

CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

The Millennium Challenge Corporation intends to invest \$1,500,000 in development assistance to the Governments of Benin and Niger to facilitate the development and implementation of concurrent Millennium Challenge Compacts for both countries for the purposes increasing regional economic integration, trade, and cross-border collaboration.

If you or your staff would like to arrange a meeting to discuss the increase in assistance, please contact Brian Forni at (202) 521-2631 or ForniBJ@mcc.gov.

The attached notification is being transmitted to Congress on February 2, 2022; with the intent to obligate funds on or after 15 days from the date of this notification.

In addition to the enclosed notification, we have attached supplemental information regarding the planned assistance.

Sincerely,

/s/

Aysha House
Vice President
Congressional and Public Affairs

Enclosure: As stated

**MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION**

February 2, 2022

PROGRAM:	Eligible Countries
APPROPRIATIONS CATEGORY:	Fiscal 2022 Program Funds
OBLIGATION AMOUNT:	\$1,500,000

Pursuant to Division K, Title III under the heading “Millennium Challenge Corporation” of the Consolidated Appropriations Act, 2021 (P.L. 116-260), as carried forward by the Continuing Appropriations Act, 2022 (P.L. 117-43), as amended by the Further Extending Government Funding Act (P.L. 117-70); and section 610(a) of the Millennium Challenge Act of 2003, as amended (the “Act”), this is to advise that the Millennium Challenge Corporation (“MCC”) intends to obligate up to \$1,500,000 under section 609(g) of the Millennium Challenge Act of 2003, as amended, for the purpose of facilitating the development and implementation of concurrent Millennium Challenge Compacts (each, a “Compact”) with Benin and Niger for the purposes increasing regional economic integration, trade, and cross-border collaboration.

MCC plans to finance compact development activities as described below.

SUPPLEMENTAL INFORMATION—MCC 609(g) Funding for Benin and Niger Regional Integration Transport Program

Background

Under section 609(k) of the Millennium Challenge Act of 2003, as amended, the Millennium Challenge Corporation (“MCC”) may enter into a concurrent compact with an eligible country that has entered into and has in effect an MCC compact if at least one of the compacts is or will be for the purposes of regional economic integration, increased regional trade, or cross-border collaborations. Benin and Niger are both currently MCC compact partners in West Africa.

In December 2018, MCC’s Board of Directors (“Board”) selected Benin and Niger as eligible to develop potential concurrent compacts. MCC began working with each country to determine if there were projects that met MCC’s compact approval criteria and evaluated the countries’ ability to work with MCC. In 2019, 2020, and 2021, the Board reselected Benin and Niger as eligible to continue developing potential concurrent compacts. MCC has focused concurrent (regional) compact development on a potential Benin and Niger regional integration transport program.

Compact Eligibility and Constraints Analysis

Niger consistently passes the MCC scorecard. In Fiscal Year (“FY”) 2022, it passes 12 of 20 indicators, including the Control of Corruption and Democratic Rights hard hurdles. Niger’s scorecard and policy performance reflects the country’s recent democratic progress, which led to credible legislative and presidential elections in December 2020 and February 2021. These elections, and the subsequent democratic transition in April 2021—Niger’s first ever transfer of power between democratically elected presidents—are not yet reflected on the MCC scorecard.

Benin also passes the MCC scorecard. In FY 2022, it passes 14 of 20 indicators and both hard hurdles, though it has exhibited a multi-year decline in democratic governance, as exhibited on the democratic rights indicators on the scorecard. While not yet incorporated in Benin’s performance on the FY 2022 scorecard, this decline was punctuated by the uncompetitive April 2021 presidential election.

As communicated in MCC’s Report on the Selection of Eligible Countries for Fiscal Year 2022, transmitted on December 14, 2021, MCC’s Board reselected both Niger and Benin as eligible to continue developing concurrent compact programs. However, the Board also endorsed MCC’s determination to significantly reduce the planned regional investment that would be made in Benin through a concurrent compact due to Benin’s declining commitment to democratic governance.

The potential concurrent compact program in Benin and Niger would involve rehabilitating portions of the existing transport corridor between Cotonou in Benin and Niamey in Niger, while addressing some of the institutional and market constraints that raise the financial and time costs of transporting goods along this road. Important market and institutional constraints along this corridor include uncompetitive and extractive freight allocation arrangements, inefficient trucking industries, dysfunctional border crossings and customs processing, weak maintenance regimes, especially in Benin, and weak application of regional axle load limit regulations.

Planned 609(g) Expenses

Following Benin and Niger’s selection to develop concurrent compacts in December 2018, MCC has been working with Benin and Niger to determine if there are projects that meet MCC’s investment criteria as well as evaluate the countries’ ability to work with MCC and a partner country on a regional investment. MCC assessed potentially viable cornerstone projects proposed by the countries in the transport sector and has made progress in the due diligence of the proposed projects. However, the COVID-19 pandemic has slowed down the compact development process.

To date, the governments have not appointed full-time national coordinators, as in traditional domestic compacts, relying instead on the guidance of government-appointed officials. To assist Niger and Benin to further develop the proposed concurrent compacts, MCC intends to provide funding to these countries to support compact development-specific staff to work with MCC and cover any related expenses. Each country would receive \$750,000.

Update on the 2015 Benin Power Compact

MCC is currently partnering with Benin through a \$391 million compact that is reforming, expanding, and modernizing the West African country’s power sector.¹ With an additional contribution of \$28 million by the Government of Benin, the compact aims to strengthen the national power utility, attract private sector investment into solar power generation, and fund infrastructure investments in electricity distribution as well as off-grid electrification for poor and unserved households.

1. **Electricity Distribution Project:** The project focuses on improving the power grid serving Cotonou—Benin’s center of commerce and government—and selecting regions in northern Benin with high levels of poverty, as well as on a national level, by building a modern dispatch and control center to more effectively manage Benin’s medium voltage electricity distribution grid. Estimated Beneficiaries: 10,600,000.
2. **Electricity Generation Project:** MCC funding will be used to increase Benin’s domestic generation capacity by up to 50 megawatts of solar photovoltaic generation through an independent power producer transaction. Estimated Beneficiaries: 10,600,000.
3. **Off-Grid Electricity Access Project:** The project is helping to address the gap in access to electricity for two-thirds of Benin’s population through policy reforms, infrastructure financing, and public-private partnerships.
4. **Policy Reform and Institutional Strengthening Project:** MCC funding is improving governance in the electricity sector by strengthening regulation, supporting tariff reforms, advancing energy efficiency, and creating a policy and institutional framework for independent power producers; improving the national electricity utility’s management, operations, and maintenance through a management contract; and informing and educating the public on tariffs, energy efficiency, renewable electricity, and other key electricity sector issues.

Update on the 2016 Niger Compact

MCC’s \$437 million compact is addressing two major constraints to economic growth and investment in Niger: lack of access to water for productive uses and physical access and

¹ Note that this amount reflects the first amendment to the compact, which extended the term of the compact by an additional 12 months (to June 22, 2023) and provided additional funding up to \$16,000,000 to mitigate implementation delays due to the COVID-19 pandemic and to complete infrastructure projects as originally contemplated.

institutional barriers to trade. In partnership with the Government of Niger, the MCC compact is increasing rural incomes by improving the sustainable productive use of natural resources for agricultural production and improving trade and market access for agricultural products. The compact has the potential to benefit approximately 3.9 million people.

1. **Climate-Resilient Communities:** The Climate-Resilient Communities Project aims to increase incomes for small-scale agriculture- and livestock-dependent families in eligible municipalities in rural Niger. Through two activities, the project will improve crop and livestock productivity, restore natural resources and improve management critical to long-term output, and increase sales of enterprises supported by a grant facility.
2. **Irrigation and Market Access:** Through the compact's Irrigation and Market Access Project, MCC is partnering with the Government of Niger to make investments in infrastructure, human capacity, and market and performance-oriented management systems to enable Niger's farmers to move toward more commercialized irrigated agriculture as the foundation for sustained growth in rural incomes.

Note that an amendment is pending for this compact to extend the term for an additional 12 months (to January 26, 2024) and provide additional funding up to \$5,600,000 in order to mitigate implementation delays due to the COVID-19 pandemic and to complete projects as originally contemplated. The proposed additional funding will be used to cover additional program administration and related oversight costs associated with extending the compact's term.