a model for maintenance of the Sambera Rural Road.

e. USAID.

USAID has two regionally funded programs supporting the economic growth of the agricultural sector (REGIS-AG) and the sector’s resilience to climate change (REGIS-RE). Additionally, USAID’s Food for Peace Program has a large portfolio of programs implemented by various international NGOs focused on the humanitarian relief to development continuum. All of these programs are organized under the RISE initiative led by the Sahel Regional Office, aiming to address the root causes of persistent vulnerability. While there is not a high degree of overlap geographically with any of these programs, the depth of Niger-specific experience among these implementers includes experience implementing programs in agriculture, women’s empowerment issues, functional literacy, health and nutrition, savings and credit, and other key skills critical to income generation and empowerment.

f. Sustainability.

The Parties agree that there are three critical elements to the sustainability of the Project. First, the Project assets must be properly operated and maintained. In the case of the Irrigation Perimeter Development Activity, this operations and maintenance will be undertaken by the IWUAs, in partnership with the *Office National des Aménagements Hydro Agricoles* of Niger on the basis of clearly-defined roles and responsibilities. IWUAs must have the ability to pay for the water and ensure these operations. Accordingly, (i) the IWUAs must have the legal ability and organizational capacity to operate and maintain the system; (ii) farmers must have confidence in their land tenure, the right to crop selection and access to technical knowledge and inputs (including appropriate fertilizer) to increase their productivity; and (iii) farmers must have the organizational capacities to aggregate and transport their product to market. For the Roads for Market Access Activity, maintenance to ensure market access will be addressed potentially through the performance-based maintenance contracts for RN7 and RN35, and through the community-based maintenance approach for the Sambera Rural Road.

Second, increased productivity of newly valuable land may lead to conflict. The Project explicitly integrates efforts to mitigate the risk of conflict, therefore increasing likelihood that

farmers will invest consistently and sustainably in their land. Third, improved management of natural resources, including sites designated under the Ramsar Convention, will help ensure the protection of the ecosystem services that underpin these agriculturally productive areas and enhance climate resiliency.

g. Policy, Legal and Regulatory Reforms.

The Parties agree that implementation by the Government, in form and substance satisfactory to MCC, of the policy, legal and regulatory reforms described below are necessary to ensure that the Irrigation and Market Access Project meets its Project Objective.

The Government will provide evidence of the official adoption of the National Water Resource Management Plan and a schedule of actions for immediate implementation over the first two years. Such plan will empower the Ministry of Hydraulics and Sanitation to proactively monitor and manage Niger's water resources.

In addition, the implementation by the Government, to the satisfaction of MCC in its discretion, of the policy, legal and regulatory reform described below are conditions precedent to specified Disbursements in the Program Implementation Agreement:

- The Government will ensure that an appropriate legal basis exists for the creation of IWUAs and that such IWUAs are empowered to manage, operate and maintain, on a long-term basis, the Project's perimeter systems.
- The Government will reform the fertilizer distribution market through the Fertilizer Action Plan.
- The Government will issue a communication directed at the farmers and cooperatives in the Project intervention areas confirming that they are empowered to determine their choice of crops, consistent with water availability and the requirements for rational and equitable distribution of water within the Project perimeters.

2. Climate-Resilient Communities Project.

a. Summary of Project and Activities.

The Climate-Resilient Communities Project is designed to increase incomes for small-scale agricultural- and livestock-dependent families in Eligible Communes and Livestock Corridors in rural Niger by improving crop and livestock productivity, sustaining natural resources critical to production and increasing market sales of targeted commodities. Unless otherwise modified by the Parties, the Eligible Communes include Tessa, Mokko, Tombo Koirey I, Tombo Koirey II and Kargui Bangou in Dosso Department; Dan Goulbi and Sabon Machi in Dakoro Department; Chadakori and Guidan Roudmji in Guidan Roudmji Department; Konni and Tsernaoua in Birni N'Konni Department; Malbaza and Doguérawa in Malbaza Department; and Kouré, Liboré and N'Dounga in the Kollo Department.

The Climate-Resilient Communities Project consists of the following Activities:

(i) Regional Sahel Pastoralism Support Activity.

MCC Funding will be used to support pastoralist groups and enhance regional integration by improving livestock health, upgrading water and rangeland resources along major transhumance Livestock Corridors and modernizing local livestock market infrastructure (the *Project Regional d'Appui au Pastoralisme au Sahel/Niger* or "**PRAPS Activity**"). Specifically, MCC Funding will support:

(a) a livestock health and vaccination campaign to reduce disease prevalence that debilitates livestock productivity by building a more sustainable and efficient national veterinary services to conduct surveillance and control campaigns for major diseases affecting large and small ruminants following World Organization for Animal Health ("**OIE**") guidelines, with a focus on remote pastoral areas. In the short-term, the goal of these efforts is to increase the share of animals vaccinated against contagious bovine pleuropneumonia ("**CBPP**") and *peste des petits ruminant* ("**PPR**") and to construct and rehabilitate veterinary units in the trade corridors, including an increase in inspection services at key border crossings to monitor disease prevalence. In the intermediate term, the goal of these efforts is to decrease the herd prevalence of CBPP and to increase the immunity protection of small ruminants against PPR;

(b) the consultations to prepare, and the funding to implement, each Livestock Corridor investment plans in form and substance satisfactory to MCC ("**Corridor Investment Plans**"). Consultations will engage stakeholders in a comprehensive process to identify, by corridor or commune, which Eligible Investments (as defined below) will be prioritized by each Livestock Corridor. Eligible Investments include:

(1) upgrades to key water points and livestock pasture and rest areas along Livestock Corridors to help maintain the condition of animals as pastoralists lead them through such corridors to points of sale (such as markets); and

(2) the modernization of existing dilapidated, and the construction of new, physical platforms to market livestock in an improved trade environment. Through a consultative process with livestock stakeholders, an inventory of current market infrastructure and livestock trade flows will be undertaken and priorities established for the location and design of infrastructure improvements needed to ease market participation (points 1 and 2 together, "**Eligible Investments**").

In all cases, the Corridor Investment Plans will outline: (x) appropriate management structure for users of the corridor and regional and communal government offices charged with managing and monitoring the use and sustainability of public water and land resources; (y) sustainable land management practices including conflict resolution and mitigation mechanisms; and (z) appropriate gender and social integration considerations. Eligible Investments financed using Program Funds will be subject to a ten (10) percent economic rate of return.

The PRAPS Activity will be implemented by a program implementation unit within the Ministry of Agriculture and Livestock ("**LPIU**") or a related mechanism acceptable to the Parties. MCA-Niger (or such other Government entity as may be agreed by the Parties) will execute a transfer agreement with the Ministry of Agriculture and Livestock outlining the terms and conditions of

MCA-Niger's funding of the LPIU (the "**PRAPS Transfer Agreement**"). The PRAPS Transfer Agreement will be consistent with this Compact and will be subject to MCC approval. In addition, the implementation of the PRAPS Activity by the LPIU will be subject to an operations manual, in form and substance satisfactory to MCC, setting forth appropriate legal, fiscal, procurement, environmental, gender, monitoring and evaluation, and other requirements for the Activity's execution ("**PRAPS Operations Manual**").

Once the proposed PRAPS interventions and their locations are known the targeted sites will undergo detailed land tenure assessments to exhaustively identify existing users and occupants, including holders and types of land property rights. This baseline information will inform the PRAPS Activity's strategies for ensuring land tenure security throughout the intervention zones and mitigating the risk of land conflict.

(ii) Climate-Resilient Agriculture Activity.

MCC Funding will be used to support sustainable increases in productivity and farm incomes in Eligible Communes by strengthening the resiliency of farmers and agro-pastoralists to the impacts of climate (the "**Climate-Resilient Agriculture Activity**" or "**CRA Activity**"). MCC Funding will support:

(a) the consultations to prepare, and the funding to implement, each Eligible Commune's integrated climate-resilient investment plan ("**ICRIP**"). The ICRIP will integrate investments by communes, farmers' groups and entrepreneurs in a range of areas (*e.g.*, irrigation, erosion control measures and marketing infrastructure) to achieve one or more of the following objectives: (1) improving soil fertility and water management for rain fed crops; (2) improving water control and increases in small and medium scale irrigation schemes; (3) support for livestock integration; (4) value chain consolidation and improved market access; and (5) improved agroforestry and natural resource management; and

(b) a grants facility ("**Facility**") to support productive assets and investment needs, integrated with provision of business development services to target beneficiaries in Eligible Communes and the Dosso-Gaya perimeter participating in the Irrigated Perimeter Development Activity. The Facility will target producer/processor groups, women's and youth groups, and micro-, small- and medium-sized enterprises, and will focus on five categories for funding: (1) irrigation and irrigated production (including post-harvest and storage); (2) rain-fed production (including post-harvest and storage); (3) livestock integration; (4) agro-processing and sale; and (5) input supply. The business development services provided to applicants and grantees will support (i) initial outreach and demand targeting; (ii) business plan and grant proposal development; and (iii) business advisory support for grantees during grant implementation.

Unless otherwise agreed by MCC, the Facility will be managed by a competitively procured, independent facility manager ("**Facility Manager**"). MCC Funding will finance the associated costs and fees, as applicable, of engaging the Facility Manager. The administration of the Facility will be governed by an operations manual, in form and substance satisfactory to MCC, setting forth, among others, eligibility criteria (including environmental, social and gender considerations), requirements for grantee contributions, appropriate required economic rates of

return, appropriate governance and implementation structures (including a structure for the selection of projects) and transparency requirements relating to the use of Facility funding (“*Facility Manual*”).

Subject to available budget and MCC’s prior written consent, additional communes may be added to Eligible Communes if such communes meet the following criteria: (a) geographic location within the isohyet band of 400mm-600mm of rainfall per year; (b) representational of synergies with Irrigation and Market Access Project; (c) be aligned with the PRAPS Activity Corridor Investment Plans; and (d) be contiguous with an existing Eligible Commune.

The CRA Activity will be implemented by a program implementation unit within the Ministry of Agriculture and Livestock (“*AgPIU*”) or a related mechanism acceptable to the Parties. MCA-Niger (or such other Government entity as may be agreed by the Parties) will execute a transfer agreement with the Ministry of Agriculture and Livestock outlining the terms and conditions of MCA-Niger’s funding of the AgPIU (the “*CRA Transfer Agreement*”). The CRA Transfer Agreement will be consistent with this Compact and will be subject to MCC approval. In addition, the implementation of the CRA Activity by the AgPIU will be subject to an operations manual, in form and substance satisfactory to MCC, setting forth appropriate investment criteria (including an acceptable economic rate of return), legal, fiscal, procurement, environmental, social, gender, monitoring and evaluation, and other requirements for the Activity’s execution (“*CRA Operations Manual*”).

Once the proposed CRA Activity interventions and their locations are known, the targeted sites will undergo detailed land tenure assessments to exhaustively identify existing users and occupants, including holders and types of land property rights. This baseline information will inform the CRA Activity’s strategies for ensuring land tenure security throughout the intervention zones and mitigating the risk of land conflict.

b. Environmental and Social Mitigation Measures.

The PRAPS and CRA Activities are categorized as “Category D” in accordance with MCC Environmental Guidelines as the community projects undertaken thereunder will involve an intermediate facility that will use MCC Funding to finance sub-projects that may potentially result in adverse environmental and social impacts. The Activities include risks similar to those of financial facilities because the actual impacts will not be understood until the community projects are selected and designed. At the community project level, only Category B and C equivalent sub-projects will receive funding under the CRA and PRAPS Activities; ***provided, however***, that any community project that requires a full ESIA or RAP consistent with the terms of the PRAPS or CRA Operations Manual, as the case may be, will be subject to prior written approval of MCC and MCA-Niger.

c. Social Inclusion and Gender Integration.

The PRAPS Activity’s focus on animal health will improve the access women have to animal health services and lead to the active recruitment of women for newly created para-health professional jobs in the field. The PRAPS Activity’s focus on natural resource management will improve access to water for women by, for example, emphasizing the inclusion of women in the

IWUAs. The PRAPS Activity's focus on facilitating access to markets will increase the role women are able to play at markets through a number of different avenues, including establishing storage for livestock feed, small dairies and milk collection centers, and vending space for women in such markets and allowing them to participate in new roles.

The CRA Activity's focus on financing CRA-integrated land, agro-forestry and water management sub-projects at the commune level will increase the capacity for women to apply for and receive funding by, among other actions, consulting with women in the selection and design of commune projects. Additionally, the CRA Activity's focus on inclusive enterprise development will increase the capacity for women and youth to apply for and receive funding by, among other actions, using an inclusive and participatory approach to capacity building that includes women and youth. CRA demonstration plots should be representative of the community, including men, women and young farmers' plots.

d. Donor Coordination.

Both the PRAPS and CRA Activities will be financed in coordination with the World Bank, which has issued a \$155 million loan to the Government to finance these Activities. Both MCC and the World Bank are using the AgPIU and the LPIU to implement their respective funding, and each funding stream is expected to fully finance the investments by commune or Livestock Corridor. In addition, numerous donors are active in the PRAPS and CRA Activities areas, including the Food and Agriculture Organization of the UN, AFD, LuxDev, the Belgian Development Agency and USAID (discussed below). To facilitate coordination and avoid duplication of efforts, MCC will pursue convening a sustainable agriculture working group constituted of relevant donors.

Additionally, the Facility will utilize partnerships with Nigerien microfinance institutions to supply credit to qualified grant applicants, resulting in some grants being leveraged with supplemental credit from these financial institutions.

e. USAID.

USAID has two regionally funded programs supporting agricultural sector-driven economic growth and the sector's resilience to climate change. Additionally, USAID's Food for Peace Program has a portfolio of projects implemented by various international NGOs focused on the humanitarian relief to development continuum. The depth of Niger-specific experience among these implementers includes experience forming productive assets among poor farmers, creating savings groups, changing farmer behavior through use of cropping calendars, and other experience that will be instrumental to utilize, to the extent appropriate, through the PRAPS and CRA Activity programming.

f. Sustainability.

The Parties agree that the Project activities may result in an increased risk of conflict over natural resources, particularly arable land and land for grazing animals. Additional interventions related to land tenure have been integrated accordingly into the Project design to minimize land-related conflicts.

With respect to the PRAPS Activity, the Ministry of Agriculture and Livestock must have the continued capacity and budget to manage the health of the national herd post-Compact. The Ministry of Agriculture and Livestock will establish and maintain a system to regularly monitor prevalence of important livestock diseases and vaccinate to avoid outbreaks. The Ministry must work closely with West African regional bodies to monitor animal health and cross-border transmission of livestock disease. The Ministry must also be actively engaged with the OIE to help guide effective public expenditure on achieving certifications to enable trade of livestock and livestock products. To this end, the Government will produce evidence to MCC of an increased budget to maintain the interventions begun by the PRAPS Activity. With respect to the CRA Activity, the Government will continue to promote the adoption of climate-resilient agriculture practices to ensure the long-term sustainability of natural resources throughout Eligible Communes. Government staff must be trained and sufficiently resourced to monitor, maintain and replicate these practices at the commune level. To this end, the Government will produce evidence to MCC of an increased budget to maintain the interventions begun by the CRA Activity. Activity beneficiaries must also be trained and made responsible to maintain the public investments in small-scale irrigation systems, erosion control measures and agro-forestry. The Facility beneficiaries must also receive business development services and management training, as well as support to apply for and access private financing, in order for investments in agricultural enterprises to be sustainable.

g. Policy, Legal and Regulatory Reforms.

The Parties agree that implementation by the Government, in form and substance satisfactory to MCC, of the policy, legal and regulatory reforms described below are necessary to ensure that the Climate-Resilient Communities Project meets its Project Objectives.

The Parties reaffirm that the restructuring of the fertilizer sector through the Fertilizer Action Plan is critical to the success of the Program.

The Government will deliver evidence to MCC of an increase in the annual budget allocation to Ministry of Agriculture and Livestock sufficient to continue implementation of key veterinary services and vaccination campaigns beyond the Compact Term.

The Government will deliver evidence to MCC of an appropriate budget to ensure that the Ministry of Agriculture and Livestock can monitor, maintain and replicate the CRA Activity's practices at the commune level beyond the Compact Term.

C. IMPLEMENTATION FRAMEWORK

1. MCA-Niger.

a. Structure: Overview.

The Government will create an accountable entity, MCA-Niger, as an independent legal entity with legal personality through the issuance of a Presidential decree. MCA-Niger will be the Government's primary agent responsible for exercising the Government's right and obligation to oversee, manage and implement the Program. MCA-Niger will not be under the control of any state controlling body and it will have operational and legal independence, including, *inter alia*,

the ability to (i) enter into contracts in its own name (including with public international organizations for supply of services to MCA-Niger); (ii) sue and be sued; (iii) establish a bank account in its own name; (iv) expend MCC Funding; and (v) engage contractors, consultants and/or grantees, including, without limitation, a procurement and fiscal agent. MCA-Niger will be further governed by a set of regulations or bylaws setting forth the responsibilities of its governing board and management unit. The Government will include MCA-Niger with respect to the Government's coordination of bilateral or multilateral development assistance projects related to the Program.

MCA-Niger will be administered, managed and supported by the following bodies: (x) a board of directors (the "***Board of Directors***"); (y) a management team; and (z) one or more Stakeholders' Committees (as defined below).

b. Board of Directors.

The Board of Directors will have ultimate responsibility for the oversight, direction and decisions of MCA-Niger, as well as the overall implementation of the Compact. The Board of Directors will be comprised of eleven voting members and one non-voting member. The voting members of the Board of Directors will include the following representatives:

- (i) The Chief of Staff of the Presidency, who will also serve as Chair of the Board;
- (ii) Minister of Agriculture and Livestock;
- (iii) Minister of Finance;
- (iv) Minister of Planning;
- (v) Minister of Environment and Sustainable Development;
- (vi) Minister of Infrastructure;
- (vii) Minister of Hydraulics and Sanitation;
- (viii) Minister of Promotion of Women and Protection of Children;
- (ix) The Chief of Staff of the Prime Minister;
- (x) A non-government member who will represent the private sector; and
- (xi) A non-government member who will represent the civil society organizations of Niger.

The Board also will include one representative of MCC, who will serve as an observer and will not have a right to vote.

The members of the Board of Directors may be represented by alternates. In the case of the Government representatives, such alternates will be the applicable Secretary General to the Minister. Alternates for the non-Government members will be selected pursuant to MCA-Niger's Governing Documents. The process of selecting the Board members will be further described in MCA-Niger's bylaws and will be consistent with the Governance Guidelines. The Government acknowledges and agrees that both: (A) continuity of Board membership, and (B) authority of Board members to represent their respective ministry or organization, are each critical to fulfilling their duties and for implementing the Program.

c. Management Team.

The management team (“**Management Team**”) will report to the Board and be primarily responsible for the day-to-day operations and management of MCA-Niger, including contracting, program management, financial management, reporting, and monitoring and evaluation.

The Management Team will be led by a Director General and be composed of such other directors, officers and employees as necessary to enable the Management Team to execute its role and responsibilities. The Management Team will be selected after an open and competitive recruitment and in accordance with the Governance Guidelines and the Program Implementation Agreement. The directors will be supported by appropriate additional staff to enable the Management Team to execute its roles and responsibilities.

d. Stakeholders’ Committee.

MCA-Niger will have a stakeholders’ committee (“**Stakeholders’ Committee**”) as an advisory body to continue the consultative process throughout implementation of the Program and provide advice and input to MCA-Niger. The Stakeholders’ Committee, which will be composed of Program beneficiaries (including representatives for women and vulnerable groups), representatives of the Government, non-governmental organizations and the civil society, will act as a mechanism to inform stakeholders about Program implementation. The Stakeholders’ Committee will be created in accordance with the Governance Guidelines, Stakeholders’ Engagement Plan developed in accordance with IFC Performance Standard 1 and as approved by MCC. The Stakeholders’ Committee will not have decision-making authority.

2. Implementing Entities.

Subject to the terms and conditions of this Compact, the Program Implementation Agreement and any other related agreement entered into in connection with this Compact, the Government may engage one or more entities of the Government to implement and carry out any Project or Activity (or a component thereof) (each, an “**Implementing Entity**”). The appointment of any Implementing Entity will be subject to review and approval by MCC. The Government will ensure that the roles and responsibilities of each Implementing Entity and other appropriate terms are set forth in an agreement, in form and substance satisfactory to MCC (each an “**Implementing Entity Agreement**”). For the PRAPS Activity and the CRA Activity, MCA-Niger will enter into the PRAPS Transfer Agreement and the CRA Transfer Agreement, respectively, which will outline the duties of the LPIU and the AgPIU with respect to implementation of such Activities, including, but not limited to, the role of embedded MCA-Niger staff in the LPIU and AgPIU, as well as the role of embedded Fiscal Agent and Procurement Agent.

3. Fiscal Agent.

Unless MCC agrees otherwise in writing, the Government will engage a fiscal agent (a “**Fiscal Agent**”), which will be responsible for assisting the Government with its fiscal management and assuring appropriate fiscal accountability of MCC Funding. The duties of the Fiscal Agent will include those set forth in the Program Implementation Agreement and an agreement, in form and substance satisfactory to MCC, between the Government and the Fiscal Agent. The Fiscal Agent

will also assign personnel to oversee the financial management by, and process payments with respect to, the LPIU and the AgPIU under the Climate-Resilient Communities Project.

4. Procurement Agent.

Unless MCC agrees otherwise in writing, the Government will engage one or more procurement agents (collectively, the “*Procurement Agent*”) to carry out and certify specified procurement activities in furtherance of this Compact. The roles and responsibilities of the Procurement Agent will be set forth in the Program Implementation Agreement or such agreement as the Government enters into with the Procurement Agent, which agreement will be in form and substance satisfactory to MCC. The Procurement Agent will adhere to the procurement standards set forth in the MCC Program Procurement Guidelines and ensure procurements are consistent with the procurement plan adopted by the Government pursuant to the Program Implementation Agreement, unless MCC agrees otherwise in writing. The Procurement Agent also will assign personnel to oversee the procurement activities of the LPIU and the AgPIU under the Climate-Resilient Communities Project. For the avoidance of doubt, procurement actions by the LPIU and the AgPIU will follow the PRAPS and CRA Operations Manuals, respectively, and such procurement processes will not be subject to ministerial review or validation (beyond any such approvals required under the PRAPS and CRA Operations Manuals).

ANNEX II

MULTI-YEAR FINANCIAL PLAN SUMMARY

This Annex II summarizes the Multi-Year Financial Plan for the Program.

A multi-year financial plan summary (“*Multi-Year Financial Plan Summary*”) is attached hereto as Exhibit A to this Annex II. By such time as specified in the Program Implementation Agreement, the Government will adopt, subject to MCC approval, a multi-year financial plan that includes, in addition to the multi-year summary of estimated MCC Funding and the Government’s contribution of funds and resources, the annual and quarterly funding requirements for the Program (including administrative costs) and for each Project, projected both on a commitment and cash requirement basis.

Consistent with Section 2.6(a) of the Compact, the Government will contribute an amount necessary to ensure its obligations hereunder are satisfied, including the reimbursement of any applicable Taxes consistent with the terms hereof and Annex IV to the Program Implementation Agreement.

EXHIBIT A TO ANNEX II
MULTI-YEAR FINANCIAL PLAN SUMMARY

(US\$)							
Component	CDF	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Irrigation and Market Access Project							
1.1 Irrigation Perimeter Development	4,247,000	5,995,000	16,306,000	33,338,000	31,863,000	21,501,000	113,250,000
1.2 Management Services and Market Facilitation	255,000	1,850,000	2,129,000	2,059,000	1,604,000	1,245,000	9,142,000
1.3 Roads for Market Access	3,729,000	5,185,000	34,202,000	34,199,000	34,200,000	1,907,000	113,422,000
1.4 Policy Reform	1,325,000	4,250,000	4,850,000	3,100,000	3,350,000	1,875,000	18,750,000
Subtotal	9,556,000	17,280,000	57,487,000	72,696,000	71,017,000	26,528,000	254,564,000
2. Climate-Resilient Communities Project							
2.1 Regional Sahel Pastoralism Support (PRAPS)	4,200,000	8,200,000	8,200,000	8,200,000	8,200,000	8,000,000	45,000,000
2.2 Climate-Resilient Agriculture (CRA)	3,450,000	7,950,000	10,350,000	11,050,000	10,400,000	8,300,000	51,500,000
Subtotal	7,650,000	16,150,000	18,550,000	19,250,000	18,600,000	16,300,000	96,500,000
3. Monitoring & Evaluation							
3.1 Monitoring & Evaluation	-	4,175,000	570,000	1,340,000	570,000	5,345,000	12,000,000
Subtotal	-	4,175,000	570,000	1,340,000	570,000	5,345,000	12,000,000
4. Program Management and Administration							
4.1 MCA-Niger Administration, Program Management Support, Fiscal Agent, Procurement Agent and Financial Audits	9,968,000	11,868,000	11,835,000	12,011,000	12,195,000	16,083,000	73,960,000
Subtotal	9,968,000	11,868,000	11,835,000	12,011,000	12,195,000	16,083,000	73,960,000
TOTAL	27,174,000	49,473,000	88,442,000	105,297,000	102,382,000	64,256,000	437,024,000

ANNEX III

COMPACT MONITORING & EVALUATION SUMMARY

This Annex III summarizes the monitoring and evaluation plan for this Compact (“*M&E Plan*”). The actual structure and content of the M&E Plan, which may differ from those specified in this Annex III, will be agreed to by MCC and the Government in accordance with MCC’s *Policy for Monitoring and Evaluation of Compacts and Threshold Programs* (the “*MCC M&E Policy*”). In addition, the M&E Plan may be modified from time to time as described in the MCC M&E Policy without requiring an amendment to this Annex III. The M&E Plan will be posted publicly on the MCC Website and updated as necessary.

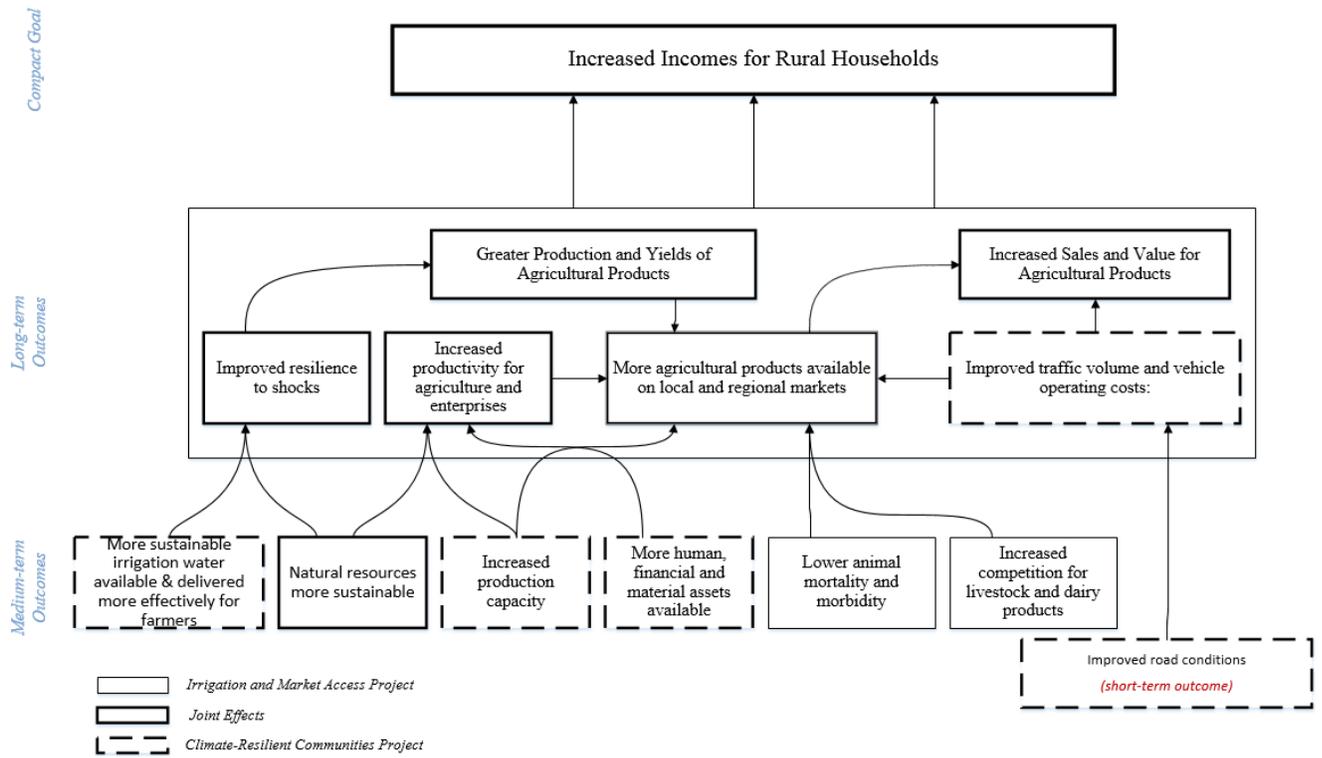
1. Objective.

MCC and the Government will formulate and agree to, and the Government will implement or cause to be implemented, an M&E Plan that explains in detail how and what MCC and MCA-Niger will (i) monitor to determine whether the Projects are on track to achieve their intended results (“*Monitoring Component*”), and (ii) evaluate to assess implementation strategies, provide lessons learned, determine cost effectiveness and estimate the impact of Compact interventions (“*Evaluation Component*”). The M&E Plan will summarize all indicators that must be reported to MCC on a regular basis, as well as a description of any complementary data to be collected for evaluation of the Program. The M&E Plan will also include any monitoring and evaluation (“*M&E*”) requirements that MCA-Niger must meet in order to receive Disbursements, and will serve as a communication tool so that MCA-Niger staff and other stakeholders clearly understand the objectives and targets MCA-Niger is responsible for achieving. The results of M&E activities, measured by monitoring data and evaluations, will be made publicly available on the website of MCA-Niger and on the MCC Website.

2. Program Logic.

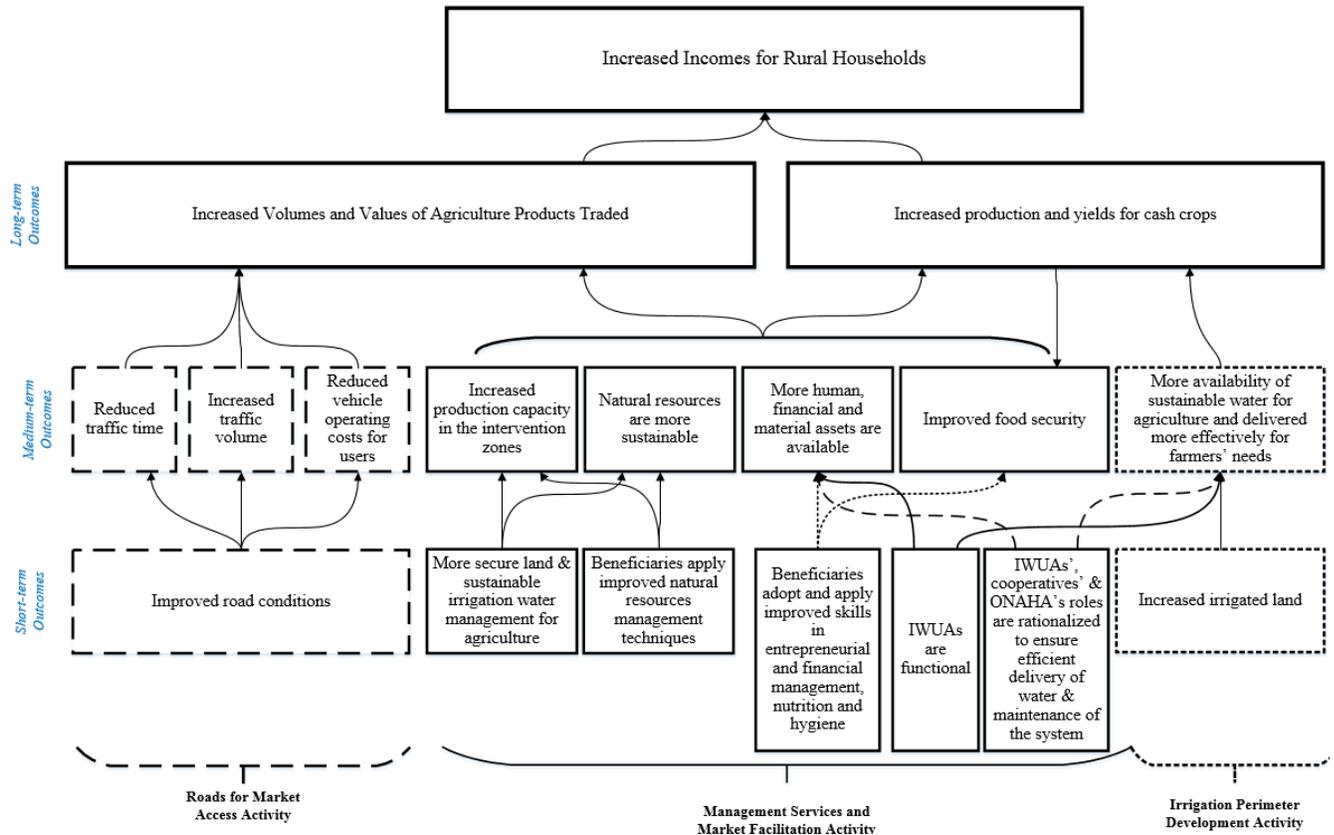
The M&E Plan will summarize the clearly defined Compact-level logic model which illustrates how the Projects, Activities and sub-Activities (as necessary) contribute to the Compact Goal, and Project Objectives. This higher level logic model will be complemented by lower level logic models at the Project, Activity and/or sub-Activity levels (as necessary) depending on Compact design and implementation. All logic models will clearly summarize the outputs, outcomes and goal expected to result from the Program. A diagram of the logic underlying the Compact is included below:

Figure 1: Irrigation and Market Access Project Logic



The objective of the Program is to increase rural incomes by improving the sustainable productive use of natural resources for agricultural production and improving trade and market access for agricultural products.

Figure 2: Irrigation and Market Access Project Logic



a. Irrigation and Market Access Project

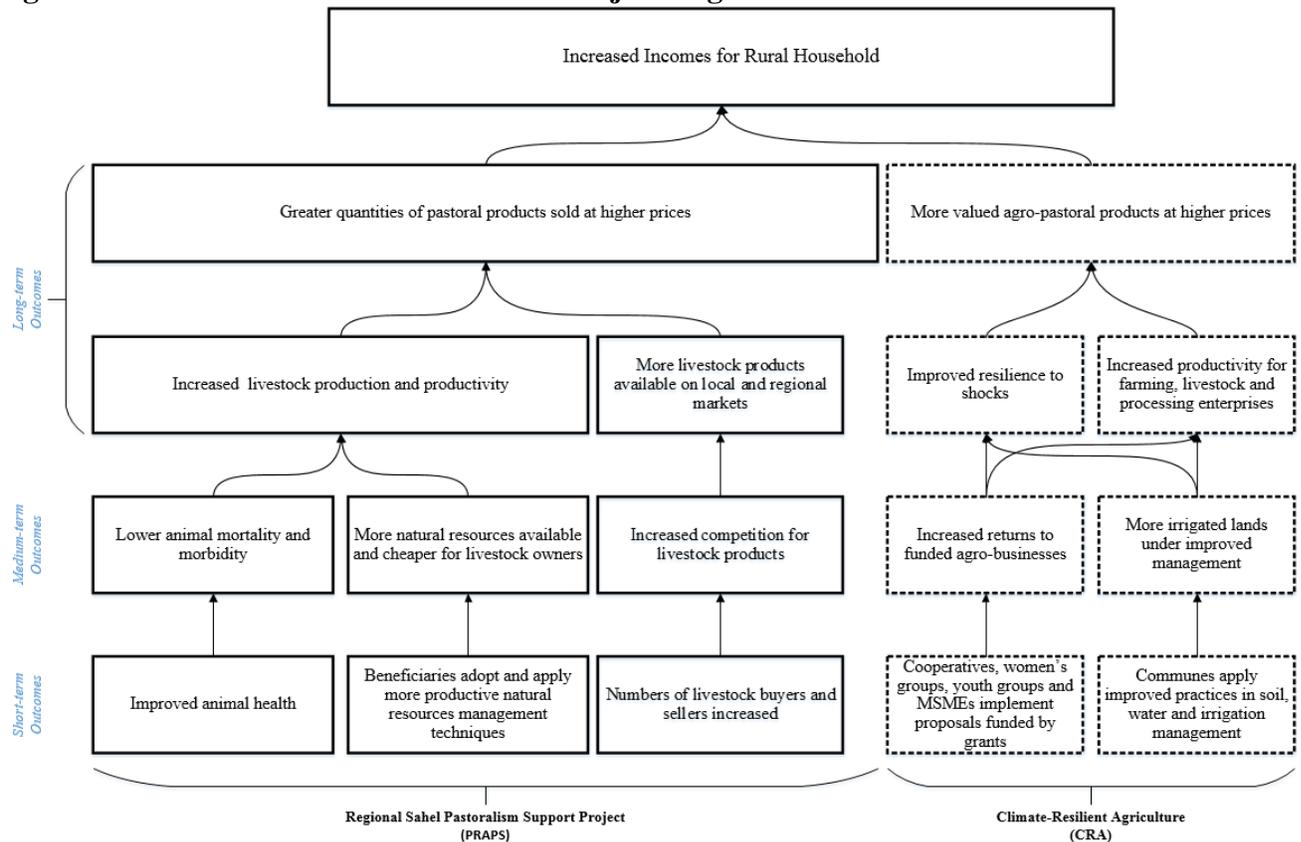
Increasing agricultural productivity through increased yields and natural resource management is a critical measure for increasing rural incomes. To achieve this Program Objective, the Irrigation Perimeter Development Activity will increase the areas under large-scale irrigation by rehabilitating the Konni irrigation system, developing new irrigated perimeters along the Niger River in the Dosso-Gaya area, increase water availability and modernizing the flood management systems. The Management Services and Market Facilitation Activity will further support increased agricultural productivity by investing in strengthening management, institutional and beneficiary capacity in the new and rehabilitated irrigation perimeters. Improving yields and agricultural productivity are necessary interventions that will contribute to increased rural incomes when coupled with improvements to trade and market access for the resulting agricultural production. The rehabilitation of the roads under the Roads for Market Access Activity should contribute to a reduction in the barriers to trade and transportation time and costs associated with transporting agricultural production to markets.

The Policy Reform Activity aims to establish a conducive policy environment that results in: (i) the ability of IWUAs to independently operate and maintain irrigation systems; (ii) greater private sector participation in the distribution of fertilizer to more farmers; (iii) generation of reliable data and analysis of prevalence of poverty and performance of the agriculture sector; (iv) and improved management of national water and wetland resources. The program logic for

the Policy Reform Activity will be finalized prior to entry into force, and all related indicators and results will be updated in the Indicator Tracking Table (“*ITT*”) of the M&E Plan.

Expected long-term outcomes of the Irrigation and Market Access Project include: increased availability of water for agriculture as well as its effective delivery, increased agricultural production capacity, higher investment in productive assets, more sustainable natural resource management, and more efficient access to markets.

Figure 3: Climate-Resilient Communities Project Logic



b. Climate-Resilient Communities Project

The Climate-Resilient Communities Project is focused on increasing incomes for small-scale agricultural- and livestock-dependent families in Eligible Communes and Livestock Corridors in rural Niger by improving crop and livestock productivity, sustaining natural resources critical to production, supporting growth of agricultural enterprises, and increasing market sales of targeted commodities.

The PRAPS Activity will invest in increasing incomes of livestock-dependent households through improving national herd health and infrastructure within Livestock Corridors. The CRA Activity, in turn, aims to increase incomes of rural households in Eligible Communes through sustainable increases in agricultural productivity, resilience to climate shocks and market access.

The Climate-Resilient Communities Project will achieve: (i) improved veterinary services to lower animal mortality and morbidity; (ii) greater availability of natural resources at lower costs;

(iii) increased irrigated lands with improved management; (iv) increased value and competition for agriculture and livestock products; and (v) increased returns to funded agribusinesses.

Through the Irrigation and Market Access Project and Climate-Resilient Communities Project, the Program is expected to achieve: (i) improved resilience to shocks; (ii) increased agricultural yields; (iii) an increase in the number of profitable enterprises engaged in agricultural activities; (iv) increased trade and value for agricultural products; and (v) reduced transport costs and time to local and regional markets.

2.1 Projected Economic Benefits and Beneficiaries.

The Irrigation and Market Access Project is estimated to increase farmer incomes through both increased production and trade. The Irrigation Perimeter Development Activity is expected to increase both area cultivated, particularly during the dry season, and output per hectare. Farmers are expected to augment their incomes primarily by increasing the volume of their production through both enlarging their area cultivated and through improved yields. This Activity, together with the Management Services and Market Facilitation Activity, will make more land available for production through both an increase in area cultivated as well as through flood protection.

Roads infrastructure serving the Dosso-Gaya perimeters is a complementary investment to the irrigation perimeter development. Rehabilitating and upgrading the road network within the Dosso-Gaya area through the Roads for Market Access Activity is expected to improve physical market access. With these targeted improvements on the road network, the Dosso-Gaya perimeters will be linked to the rest of the country. The main assumption underpinning the economic rate of return is that by using roads that are in good condition, the users of the roads will save on vehicle operating costs (due to reduced maintenance and repair) and on traveling time.

The combined economic rate of return (“**ERR**”) for the Irrigation and Market Access Project is 17 percent.

The Climate-Resilient Communities Project is expected to increase incomes for agro-pastoralists by increasing the quantities, the value and the price of agro-pastoral products sold as a result of the Project interventions in Eligible Communes and Livestock Corridors.

The PRAPS Activity is expected to increase pastoralists’ incomes by improving animal health and improving infrastructure to ensure animal growth and value at time of sale. Vaccination of livestock against CBPP and PPR is expected to reduce disease incidence for both CBPP and PPR. Pastoralist income is expected to increase through avoided losses caused by the mortality and morbidity related to these diseases. Other activities, such as rehabilitation and upgrading of the Livestock Corridors, will increase income by improving animal growth and by allowing pastoralists to save on animal feed purchase through access to improved water points, pasture and market infrastructure.

The benefit stream from the CRA Activity is based on the assumption that agro-pastoralist and farmer income will increase by investing in integrated agricultural practices, improvements in the utilization rate of selected and drought-tolerant seeds, rehabilitation and development of new, small-scale irrigation schemes, reclamation of agro-pastoral degraded land, protection of

agricultural soils and watersheds from erosion, and funding productive assets for farmers and agribusinesses. These activities are expected to increase incomes by increasing production, both through increases in area cultivated and yield, allowing pastoralists to save on feed purchases through improved pasture, and improve resilience to shocks.

The project-level ERR for the Climate-Resilient Communities Project is estimated at 14 percent.

Project	Estimated ERR
Irrigation and Market Access	17%
Climate-Resilient Communities Project	14%

The M&E Plan will also define in detail the persons or entities expected to benefit from the Program. Beneficiary analysis is an extension of the ERR analysis that seeks to disaggregate the total increase in income to determine specifically which segments of society will benefit from the Projects and Activities. MCC considers beneficiaries¹ of Projects and Activities to be those people who experience better standards of living as a result of the Project or Activity (as the case may be) through higher real incomes. The expected beneficiaries of this Compact are shown in the following table:

Project	Estimated Beneficiaries ²
Irrigation and Market Access	447,501
Climate-Resilient Communities Project	3,440,172

The beneficiary analysis for the Irrigation and Market Access Project and Climate-Resilient Communities Project build on the current ERR model. Beneficiaries, in this case, are defined as individuals whose income would increase because of the Activities.

With respect to the Irrigation and Market Access Project, the beneficiaries for each of the Activities are as follows:

- For the Irrigation Perimeter Development Activity, all individuals with plots of land and all members of their household are considered beneficiaries.
- For the Roads for Market Access Activity, all members of households living within five kilometers on both sides along the roads are considered beneficiaries.
- For the Management Services and Market Facilitation Activity, all households whose yields or sales increase as a result of at least one member participating in the trainings and facilitations are considered beneficiaries.
- For the Policy Reform Activity, the beneficiaries will be defined when the Activity is fully designed.

¹ As used in this Compact, the term “beneficiary” has the meaning described in MCC’s *Guidelines for Economic and Beneficiary Analysis*.

² Beneficiary numbers account for any beneficiaries who may benefit from more than one intervention in either Project or either Activity; those beneficiaries are only counted once.

With respect to the Climate-Resilient Communities Project, the beneficiaries for each of the Activities are as follows:

- For the PRAPS Activity, the number of beneficiaries is a function of the proportion of animals in the endemic areas and the projected vaccination coverage in those areas. The animal count for the health component suggests that about 426,804 households will benefit. In terms of individual beneficiaries this would represent about 3,414,436 people. A portion of these people will also benefit from Livestock Corridor improvements and market infrastructure under the PRAPS Activity.
- For the CRA Activity, the number of beneficiaries is based on the potential for small-scale irrigation in the 16 communes. An estimated 3,217 households are expected to benefit from the CRA Activity's small-scale irrigation, representing 25,736 individual beneficiaries. These beneficiaries, at least in part, may also be the same as those benefiting from the animal health activity.

3. Risks and Assumptions.

The M&E Plan will also outline key assumptions and risks that underlie the accomplishment of the theory of change summarized in the program logic. However, such assumptions and risks will not excuse any Party's performance unless otherwise expressly agreed to in writing by the other Party.

The key assumptions to achieve the objectives of the Irrigation and Market Access Project are:

- IWUAs have been established, at an early stage, and have power and sufficient authority to operate;
- Sufficient support is provided to the new IWUAs enabling them to sustainably operate and maintain the irrigation infrastructure;
- Farmers apply improved natural resource techniques;
- Fertilizer reform will allow more farmers to access quality, affordable fertilizer;
- Farmers will use improved seeds and fertilizer to increase their productivity;
- More secure land tenure will reduce land conflicts and increase agricultural investment;
- Vulnerable populations will benefit from the Irrigation and Market Access Project;
- The project-improved roads will be properly maintained including through the adoption of performance-based maintenance contracts and community maintenance plans;
- Farmers and other key actors are provided with nutrition, health and hygiene messaging and support to address literacy and numeracy skills, which are a major driver of productivity of savings groups, farmers and producer organizations;
- Farmers are able and willing to pay the cost of sustainable irrigation water supply;
- Farmers are organized and will obtain better prices for inputs and commodities produced; and
- The Project's Ramsar Convention protection and management component will ensure the protection of the ecosystem services that underpin the productivity of the intervention areas, and enhance climate resiliency.

The key assumptions for the Climate-Resilient Communities Project are:

CRA Activity:

- Communities whose residents receive funding from the Facility will invest in public goods to create an enabling environment to support producers and enterprises to invest in improved practices and techniques;
- Application of climate-resilient techniques will help farmers better manage climate shocks;
- ICRIP will represent the priorities of communities regarding investments in access to water for small-scale irrigation, rangeland improvement, erosion control measures, afforestation, construction of marketing platforms and dry storage facilities, and access to market information;
- The CRA Activity and the World Bank-funded activities are implemented in a timely and effective manner;
- The land tenure interventions will reduce the risk of conflict over access to improved land and natural resources;
- The CRA Activity is supported by the OIE to build proper capacities of the Ministry of Agriculture and Livestock's Department of Veterinary Services to effectively reduce and monitor prevalence and avoid outbreaks of livestock diseases; and
- All small works funded by MCA-Niger include training and technical assistance to Eligible Communes and end-users to clearly define costs and responsibilities to properly operate and maintain public investments in climate-resilient infrastructure.

PRAPS Activity:

- The vaccinations will reach enough animals within the national herd to significantly reduce prevalence of two targeted diseases linked to animal mortality and morbidity;
- Training of herders and the emergency response system are completed by the Government and the World Bank in a timely manner;
- Herders will apply improved natural resource management knowledge to reduce overgrazing and reclaim grazing areas;
- Animals will maintain health and weight if they have access to water points and rest areas;
- Herders will invest in animal fattening and obtain better prices for their animals at modernized and organized markets;
- More women will participate in organized markets;
- The land tenure interventions will reduce the risk of conflict over access to improved land and natural resources; and
- Modern and organized market platforms will attract more livestock sellers and buyers creating increased volume of sales and competitive prices for pastoralists.

4. Monitoring Component.

As defined in the MCC M&E Policy, monitoring is the continuous, systematic collection of data on specified indicators to provide indications of progress toward objectives and the achievement of intermediate results along the way. To monitor progress toward the achievement of results of this Compact, the Monitoring Component of the M&E Plan will identify (i) the Indicators (as defined below), (ii) the definitions of the Indicators, (iii) the sources and methods for data

collection, (iv) the frequency for data collection, (v) the party or parties responsible for collecting and analyzing relevant data, and (vi) the timeline for reporting on each Indicator to MCC. It should be noted that some Indicators will continue to be tracked after the Compact Term as necessary.

4.1 Goal, Outcome, Output, and Process Indicators. The M&E Plan will measure the results of the Program using quantitative, objective, and reliable data (“*Indicators*”).

a. The M&E Plan will establish baselines for every Indicator (each a, “*Baseline*”). An Indicator’s Baseline should be established prior to the start of the corresponding Project, Activity and/or Sub-Activity. Baselines demonstrate that the problem can be specified in measurable terms, and are thus a pre-requisite for adequate intervention design. The Government will collect Baselines on the selected Indicators or verify already collected Baselines where applicable.

b. The M&E Plan will establish a benchmark for each Indicator that specifies the expected value and the expected time by which the result will be achieved (“*Target*”).

c. The M&E Plan will indicate which Indicators will be disaggregated by gender, income level, age and beneficiary types to the extent practical and applicable.

d. MCC’s Common Indicators (as described in the MCC M&E Policy) will also be included as relevant.

e. Subject to prior written approval from MCC and in accordance with the MCC M&E Policy, the Government may add Indicators or refine the definitions and Targets of existing Indicators.

f. MCA-Niger must report to MCC on monitoring Indicators in the M&E Plan on a quarterly basis using the ITT in the form provided by MCC. No changes to Indicators, Baselines or Targets may be made in the ITT until the changes have been approved in the M&E Plan. Additional guidance on Indicator reporting is contained in *MCC’s Guidance on Quarterly MCA Disbursement Request and Reporting Package*. In the case that MCA-Niger submits a six-month disbursement request, the ITT must still be submitted quarterly.

Key Indicators that can be reported on at least an annual basis will be included in quarterly monitoring indicator reports, while Indicators that require survey data or a longer time period to track will be tracked for evaluation purposes. The M&E Plan will contain the Indicators listed in the following tables:

Table 1.1: Irrigation and Market Access – Indicators

Result	Indicator	Definition	Disaggregation	Unit	Compact Target		
					Baseline (2015) ³	Year 5 (2023) ⁴	Year 8 (2026)
Goal Indicators							
Increased incomes for rural households	Gross agricultural income per hectare	Annual average gross agricultural income per hectare within the irrigation perimeters selected for improvement under the Compact. This includes household consumption of agricultural products, which is valued at market prices. Investment and operating costs are not subtracted.	Konni	CFA ⁵	238,363	1,542,318	1,789,177
			Sia	CFA	544,631	2,633,904	2,633,905
			Ouna-Kouanza	CFA	166,975	3,085,201	3,085,201
			Average	CFA	316,656	2,420,474	2,502,761
Irrigation Perimeter Development Activity, Management Services and Market Facilitation Activity & Policy Reform Activity							
Outcome Indicators							
Greater production and yields of agricultural products	Average annual crop yield per hectare	Average annual output per hectare of certain crops	Sorghum	Kg/ha	1,569	2,170	2,466
			Millet	Kg/ha	394	1,124	1,124
			Cowpea (Niebe)	Kg/ha	346	1,172	1,172
			Rice	Kg/ha	1,967	5,649	5,649
Beneficiaries adopt and apply improved skills in entrepreneurial and financial management, nutrition, and hygiene	Men, women and youth participants with improved knowledge from management services	Percentage of training participants with at least the minimum acceptable score on the knowledge test	N/A	Percentage	TBD	TBD	TBD

³ The baseline data was collected in 2015 and the economic analysis assumes that the situation does not change until the Compact Projects start to have an effect.

⁴ The difference between the “Baseline” of 2015 and “Year 5” of 2023 is greater than 5 years because of the time it takes to go from initial data collection to implementation.

⁵ Values drawn from ERR data and economic analysis. Conversion rate used: \$1 = 580 CFA

Result	Indicator	Definition	Disaggregation	Unit	Compact Target		
					Baseline (2015) ³	Year 5 (2023) ⁴	Year 8 (2026)
IWUAs are functional	IWUAs that self-finance with fees covering assigned O&M&R	Number of IWUAs that contribute 100% of assigned O&M&R costs	N/A	Number	0	5	5
Output Indicators							
Water infrastructure is constructed or rehabilitated	Hectares irrigated	The number of hectares irrigated by the existing or new irrigation infrastructure that are either rehabilitated or constructed with MCC Funding	Konni	Ha	519	2,439	2,452
			Sia	Ha	0	689	821
			Ouna-Kouanza	Ha	0	1,660	1,797
			Total	Ha	519 ⁶	4,788	5,070
Producers receive productive ecosystem services and training on sustainability practices	Individual producers trained	The number of primary sector producers (farmers, ranchers, fishermen, and other primary sector producers) receiving technical assistance or participating in a training session (on ecosystem services and natural resource management approaches). This indicator will be disaggregated by sex, age and type of producer (for example, farmer, rancher).	N/A	Number	0	TBD	TBD
Formalization of land rights & registration with clear criteria for land allocation	Land rights formalized	The number of household heads receiving formal recognition of ownership and/or use rights through certificates, titles, leases, or other recorded documentation by government institutions or traditional authorities at national or local levels. This indicator will be disaggregated by sex of the household head.	Konni	Number	0	3,400	3,400
			Sia	Number	0	198	198
			Ouna-Kouanza	Number	0	586	586
			Total	Number	0	4,184	4,184

⁶ The Konni perimeter already has an existing irrigation scheme, which only covers 519.55 ha during the dry season. During the rainy season the usable area increases due to rainfall. The Project is expected to close the gap between the rainy season area and the dry season area.

Result	Indicator	Definition	Disaggregation	Unit	Compact Target		
					Baseline (2015) ³	Year 5 (2023) ⁴	Year 8 (2026)
IWUAs are created and trained in management techniques	IWUAs created	Number of IWUAs created and trained in irrigation water management techniques	N/A	Number	0	5	5
Roads for Market Access Activity							
Outcome Indicators							
Increased traffic volume	Average annual daily traffic	The average number and type of vehicles per day, averaged over different times (day and night) and over different seasons to arrive at an annualized daily average	RN-35	Number	581	742	1,643
			RN-7	Number	1,625	2,125	2,708
			Rural Road	Number	188	240	533
			Total	Number	2,394	3,107	4,884
Reduced vehicle operating costs for users	Vehicle operating costs	Average cost per kilometer traveled ⁷	RN-35	CFA	236	140	160
			RN-7	CFA	329	284	284
			Rural Road	CFA	119	72	81
			Total	CFA	228	166	175
Improved road conditions	Roughness	The measure of the roughness of the road surface, in meters of height per kilometer of distance traveled	RN-35 (Gravel)	Meters per km	16	8	12
			RN-7	Meters per km	8	2	2.2
			Rural Road (Gravel)	Meters per km	14.5	10	11
Output Indicators							
Road improvements are completed	Kilometers of roads completed	The length of roads in kilometers on which construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads is complete (certificates handed over and approved)	RN-35	Km	0	187	187
			RN-7	Km	0	82.5	82.5
			Rural Road	Km	0	37	37
			Total	Km	0	306.5	306.5

⁷ This includes: generic cars; four-wheel drives; mini-buses; medium buses; 2-ton, 13-ton & 28-ton trucks; and multicyles. The results are based on average costs of the aforementioned categories.

Table 1.2: Project 2: Climate-Resilient Communities Project – Indicators⁸

Result	Indicator	Definition	Disaggregation	Unit	Baseline	Compact Target	
					(2015)	Year 5 (2023)	Year 8 (2026)
Goal Indicators							
Increased incomes for rural households	Increase in income or reduction of costs from PRAPS and CRA Activities (multiple indicators)	The per household savings from avoided animal mortality and morbidity due to infectious diseases (PRAPS Activity)		CFA	0	4,672	5,686
		The increase in net value of animal due to fattening before market sale (PRAPS Activity)		CFA	0	112,469	187,448
		The value of animal feed savings due to pasture improvements (PRAPS Activity)		CFA	0	6,375	10,625
		The increase in income due to increased area under small-scale irrigation and improved yields (CRA Activity)		CFA	0	357,517	1,581,868
CRA Activity							
Outcome Indicators							
More irrigated lands under improved management	Hectares irrigated	The total number of new hectares irrigated	N/A	Number	0	835	835
More irrigated lands under improved management	Hectares with access to rehabilitated irrigation	The total number of hectares with access to rehabilitated irrigation infrastructure ⁹	N/A	Ha	0	1835	1835
Increased returns to funded agribusinesses	Profit increase	Average rate of increase in profits for agribusinesses that receive matching grants	N/A	Percentage	0	TBD	TBD

⁸ Current baselines and targets for PRAPS and CRA Activities will be validated and adjusted as necessary consistent with MCC methodology. In addition, certain of the Indicators are not required by the World Bank and will be required by MCC.

⁹ This is based upon information on 5 communes that the indicative ERR has determined meet the minimum threshold to qualify for MCC Funding. This indicator is not a World Bank indicator. It is a new indicator developed pursuant to this Compact.

Result	Indicator	Definition	Disaggregation	Unit	Baseline	Compact Target	
					(2015)	Year 5 (2023)	Year 8 (2026)
Communes apply improved practices in soil, water and irrigation management	Percentage of targeted Communes which have constructed infrastructure to support CRA	TBD	N/A	Percentage	0	100	N/A
PRAPS Activity							
Outcome Indicators							
Lower animal mortality and morbidity	Reduction in morbidity	Reductions in the production of milk, beef and draft power were considered as morbidity losses	N/A	Percentage	TBD	TBD	TBD
Lower animal mortality and morbidity	Reduction in mortality	Mortality measures the rate of animal loss (death)	N/A	Percentage	TBD	TBD	TBD
Improved animal health	Prevalence of two regional priority diseases	TBD for herd prevalence of contagious bovine pleuropneumonia (CBPP)		Percentage	TBD	TBD	TBD
		TBD for post-vaccine seroprevalence of PPR		Percentage	TBD	TBD	TBD
Improved animal health	Share of animals vaccinated against two regional priority animal diseases	TBD for CBPP		Percentage	TBD	TBD	TBD
		TBD for PPR		Percentage	TBD	TBD	TBD

5. Evaluation Component.

While good program monitoring is necessary for program management, it is not sufficient for assessing ultimate results. MCC therefore advocates the use of different types of evaluations as complementary tools to better understand the effectiveness of its programs. As defined in the MCC M&E Policy, evaluation is the objective, systematic assessment of a program's design, implementation and results. MCC is committed to making its evaluations as rigorous as warranted in order to understand the causal impacts of its programs on the expected outcomes and to assess cost effectiveness. The Evaluation Component of the M&E Plan may contain three types of evaluation activities as necessary: (i) independent evaluations (impact and/or performance evaluations), (ii) self-evaluation, and (iii) special studies, each of which is further described in the MCC M&E Policy.

a. **Independent Evaluations.** Every Project must undergo a comprehensive, independent evaluation (impact and/or performance) in accordance with the MCC M&E Policy. The Evaluation Component of the M&E Plan will describe the purpose of the evaluation, methodology, timeline, required MCC approvals and the process for collection and analysis of

data for each evaluation. All independent evaluations must be designed and implemented by independent, third-party evaluators. If the Government wishes to engage an evaluator, the engagement will be subject to the prior written approval of MCC. Contract terms must be acceptable to MCC and ensure non-biased results and the publication of results.

For each independent evaluation, MCA-Niger is expected to review and provide feedback to independent evaluators on the evaluation design reports, evaluation materials (including questionnaires), baseline report (if applicable) and any interim/final reports in order to ensure proposed evaluation activities are feasible, and final evaluation products are technically and factually accurate.

(i) Irrigation and Market Access Project

The evaluation(s) will be designed to capture the likely effects of the Project on the expected outcomes of increasing production and yields of crops, as well as the volume and value of traded agriculture products, and ultimately on the goal of increasing rural household incomes. Since there are many Activities and sub-Activities that contribute to these expected outcomes, multiple evaluation methodologies will be used to answer the evaluation questions. An independent evaluator or multiple evaluators will be hired to assess evaluation methodology options; however, it is expected that the methodologies in the table below will be used:

Evaluation Methodologies for Project 1

Component	Evaluation Type	Methodology
Irrigation Perimeter Development Activity	Performance	Pre-post
Management Services and Market Facilitation Activity	Performance and Impact	Pre-post for some components and randomized control trial for some components depending on final evaluation questions
Roads for Market Access Activity	Performance	HDM-IV road modeling, pre-post
Policy Reform Activity	Performance	Pre-post, political economy analysis

The M&E Plan is expected to contain evaluation questions; however, the final list of questions will be documented in the final evaluation designs. The evaluation questions cover the entire Project as well as each separate Activity. The evaluation indicators are embedded in the indicator tables above.

(ii) Climate-Resilient Communities Project

The evaluation(s) will be designed to capture the likely effects of the Project on the expected outcomes of improving crop and livestock productivity, sustaining natural resources critical to production, and increasing market sales of targeted commodities, and ultimately on the goal of increasing rural household incomes (if possible). An independent evaluator or multiple

evaluators will be hired to assess evaluation methodology options; however, it is expected that the methodologies in the table below will be used:

Evaluation Methodologies for Project 2

Component	Evaluation Type	Methodology
CRA Activity	Performance (potential impact evaluation on the Facility)	Mixed methods
PRAPS Activity	Impact and Performance	Pre-post for some components and randomized control trial for some components depending on final evaluation questions

The M&E Plan is expected to contain a list of evaluation questions; however, the final list of questions will be documented in the final evaluation designs.

(a) Self-Evaluation. Upon completion of the Compact Term, both MCC and MCA-Niger will comprehensively assess three fundamental questions: (i) Did the Program meet the Program and Project Objectives; (ii) Why did the Program meet or not meet the Program and Project Objectives; and (iii) What lessons can be learned from the implementation experience (both procedural and substantive). The MCA-Niger staff will draft the Compact Completion Report (“**CCR**”) in the last year of the Compact Term to evaluate these fundamental questions and other aspects of Program performance. Each MCA-Niger department will be responsible for drafting its own section to the CCR for its own activities, subject to cross-departmental review.

(b) Special Studies. Plans for conducting special studies will be determined jointly between the Government and MCC before the approval of the M&E Plan. The M&E Plan will identify and make provision for any special studies, *ad hoc* evaluations and research that may be needed as part of the monitoring and evaluating of this Compact. Either MCC or the Government may request special studies or *ad hoc* evaluations of Projects, Activities or the Program as a whole, prior to the end of the Compact.

The results of all evaluations will be made publicly available in accordance with the MCC M&E Policy.

6. Data Quality Reviews.

Data Quality Reviews (“**DQR**”) are a mechanism to review and analyze the utility, objectivity and integrity of performance information. DQRs are to cover: a) quality of data, b) data collection instruments, c) survey sampling methodology, d) data collection procedures, e) data entry, storage and retrieval processes, f) data manipulation and analyses and g) data dissemination. MCC requires that an independent entity conduct the DQR, such as a local or international specialized firm or research organization, or an individual consultant, depending on the size of the Program or Project in review. The frequency and timing of data quality reviews must be set forth in the M&E Plan; however MCC may request a DQR at any time. DQRs should be timed to occur before or early enough in the Compact Term that meaningful remedial measures (if any) may be taken depending on the results of the review. The methodology for the review should include a mix of document and record reviews, site visits, key informant

interviews, and focus groups. All MCC's common indicators listed in the Compact's ITT will be included in the DQR.

7. Other Components of the M&E Plan.

In addition to the monitoring and evaluation components, the M&E Plan will include the following components:

a. Management Information System. The M&E Plan will describe the information system that will be used to collect data, store, process and deliver information to relevant stakeholders in such a way that the Program information collected and verified pursuant to the M&E Plan is at all times accessible and useful to those who wish to use it. The system development will take into consideration the requirement and data needs of the components of the Program, and will be aligned with existing MCC systems, other service providers and ministries.

b. Budget. A detailed cost estimate for all components of the M&E Plan.

8. Responsibility for Developing the M&E Plan.

MCC desires to “[refrain] from requesting the introduction of performance indicators that are not consistent with countries’ national development strategies.”¹⁰ For this reason, primary responsibility for developing the M&E Plan lies with the M&E directorate of MCA-Niger with support and input from MCC’s M&E and economist staff. The M&E Plan must be developed in conjunction with key stakeholders, including MCA-Niger leadership and sector leads, the MCC Resident Country Mission, and other MCC staff (such as Environmental and Social Performance and Gender and Social Inclusion), as well as external stakeholders, as applicable. While the entire M&E Plan must be developed collaboratively, MCC and MCA-Niger Project/Activity leads are expected to guide the selection of Indicators at the process and output levels that are particularly useful for management and oversight of Projects and Activities.

9. Approval and Implementation of the M&E Plan.

The approval and implementation of the M&E Plan, as amended from time to time, will be in accordance with the Program Implementation Agreement, any other relevant Supplemental Agreement and the MCC M&E Policy. All M&E Plan modifications proposed by MCA-Niger must be submitted to MCC for prior written approval. The M&E Plan may undergo peer review within MCC before the beginning of the formal approval process.

10. Post Compact M&E Plan.

As part of the planning process for winding up the Program at the end of the Compact Term, MCC and MCA-Niger will develop a post-Compact M&E Plan designed to observe the persistence of benefits created under this Compact. This plan should describe future monitoring and evaluation activities, identify the individuals and organizations that will undertake these activities, and provide a budget framework for future monitoring and evaluation. The post-Compact M&E Plan should build directly off the Compact M&E Plan.

¹⁰ Busan Partnership for Effective Development Cooperation, Busan Outcome Document, 1 December 2011, p. 5

ANNEX IV

CONDITIONS PRECEDENT TO DISBURSEMENT OF COMPACT DEVELOPMENT FUNDING

This Annex IV sets forth the conditions precedent applicable to Disbursements of Compact Development Funding (each a “*CDF Disbursement*”). Capitalized terms used in this Annex IV and not defined in this Compact will have the respective meanings assigned thereto in the Program Implementation Agreement. Upon execution of the Program Implementation Agreement, each CDF Disbursement will be subject to all of the terms of the Program Implementation Agreement, except that the conditions to each CDF Disbursement will continue to be those set forth in this Annex IV.

1. Conditions Precedent to Initial CDF Disbursement.

Each of the following must have occurred or been satisfied prior to the initial CDF Disbursement:

- a. The Government (or MCA-Niger) has delivered to MCC:
 - (i) an interim fiscal accountability plan acceptable to MCC;
 - (ii) a CDF procurement plan acceptable to MCC;
 - (iii) A legal opinion by the Director General of Legal and Consular Affairs of the Ministry of Foreign Affairs analyzing the Government’s international obligations that may apply as a result of the Irrigation and Market Access Project; and
 - (iv) A plan, in form and substance satisfactory to MCC and consistent with the terms of IFC Performance Standard 4, outlining its contributions and a procedure for ensuring the security of the Program and any related activities by MCA-Niger.

2. Conditions Precedent to the Initial CDF Disbursements under the Climate-Resilient Communities Project.

Each of the following must have occurred or been satisfied, in form and substance satisfactory to MCC, prior to the initial CDF Disbursement to the LPIU or AgPIU, as the case may be, under the Climate-Resilient Communities Project:

- a. The Government (or MCA-Niger) has delivered to MCC:
 - (i) for the LPIU, (1) a true and correct copy of the PRAPS Transfer Agreement, duly executed and in full force and effect, and (2) evidence of adoption of the modifications and annexes required by MCC to the PRAPS Operations Manual; and

- (ii) for the AgPIU, (1) a true and correct copy of the CRA Transfer Agreement, duly executed and in full force and effect, and (2) evidence of adoption of the modifications and annexes required by MCC to the CRA Operations Manual.

3. Condition Precedent to the Irrigation and Market Access Project.

Prior to the initial CDF Disbursement for resettlement and land tenure contracts under the Irrigation and Perimeter Development Activity, the Government will have issued a decree or other formal legal instrument and made available the resources and support required for the applicable Land Commissions implicated by such construction or works contract to fulfill their land administration duties (including, without limitation, guiding the proper land governance actions) in form and substance satisfactory to MCC. For the avoidance of doubt, such Land Commissions must include a qualified technical assistant.

4. Conditions Precedent to all CDF Disbursements (Including Initial CDF Disbursement).

Each of the following must have occurred or been satisfied prior to each CDF Disbursement:

- a. The Government (or MCA-Niger) has delivered to MCC the following documents, in form and substance satisfactory to MCC:
 - (i) a completed Disbursement Request, together with the applicable Periodic Reports, for the applicable Disbursement Period, all in accordance with the Reporting Guidelines;
 - (ii) a certificate of the Government (or MCA-Niger), dated as of the date of the CDF Disbursement Request, in such form as provided by MCC;
 - (iii) if a Fiscal Agent has been engaged, a Fiscal Agent Disbursement Certificate; and
 - (iv) if a Procurement Agent has been engaged, a Procurement Agent Disbursement Certificate.
- b. If any proceeds of the CDF Disbursement are to be deposited in a bank account, MCC has received satisfactory evidence that (i) the Bank Agreement has been executed and (ii) the Permitted Accounts have been established.
- c. Appointment of an entity or individual to provide fiscal agent services, as approved by MCC, until such time as the Government provides to MCC a true and complete copy of a Fiscal Agent Agreement, duly executed and in full force and effect, and the fiscal agent engaged thereby is mobilized.
- d. Appointment of an entity or individual to provide procurement agent services, as approved by MCC, until such time as the Government provides to MCC a true and complete

copy of the Procurement Agent Agreement, duly executed and in full force and effect, and the procurement agent engaged thereby is mobilized.

e. MCC is satisfied, in its sole discretion, that (i) the activities being funded with such CDF Disbursement are necessary, advisable or otherwise consistent with the goal of facilitating the implementation of this Compact and will not violate any applicable law or regulation; (ii) no material default or breach of any covenant, obligation or responsibility by the Government, MCA-Niger or any Government entity has occurred and is continuing under this Compact or any Supplemental Agreement; (iii) there has been no violation of, and the use of requested funds for the purposes requested will not violate, the limitations on use or treatment of MCC Funding set forth in Section 2.7 of this Compact or in any applicable law or regulation; (iv) any Taxes paid with MCC Funding through the date ninety (90) days prior to the start of the applicable Disbursement Period have been reimbursed by the Government in full in accordance with Section 2.8(c) of this Compact; and (v) the Government has satisfied all of its payment obligations, including any insurance, indemnification, tax payments or other obligations, and contributed all resources required from it, under this Compact and any Supplemental Agreement.

f. For any CDF Disbursement occurring after this Compact has entered into force in accordance with Article 7: MCC is satisfied, in its sole discretion, that (1) MCC has received copies of any reports due from any technical consultants (including environmental auditors engaged by MCA-Niger) for any Activity since the previous Disbursement Request, and all such reports are in form and substance satisfactory to MCC; (2) the Implementation Plan Documents and Fiscal Accountability Plan are current and updated and are in form and substance satisfactory to MCC, and there has been progress satisfactory to MCC on the components of the Implementation Plan for any relevant Projects or Activities related to such CDF Disbursement; (3) there has been progress satisfactory to MCC on the M&E Plan for the Program or relevant Project or Activity and substantial compliance with the requirements of the M&E Plan (including the targets set forth therein and any applicable reporting requirements set forth therein for the relevant Disbursement Period); (4) there has been no material negative finding in any financial audit report delivered in accordance with this Compact and the Audit Plan, for the prior two quarters (or such other period as the Audit Plan may require); (5) MCC does not have grounds for concluding that any matter certified to it in the related MCA Disbursement Certificate, the Fiscal Agent Disbursement Certificate or the Procurement Agent Disbursement Certificate is not as certified; and (vi) if any of the officers or key staff of MCA-Niger have been removed or resigned and the position remains vacant, MCA-Niger is actively engaged in recruiting a replacement.

g. MCC has not determined, in its sole discretion, that an act, omission, condition or event has occurred that would be the basis for MCC to suspend or terminate, in whole or in part, this Compact or MCC Funding in accordance with Section 5.1 of this Compact.

ANNEX V

ADDITIONAL CONDITIONS PRECEDENT TO ENTRY INTO FORCE

In addition to the conditions set forth in Section 7.2 of the Compact, the Government will have delivered the following to MCC prior to the entry into force of this Compact:

- a. evidence of legislative or other necessary approval, in form and substance satisfactory to MCC, of the Fertilizer Action Plan and to enable its implementation.

ANNEX VI

DEFINITIONS

Activity means one or more of the activities that will be undertaken in furtherance of each Project.

Additional Representative has the meaning provided in Section 4.2.

AFD has the meaning provided in Part B.1.d of Annex I.

AgPIU has the meaning provided in Part B.2.a(ii) of Annex I.

Audit Guidelines has the meaning provided in Section 3.8(a).

Baseline has the meaning provided in Part 4.1a of Annex III.

Board of Directors has the meaning provided in Part C.1.a of Annex I.

CBPP has the meaning provided in Part B.2.a(i).

CCR has the meaning provided in Part 5.a(ii) of Annex III.

CDF Disbursement has the meaning provided in the preamble to Annex IV.

Climate-Resilient Agriculture Activity and CRA Activity has the meaning provided in Part B.2.a(ii) of Annex I.

Climate-Resilient Communities Project has the meaning provided in Part A.2 of Annex I.

Compact has the meaning provided in the Preamble.

Compact Development Funding has the meaning provided in Section 2.2(a).

Compact Goal has the meaning provided in Section 1.1.

Compact Records has the meaning provided in Section 3.7(a).

Compact Term has the meaning provided in Section 7.4.

Corridor Investment Plans has the meaning provided in Part B.2.a(i) of Annex I.

Covered Provider has the meaning provided in the Audit Guidelines.

CRA Operations Manual has the meaning provided in Part B.2.a(ii) of Annex I.

CRA Transfer Agreement has the meaning provided in Part B.2.a(ii) of Annex I.

Disbursement has the meaning provided in Section 2.4.

***DQR** has the meaning provided in Part 6 of Annex III.*

***Eligible Communes** has the meaning provided in Part B.2.a of Annex I.*

***Eligible Investments** has the meaning provided in Part B.2.a(i) of Annex I.*

***ERR** has the meaning provided in Part 2.1 of Annex III.*

***Establishment Decree** has the meaning provided in Section 3.2(b).*

***Evaluation Component** has the meaning provided in Part 1 of Annex III.*

***Excess CDF Amount** has the meaning provided in Section 2.2(d).*

***Facility** has the meaning provided in Part B.2.a(ii) of Annex I.*

***Facility Manager** has the meaning provided in Part B.2.a(ii) of Annex I.*

***Facility Manual** has the meaning provided in Part B.2.a(ii) of Annex I.*

***Fertilizer Action Plan** has the meaning provided in Part B.1.a(iv) of Annex I.*

***Fiscal Agent** has the meaning provided in Part C.3 of Annex I.*

***GDP** means gross domestic product.*

***Government** has the meaning provided in the Preamble.*

***Grant** has the meaning provided in Section 3.6(b).*

***Ha** means hectares.*

***ICRIP** has the meaning provided in Part B.2.a(ii).*

***IFC Performance Standards** has the meaning provided in Part B.1.b of Annex I.*

***Implementation Letter(s)** has the meaning provided in Section 3.5.*

***Implementing Entity** has the meaning provided in Part C.2 of Annex I.*

***Implementing Entity Agreement** has the meaning provided in Part C.2 of Annex I.*

***Indicators** has the meaning provided in Part 4.1 of Annex III.*

***Inspector General** has the meaning provided in Section 3.7(c).*

***Intellectual Property** means all registered and unregistered trademarks, service marks, logos, names, trade names and all other trademark rights; all registered and unregistered copyrights; all patents, inventions, shop rights, know how, trade secrets, designs, drawings, art work, plans,*

prints, manuals, computer files, computer software, hard copy files, catalogues, specifications, and other proprietary technology and similar information; and all registrations for, and applications for registration of, any of the foregoing, that are financed, in whole or in part, using MCC Funding.

Irrigation and Market Access Project has the meaning provided in Part B.1.a of Annex I.

Irrigation Perimeter Development Activity has the meaning provided in Part B.1.a(i) of Annex I.

ITT has the meaning provided in Part 2.a of Annex III.

IWUA has the meaning provided in Part B.1.a(ii) of Annex I.

KfW has the meaning provided in Part B.1.d of Annex I.

Km means kilometers.

Land Commissions means the land commissions created pursuant to Ordonnance 93-015 du 2 mars 1993 fixant les principes d'orientation du Code Rural and its implementing regulations and decrees.

Late Payment Interest has the meaning provided in Section 5.4.

Livestock Corridor means the international transhumance corridors in four regions (Dosso, Maradi, Tahoua, and Tilla-beri), as such corridors are defined in the Ordonnance N° 2010- 29 du 20 mai 2010 relative au pastoralisme du Code Rural.

LPIU has the meaning provided in Part B.2.a(i).

M&E has the meaning provided in Part I of Annex III.

M&E Plan has the meaning provided in Part I of Annex III.

Management Services and Market Facilitation Activity has the meaning provided in Part B.1.a(ii) of Annex I.

Management Team has the meaning provided in Part C.1.c of Annex I.

MCA Act has the meaning provided in Section 2.2(a).

Millennium Challenge Account-Niger or MCA-Niger has the meaning provided in Section 3.2(b).

MCC has the meaning provided in the Preamble.

MCC Environmental Guidelines has the meaning provided in Section 2.7(c).

MCC Funding has the meaning provided in Section 2.3.

MCC Gender Policy means the MCC Gender Policy (including any guidance documents issued in connection with such policy).

MCC M&E Policy has the meaning provided in the first paragraph of Annex III.

MCC Program Closure Guidelines means the MCC Program Closure Guidelines (including any guidance documents issued in connection with such guidelines).

MCC Program Procurement Guidelines has the meaning provided in Section 3.6(a).

MCC Website means the MCC website at www.mcc.gov.

Ministry of Agriculture and Livestock means the Government's Ministry of Agriculture and Livestock and any successor agenc(ies).

Monitoring Component has the meaning provided in Part 1 of Annex III.

Multi-Year Financial Plan Summary has the meaning provided in Annex II.

National Water Resources Plan has the meaning provided in Part B.1.a(iv) of Annex I.

Niger has the meaning provided in the Preamble.

OIE means the World Organization for Animal Health.

OMB has the meaning provided in Section 3.8(b).

Party and Parties have the meaning provided in the Preamble.

Permitted Account has the meaning provided in Section 2.4.

Policy Reform Activity has the meaning provided in Part B.1.a(iv) of Annex I.

PPR has the meaning provided in Part B.2.a(i) of Annex I.

PRAPS Activity has the meaning provided in Part B.2.a(i) of Annex I.

PRAPS Operations Manual has the meaning provided in Part B.2.a(i) of Annex I.

PRAPS Transfer Agreement has the meaning provided in Part B.2.a(i) of Annex I.

Principal Representative has the meaning provided in Section 4.2.

Procurement Agent has the meaning provided in Part C.4 of Annex I.

Program has the meaning provided in the Preamble.

Program Assets means any assets, goods or property (real, tangible or intangible) purchased or financed in whole or in part (directly or indirectly) by MCC Funding.

Program Funding has the meaning provided in Section 2.1.

Program Guidelines means collectively the Audit Guidelines, the MCC Environmental Guidelines, the MCC Guidelines for Accountable Entities and Implementation Structures, the MCC Program Procurement Guidelines, the Reporting Guidelines, the MCC M&E Policy, the MCC Cost Principles for Government Affiliates Involved in Compact Implementation, the MCC Program Closure Guidelines, the MCC Gender Policy, the MCC Gender Integration Guidelines, the MCC Guidelines for Economic and Beneficiary Analysis, the MCC Standards for Global Marking, and any other guidelines, policies or guidance papers relating to the administration of MCC-funded compact programs, in each case, as such may be posted from time to time on the MCC Website.

Program Implementation Agreement and PIA have the meaning provided in Section 3.1.

Program Objective has the meaning provided in Section 1.2.

Project(s) has the meaning provided in Section 1.2.

Project Objective(s) has the meaning provided in Section 1.3.

Provider means (i) any entity of the Government that receives or uses MCC Funding or any other Program Asset in carrying out activities in furtherance of this Compact or (ii) any third party that receives at least US\$50,000 in the aggregate of MCC Funding (other than as salary or compensation as an employee of an entity of the Government) during the Compact Term.

Ramsar Convention means the Convention on Wetlands of International Importance Especially as Waterfowl Habitat dated February 2, 1971, and as amended by Protocol on March 12, 1982 and as further amended by the Amendments of May 28, 1987.

Reporting Guidelines means the MCC Guidance on Quarterly MCA Disbursement Request and Reporting Package.

RISE has the meaning provided in Part B.1.a(iii) of Annex I.

RN7 has the meaning provided in Part B.1.a(iii) of Annex I.

RN35 has the meaning provided in Part B.1.a(iii) of Annex I.

Roads for Market Access Activity has the meaning provided in Part B.1.a(iii) of Annex I.

Sambere Rural Road has the meaning provided in Part B.1.a(iii) of Annex I.

Stakeholders' Committee has the meaning provided in Part C.1.d of Annex I.

Supplemental Agreement means any agreement between (A) the Government (or any Government affiliate, including MCA-Niger) and MCC (including, but not limited to, the PIA), or (B) MCC and/or the Government (or any Government affiliate, including MCA-Niger), on the one hand, and any third party, on the other hand, including any of the Providers, in each case,

setting forth the details of any funding, implementing or other arrangements in furtherance of, and in compliance with, this Compact.

Target has the meaning provided in Part 4.1b of Annex III.

Taxes has the meaning provided in Section 2.8(a).

United States Dollars or USD or US\$ means the lawful currency of the United States of America.

USAID means the U.S. Agency for International Development.