



CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform you that the Millennium Challenge Corporation intends to provide assistance to the governments of Benin and Niger to facilitate the development and implementation of a concurrent Millennium Challenge Compact with each country.

If you or your staff would like to arrange a meeting to discuss the assistance, please contact Dan Petrie at (202) 521-3583 or PetrieDB@mcc.gov.

The attached notification is being sent to the Congress on April 23, 2020. The assistance may be provided, and funds obligated 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/

Emily Davis
Vice President
Congressional and Public Affairs

Enclosure: As stated

**MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION**

April 23, 2020

PROGRAM:	Eligible Countries
APPROPRIATIONS CATEGORY:	Fiscal Year 2020 Program Funds
OBLIGATION AMOUNT:	\$7,200,000

Pursuant to section 7015(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2020, 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 provide funding for assistance for Benin and Niger under section 609(g) of the Act, to be allocated by MCC as needed separately for either country or jointly for both, in a total amount not to exceed \$7,200,000, for the purpose of facilitating the development and implementation of a concurrent Millennium Challenge Compact between MCC and each country.

The funds are expected to finance activities necessary for MCC to further design and assess the potential activities, assess the expected impact of the proposed projects, and develop implementation strategies.

SUPPLEMENTAL INFORMATION - SECTION 609(g) ACTIVITIES FOR BENIN AND NIGER

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 integration. Benin and Niger are both currently MCC compact partners in West Africa.

In December 2018, MCC's Board of Directors selected Benin, Niger, Burkina Faso, Côte d'Ivoire and Ghana as potentially eligible for concurrent compacts. MCC began working with each of these countries to determine if there were projects that met MCC's strict compact approval criteria and evaluated the countries' ability to work with MCC. In December 2019, the Board again selected the countries as potentially eligible for concurrent compacts, except for Ghana due to the country's failure to maintain eligibility requirements for a concurrent compact. As a result, MCC has shifted its concurrent regional compact development focus to the Benin and Niger Regional Integration Transport Program.

Compact Eligibility and Constraints Analysis

Building on an initial scan conducted by MCC staff in 2018, MCC has spent the past fifteen months assessing potential projects in the transport and energy sectors. This process has included (1) an initial engagement visit to partner countries in early 2019; (2) the mobilization of MCC consulting resources; and (3) follow-up visits to each of the five eligible countries throughout 2019, to assess political support for the leading project.

MCC has consulted widely with eligible country governments and their accountable entities; U.S. embassies and other U.S. Government agencies, including the United States Agency for International Development, other donors, regional institutions, and the private sector. MCC has now identified a cross-border infrastructure opportunity in Benin and Niger that may qualify them for MCC concurrent compacts. MCC has also identified potential policy and institutional reforms and other accompanying activities, which are undergoing a full assessment to ensure sustainability.

Summary of Proposed Benin and Niger Regional Integration Transport Program

This potential program would involve rehabilitating portions of the existing transport corridor between Cotonou in Benin and Niamey in Niger (see Figure 1), 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. This corridor is one of the most heavily traveled north-south corridors in West Africa, and improving it has the potential to provide economic benefits to both countries. The Benin-Niger border crossing, in particular, is one of the busiest crossings between any coastal and land-locked country in the region, with an

average of approximately 1,000 vehicles per day. This potential project would have a clear link to the MCC assistance for the Port of Cotonou in Benin's first compact, as well as to the current MCC compact program in Niger, which is focused on agriculture and roads. The governments of Benin and Niger have also explicitly confirmed this as their priority regional project and have pledged to commit necessary staffing resources to work with MCC in further developing this potential project.

MCC plans to focus on three potential road segments—Bohicon-Dassa and Parakou-Gberouboue in Benin, and Dosso-Niamey in Niger—and the border crossing bridge. These potential infrastructure components are shown in green in the map below. In addition, MCC is assessing the most impactful road maintenance and other policy and institutional reforms to improve the functioning of this transport corridor. Key design elements under current consideration include expansion of the existing road segments within Benin, including additional road lanes, improvements of traffic junctions, truck parking/rest areas, and toll stations, and improvements to protect pedestrians. Similar expansion work is proposed for Niger; however, no additional road lanes are envisioned at this time, but rather improvements to the existing lanes to meet minimum technical requirements. For the border crossing improvements, the work could include rehabilitation and widening of the old border bridge, which could also serve as a pedestrian bridge, and rehabilitation of the latest border bridge in order to improve safety and traffic. Gender and social inclusion analysis of constraints and opportunities will occur during the next phases of development to ensure that benefits are spread to different population groups.

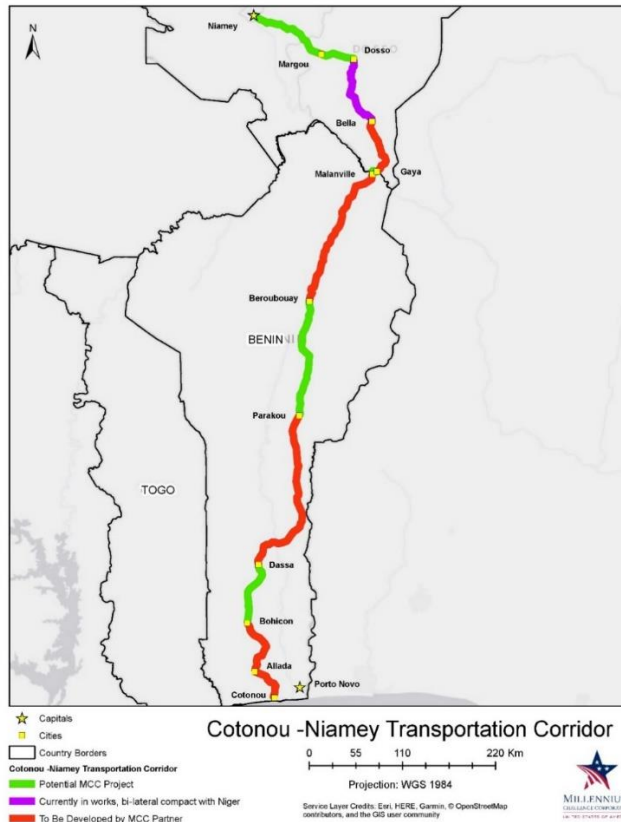


Figure 1: Map of Cotonou-Niamey Transportation Corridor including the potential MCC project in green.

Assistance to Develop the Compact Proposals

In order to assist Benin and Niger to further develop their proposed compacts, MCC intends to fund preparatory activities for the Benin and Niger Regional Integration Transport Program. It is planned that section 609(g) funds will be used for the following activities:

- support technical preparation of the Cotonou-Niamey transport corridor, including technical feasibility studies, environmental and social assessments and mitigation plans, resettlement policy framework and action plans, other technical studies, and all required permits and bidding documents for construction;
- support the management and operations of the corridor between Benin and Niger; and
- identify technical assistance, capacity building and policy and institutional reforms necessary for full program success both within Benin and Niger, as well as certain regional institutions.

Funding these activities reflects MCC’s commitment to preparing projects in a comprehensive manner, prior to compact signing, to reduce implementation risk and increase confidence in the economic justification and technical feasibility of the proposed projects.

Update on Status of Benin’s and Niger’s Current Compacts

Niger’s Water and Agriculture Compact in Implementation

MCC's Board of Directors selected Niger to develop a compact in December 2012. The \$437 million Niger Sustainable Water and Agriculture Compact entered into force in January 2018 after the government of Niger met all conditions precedent, including a key condition precedent to adopt a reform plan for the fertilizer sector. Recently, Niger broke ground on its first major infrastructure investment: the rehabilitation of the Konni large-scale irrigation perimeter. The Konni works are part of the Irrigation and Market Access Project, which includes complementary investments in approximately 300 km of roads to help get agricultural products to market, training for farmers to improve their productivity and sales, land tenure regularization, and independent water users' associations. The Climate-Resilient Communities Project has successfully funded its first round of a national livestock vaccination campaign and provided 25 grants totaling \$2.3 million to micro-, small-, and medium-sized enterprises, cooperatives, and women-owned agribusinesses by March 2019.

Benin's Power Compact in Implementation

Benin was selected by MCC's Board of Directors to develop a second compact in December 2011. The \$375 million Benin Power Compact entered into force in June 2017. With just under three years remaining for implementation, the government of Benin has satisfied the conditions for the release of \$20 million in tranche funding by adopting a policy, strategy, master plan, and regulation for off-grid electrification—the first of its kind in West Africa. Nearly 20 percent of the compact budget has been committed, including \$17.1 million for the design and equipping of a supervisory control and data acquisition system for Benin's electricity distribution network. Most compact funds will be committed following the award of the compact's largest procurements for works, including 18 new or expanded substations and the installation of 50 miles of underground 63 kV cabling.

Update on and Sustainability of Benin's 2006 Compact

The \$307 million Benin Compact closed in October 2011. The compact sought to modernize and expand the Port of Cotonou, promote land security, improve access to capital for micro enterprises, and make reforms to the judicial system. MCC worked with the government of Benin to strengthen the sustainability of the first compact program throughout development of the second compact. The government passed a new customs law and land law, began implementing these reforms, and strengthened port operations.

Although the government of Benin made progress on sustainability of the compact, not all targets were met. For instance, the Access to Markets Project included a public-private partnership that leveraged \$170 million in private investment in the port and more than doubled port volumes, though compact targets for ship wait time at anchor and berth were not met. Benin's *Doing Business* ranking improved as a result of simplified business registration, although overall lending to small business did not increase even though micro-finance institutions had improved access to commercial finance. Through the Access to Justice Project, five out of eight planned courthouses were built (due to government delays in adopting a new procedural code), but 84 percent of people surveyed by independent evaluators reported that their access to justice has improved, and firms reporting confidence in the judicial system increased from 35 percent in 2006 to 54 percent in 2011.