



CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

The Millennium Challenge Corporation intends to provide assistance to the Government of The Gambia to facilitate the development and implementation of a Millennium Challenge Compact.

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

The attached notification is being sent to the Congress on June 1, 2023. 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**

June 1, 2023

PROGRAM: Eligible Countries
APPROPRIATIONS CATEGORY: Fiscal Year 2023 Program Funds
OBLIGATION AMOUNT: \$12,000,000

Pursuant to Division K, Title III under the heading “Millennium Challenge Corporation” of the Consolidated Appropriations Act, 2023 (P.L. 117-328), 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 \$12,000,000 under section 609(g) of the Act to provide assistance to the Government of The Gambia for the purpose of facilitating the development of a Millennium Challenge Compact with The Gambia.

MCC plans to use these funds to facilitate the development of a compact with The Gambia. The funds will finance the development of projects and activities, including but not limited to feasibility studies, transaction advisory assistance, private sector/blended finance assessments/studies, social and environmental assessments, baseline surveys, economic impact assessments, and design activities, as well as the establishment of the structures necessary for compact implementation.

SUPPLEMENTAL INFORMATION

Background

MCC's engagement comes at a critical moment in The Gambia, when an energized populace is looking to democratically elected leaders to deliver economic benefits that match its democratic progress. From 1994 to 2016, President Yahya Jammeh ruled The Gambia under a highly repressive regime. President Jammeh was defeated in 2016 by a coalition of opposition parties led by current President Adama Barrow. President Barrow was re-elected in December 2021 in an election widely hailed as free and fair. His administration has taken fast action to undertake political and civil liberties reforms, including to combat trafficking in persons and establish a truth and reconciliation commission, but improvements in service delivery, infrastructure, and the economy have proven more difficult to implement.

Compact Eligibility

In December 2022, MCC's Board of Directors selected The Gambia as eligible to develop a compact program. The Board selected The Gambia in recognition of its strong partnership on the current \$25 million threshold program and the country's continued efforts to strengthen its democracy following the 2016 elections. The Government of The Gambia has also taken active steps to strengthen its fight against human trafficking and, as a result, in July 2022 The Gambia was upgraded to Tier 2 on the Department of State's annual Trafficking in Persons' Report. In Fiscal Year 2023, The Gambia passes the MCC scorecard for the fifth consecutive year, passing 14 of 20 indicators overall, including the Control of Corruption and Democratic Rights "hard hurdles."

Constraints Analysis

The economy of The Gambia relies heavily on tourism followed by agriculture and port transportation. The Gambia's economy is highly seasonal and prone to economic shocks. Tourism remains one of the most important sectors contributing to about 20 percent of GDP. While the economy is constrained by many factors, the Government of The Gambia, in consultation with MCC, has selected two constraints to focus on during compact development: economic underutilization of the Gambia River for transport and tourism and low enrollment and poor quality of education.

The Government of The Gambia has moved quickly to launch compact development, assigning a national coordinator and providing an initial budget of approximately \$1 million to support the compact development process, a substantial commitment for such a small economy. The compact is now at the stage of analyzing the root causes of these two constraints, and MCC and the Gambian Compact Development Team have begun developing concept notes for projects that could address the root causes.

Assistance to Develop the Compact Proposal

Funds will be used for the development and design of a compact that will address the root causes of binding constraints to economic growth related to underutilization of the Gambia River for transportation and tourism and low enrollment and poor quality of education. These funds are expected to finance the development of projects and activities that will be defined through the compact development stages of preliminary analysis, problem diagnosis, and project definition. Compact development activities include project preparation activities such as feasibility studies, transaction advisory assistance, private sector/blended finance assessments, social and environmental assessments, baseline surveys, economic impact assessments, and design activities, as well as the establishment of the structures necessary for compact implementation. Funding these activities reflects MCC's commitment to preparing projects in a comprehensive manner to reduce implementation risk and increase confidence in the economic justification and technical feasibility of the proposed projects.

Update on and Sustainability of the 2021 Gambia Threshold Program

In November 2021, MCC and the Government of the Gambia signed a \$25 million Threshold Program Grant Agreement focused on addressing the unreliable and inadequate supply of electricity. The Threshold Program includes two projects:

1. **Energy: Governance.** The Power Sector Governance Project aims to develop more effective, accountable, and transparent governance of the power sector in The Gambia. This will be accomplished by building the capacity of power sector stakeholders to diagnose and solve problems associated with the legal and regulatory environment, the policy-making process, the structure and governance of the state-owned power utility, the National Water and Electricity Company (NAWEC), and external oversight and accountability. Once implemented, the project aims to increase the governance and oversight capabilities of Ministry of Petroleum and Energy, NAWEC, the Office of the President, the regulator, the National Assembly, and journalists and civil society.
2. **Energy: Operations.** The Power Sector Operations Project aims to reduce the frequency and duration of outages and improve NAWEC's capability to operate a power system that is adequate to meeting existing and growing demands. The project aims to improve NAWEC's operational and business capabilities to reduce the frequency and duration of losses, planning for the integration of current and future system assets, and its customer service and outreach efforts.