



CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

The Millennium Challenge Corporation intends to provide assistance to the Government of Niger to facilitate the development and implementation of its Benin-Niger Regional Roads and Transportation Millennium Challenge Compact.

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

The attached notification is being sent to the Congress on November 23, 2022. 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/

Aysha House
Vice President
Congressional and Public Affairs

Enclosure: As stated

**MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION**

November 23, 2022

PROGRAM: Eligible Countries
APPROPRIATIONS CATEGORY: Fiscal Year 2022 Program Funds
OBLIGATION AMOUNT: \$2,600,000

Pursuant to Division K, Title III under the heading “Millennium Challenge Corporation” of the Consolidated Appropriations Act, 2022 (P.L. 117-103) 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 \$2,600,000 under section 609(g) of the Act for the purpose of facilitating the development and implementation of a Millennium Challenge Compact with the Government of Niger.

The funds are expected to finance compact development activities, including but not limited to assessing the expected impact of the proposed compact, furthering design activities, and developing implementation strategies.

SUPPLEMENTAL INFORMATION

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 a 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.

Niger, a landlocked country twice the size of Texas, faces the uncertainties of having violent extremist organizations on multiple borders. Security remains a principal concern of the Government of Niger and imposes an increasingly heavy burden on its national budget. Niger's harsh climate, state-dominated economy, and low education rates are additional development challenges. Resources to cope with the world's highest fertility rate (6.9 children per woman) and fastest population growth (3.7 percent per year) are limited, and 44 percent of the Nigerien population lives below the poverty line.

Compact Eligibility

In December 2018, MCC's Board of Directors ("Board") selected Benin and Niger as eligible to develop concurrent compacts. MCC began working with each country to determine if there were projects that met MCC's compact investment criteria and evaluated the countries' ability to work with MCC. In 2019, 2020, and 2021, the Board reselected both Niger and Benin to continue developing concurrent compacts. MCC focused the development of the concurrent compacts on a potential regional integration transport program between the countries. In September 2022, the Board approved the Niger concurrent compact, which MCC and Niger plan to sign in December 2022.

Following the initial selection of Niger and Benin for potential concurrent compacts, an MCC team conducted project scans and worked to gather priority projects in the energy and transportation sectors from each country for consideration. It was determined that ideal investment opportunities for MCC's initial concurrent compacts would be cross-border infrastructure projects, with policy and institutional reform ("PIR") components, which collectively have significant political support and otherwise meet MCC's investment criteria. Important market and institutional constraints along the Cotonou – Niamey transport corridor ("Corridor") include uncompetitive and extractive freight allocation arrangements, inefficient trucking industries, dysfunctional border crossings and customs processing, weak maintenance regimes, and weak application of regional axle load limit regulations. The proposed concurrent compact includes transport infrastructure and PIR aimed at addressing one or more of these constraints.

The Government of Niger has successfully met significant PIR commitments in the initial Niger compact signed in 2016, demonstrating its commitment to the compact's goals and strong partnership with MCC. In addition, Niger consistently passes the MCC scorecard. In Fiscal Year

(FY) 2023, it passes 13 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 reflected in Niger's improvement on the Political Rights indicator on the scorecard in FY 2023.

Summary of Compact Projects

The projects and activities to be completed are:

1. Corridor Infrastructure (“CI”) Project

The objective of the CI Project is to reduce transportation costs along the Corridor with transportation costs including vehicle operating costs (“VOCs”), time-related costs and injuries and deaths.

- **Activity 1 - Road Rehabilitation:** This activity aims to rehabilitate and upgrade approximately 127 km of the *Route Nationale 1* road between the cities of Niamey and Dosso crossing the regions of Tillabéri and Dosso.
- **Activity 2 - Road Maintenance:** This activity aims to implement policy and institutional reforms in order to assist the *Agence de Maîtrise d’Ouvrage Délégué de l’Entretien Routier* to better undertake periodic road maintenance by improving the quality of the road maintenance work, optimizing the budget for such maintenance work, reducing the road maintenance funding gaps, and improving the coordination of planning and selection of roads for periodic maintenance as well as the road maintenance framework maintained by the Ministry of Equipment's *Direction de Gestion des Réseaux Routiers*.

2. Efficient Corridor Operations (“ECO”) Project

The objective of the ECO Project is to reduce transportation costs along the transport corridor from Niamey, Niger to Cotonou, Benin including VOCs, time-related costs, injuries and deaths, as well as costs related to unreliable processes and market inefficiencies.

- **Activity 1 - Freight Sector Operations Improvement:** This activity intends to promote meaningful reforms intended to impact and improve the efficiency of truck freight sector operations by addressing axle load management, regulatory review and capacity building, freight vehicle regulation, and the organization and establishment of a corridor authority.
- **Activity 2 - Customs Border Operations Improvement:** This activity intends to support improvements to the Nigerien custom border operations at the Gaya-Malanville crossing between Niger and Benin, in order to improve the fluidity of corridor operations. Additionally, this activity may include the construction of approximately 8 km bypass road in Gaya, Niger.

Policy Reform and the Compact

The PIR identified as critical are focused on improving the road maintenance institutional framework and ensuring untapped sources of maintenance funding can become available.

The following is a preliminary, non-exhaustive, list of the proposed reforms:

- Creation of an incentive road maintenance matching fund.
- Creation of a core Road Asset Management Unit (“RAMU”), staffed with sufficient capacities within the Ministry of Infrastructure, with the prerogatives of planning and programming periodic road maintenance and road improvements.
- Development of a road master plan and preparation of a 5-year periodic road maintenance plan, updated annually, by RAMU using a model such as HDM-4.
- Establishment of data-driven and economic-based periodic road maintenance planning and programming procedures.

Some of these reforms must be adopted by the Government prior to entry into force of the proposed concurrent compact and demonstrating continued compliance to the terms and conditions of these reforms will be a condition precedent to subsequent disbursement requests of the concurrent compact funding. The project design incorporates technical assistance to ensure the successful implementation of these reforms.

Assistance to Develop the Compact Proposal

The proposed assistance, in addition to funds previously notified on April 23, 2020 and February 2, 2022, will be used to assist the Government of Niger in further developing the proposed compact. Specifically, funds would be used for the following:

Rising Costs:

The costs of necessary project studies have increased, and more funds are needed to ensure that they can be completed.

Road Safety Campaign Study:

This study will assess the current road safety campaign strategy and staffing in each relevant government department and make recommendations for possible MCC financing.

Gaya Bypass:

The ECO Project will likely include the construction of a bypass road at Gaya near the border of Benin and Niger. One of the main challenges to efficient cross border trade on the Niger side is the current road access to the border that forces freight trucks through the center of Gaya, impacting the proposed ECO Project activities aimed at improving border crossing times. Freight truck traffic through Gaya negatively impacts both northbound and southbound transit, and border crossing times. This is the result of traffic delays due to the high volume of freight traffic through Gaya, which also negatively impacts road safety for road users and pedestrians. The proposed

bypass (approximately 8 kilometers) road aims to divert freight transport around the town of Gaya, which will reduce traffic congestion and improve road safety.

MCC will procure consultancy services for a prefeasibility study and design of this bypass road.

Compact Development Funding Grant Financial Plan - Niger (US\$)	
Project/Activity	Amount
Corridor Infrastructure Project	\$ -
Road Rehabilitation Activity	\$ -
Road Maintenance Activity	\$ -
Efficient Corridor Operations Project	\$ 2,100,000
Freight Sector Operations Improvement Activity	\$ 250,000
Customs Border Operations Improvement Activity	\$ 1,850,000
Program Administration and Control	\$ 500,000
Program Administration Activity	\$ -
Fiscal Agent	\$ 200,000
Procurement Management	\$ 300,000
Total MCC Funding	\$ 2,600,000

Update and Sustainability of the 2016 Niger Compact

MCC's \$442.6 million existing compact with the Government of Niger is addressing two major constraints to economic growth and investment in Niger: lack of access to water for productive uses and physical access and institutional barriers to trade. The 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 includes investments in irrigation infrastructure and management systems, climate-resilient agricultural production, upgraded roads to improve market access, and management of natural resources, while seeking to empower entrepreneurs and smallholder producers. In addition to these activities, MCC has supported the Government of Niger in rolling out an important reform to the market for fertilizers which has led to high levels of fertilizer availability for Nigerien farmers in 2021 than in any year prior, despite the impacts of COVID-19. The compact has the potential to benefit approximately 3.9 million people.

The compact was signed July 29, 2016, and entered into force on January 26, 2018, with a compact end date of January 26, 2024. The compact received a one-year extension in February 2022 due to the negative impacts of COVID-19.

2008 Niger Threshold Program

Niger's \$16.9 million threshold program was designed to assist Niger improve its performance on the policy areas of control of corruption, land rights, business start-up, and girls' primary school

education. To address these, the threshold program focused on improving the quality of and access to education for girls and improving local governance and reducing corruption through increased civil society engagement, improved business start-up procedures and tax codes, and revised trade laws.

Niger's threshold program entered into force in September 2008 and closed September 2013. During implementation, in December 2009, the Board suspended the Niger threshold program due to political events that were inconsistent with the criteria used to determine a country's eligibility for MCC assistance. The program was reinstated on June 24, 2011, in recognition of the country's return to democratic rule after free and fair elections and a constitutional referendum.