

MILLENNIUM CHALLENGE COMPACT

BETWEEN

**THE UNITED STATES OF AMERICA
ACTING THROUGH**

THE MILLENNIUM CHALLENGE CORPORATION

AND

THE REPUBLIC OF BENIN

MILLENNIUM CHALLENGE COMPACT

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MILLENNIUM CHALLENGE COMPACT

PREAMBLE

This MILLENNIUM CHALLENGE COMPACT (this “*Compact*”) is between the United States of America (the “*United States*”), acting through the Millennium Challenge Corporation, a United States government corporation (“*MCC*”), and the Republic of Benin (the “*Government*”). Capitalized terms used in this Compact shall have the meanings provided in Annex VI.

Recognizing that the United States and the Government (collectively, the “*Parties*” and each individually, a “*Party*”) are committed to the shared goals of promoting economic growth and the elimination of extreme poverty in Benin and that MCC assistance under this Compact supports Benin’s demonstrated commitment to strengthening good governance, economic freedom, and investments in people;

Recalling that the Parties are implementing a second Millennium Challenge Compact (which entered into force on June 22, 2017, and will expire by its terms on June 22, 2023) (“*Benin Power Compact*”) that advances the progress of Benin in achieving lasting economic growth and poverty reduction, demonstrates the strong partnership between the Parties, and is being implemented in accordance with MCC’s core policies and standards;

Recognizing that the Compact aims to support certain projects in the transport sector that are intended to further regional economic integration, increased regional trade, or cross-border collaboration with Niger;

Recalling that the Government consulted with the private sector and civil society of Benin 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;

Recognizing that the United States wishes to help the Government 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 of this Compact, the “*Program*”); and

Recognizing that MCC shall serve as an implementing agency for the United States under this Compact.

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 Benin (the “*Compact Goal*”). MCC shall provide assistance in a manner that strengthens good governance, economic freedom, and investments in the people of Benin.

Section 1.2 Project Objectives. The Program consists of the two projects described in Annex I (each a “*Project*” and collectively, the “*Projects*”). The objective of each of the respective Projects (each a “*Project Objective*” and collectively, the “*Project Objectives*”) is described in Annex I.

ARTICLE 2.
FUNDING AND RESOURCES

Section 2.1 Program Funding.

Upon entry into force of this Compact in accordance with Section 7.3, MCC shall grant to the Government, under the terms of this Compact, an amount not to exceed One Hundred Eighty-Four Million Nine Hundred Seventy-Nine Thousand Seven Hundred and Eighty-Two United States Dollars (US\$184,979,782) (“**Program Funding**”) for use by the Government to implement the Program. The multi-year allocation of Program Funding is generally described in Annex II.

Section 2.2 Compact Facilitation Funding.

(a) Upon the signing of this Compact, MCC shall 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 Seventeen Million Twenty Thousand Two Hundred and Eighteen United States Dollars (US\$17,020,218) (“**Compact Facilitation Funding**” or “**CFF**”) 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 Facilitation 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 Facilitation Funding shall be effective, for purposes of Compact Facilitation Funding only, as of the date this Compact is signed by the Parties.

(c) Each Disbursement of Compact Facilitation Funding (other than any Disbursement for the MCC Contracted CFF Activities) 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 Facilitation 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 Facilitation Funding available under Section 2.2(a) (such excess, the “**Excess CFF Amount**”). In such event, the amount of Compact Facilitation Funding granted to the Government under Section 2.2(a) shall be reduced by the Excess CFF Amount, and MCC shall have no further obligations with respect to such Excess CFF 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 CFF Amount as an increase in the Program Funding, and such additional Program Funding shall be subject to the terms and conditions of this Compact applicable to Program Funding.

(f) Without limiting the generality of Section 2.2(a), the Government agrees that MCC shall directly administer and manage a portion of the Compact Facilitation Funding for the purpose of engaging consulting services and undertaking a design study related to the Corridor Infrastructure Project and for such other purposes as may be agreed in writing by the Parties (the “**MCC Contracted CFF Activities**”). Notwithstanding anything to the contrary in this Compact or the Program Implementation Agreement, MCC shall utilize applicable United States Government procurement rules and regulations in any procurements it administers and manages in connection with MCC Contracted CFF Activities and shall disburse Compact Facilitation Funding from time to time for the MCC Contracted CFF Activities directly to the relevant providers upon receipt of valid invoices approved by MCC.

Section 2.3 MCC Funding.

Program Funding and Compact Facilitation Funding are collectively referred to in this Compact as “**MCC Funding**,” and includes any refunds or reimbursements of Program Funding or Compact Facilitation Funding paid by the Government in accordance with this Compact. The total amount of MCC Funding made available under this Compact shall not exceed Two Hundred and Two Million United States Dollars (US\$202,000,000).

Section 2.4 Disbursement.

In accordance with this Compact and the Program Implementation Agreement, MCC shall disburse MCC Funding for expenditures incurred in furtherance of the Program (each instance, a “**Disbursement**”). Subject to the satisfaction of all applicable conditions precedent, the proceeds of Disbursements shall 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 shall 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) Consistent with the *Guidelines for Country Contributions*, the Government shall make a contribution of no less than Fifteen Million One Hundred and Fifty Thousand United States Dollars (US\$15,150,000) over the Compact Term toward meeting the Project Objectives of this Compact (the “**Government Contribution**”). The yearly allocation of the Government Contribution is generally described in Annex II, and a more detailed allocation shall be described in the Program Implementation Agreement, along with additional terms and conditions applicable to the Government Contribution. The Government Contribution shall be subject to any legal requirements in Benin for the budgeting and appropriation of such contribution, including approval of the Government’s annual budget by its legislature. During implementation of the Program, the Government Contribution may be modified with MCC approval as provided in the *Guidelines for Country Contributions*, provided that the modified contribution continues to advance the Project Objectives. In addition, the Government shall provide all funds and other resources, and shall take all other actions, that are necessary to carry out the Government’s responsibilities under this Compact.

(b) The Government shall 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 and identified in its annual budget for the duration of the Program.

(c) The Government shall 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 shall 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 shall 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 “**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 specifically agree otherwise in writing, the Government shall 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 Benin, reasonable in amount and imposed on a non-discriminatory basis) (“*Taxes*”) of or in Benin (including any such Taxes imposed by a national, regional, local, or other governmental or taxing authority of or in Benin). Specifically, and without limiting the generality of the foregoing, MCC Funding shall 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 Benin 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 in the case of this clause (iv): (1) natural persons who are citizens or permanent residents of Benin and (2) legal persons formed under the laws of Benin (but excluding MCA-Benin Regional and any other entity formed for the purpose of implementing the Government’s obligations hereunder).

(b) The mechanisms that the Government shall use to implement the tax exemption required by Section 2.8(a) for certain principal Taxes are set forth in Annex IV of 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-Benin Regional or to the taxpayer, or payment by the Government to MCA-Benin Regional 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). For the avoidance of doubt, the identification (or lack of identification) of Taxes on Annex IV of the Program Implementation Agreement shall in no way limit the scope of the tax-free treatment required by this Section. In addition, the Government shall 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 the provisions of this Section.

(c) Unless otherwise specifically provided herein or in the PIA, if a Tax has been paid contrary to the requirements of Section 2.8(a) or Annex IV of the Program Implementation Agreement, the Government shall 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 Benin within thirty (30) days (or such other period as may be agreed in writing by the Parties) after the Government is notified in writing (whether by MCC or MCA-Benin Regional) that such Tax has been paid.

Failure to refund such amount within the specified time shall result in interest accruing on the unpaid amount in accordance with Section 5.4.

(d) The Government shall not apply any MCC Funding, any proceeds thereof or any Program Assets to satisfy its obligations under Section 2.8(c).

ARTICLE 3. IMPLEMENTATION

Section 3.1 Program Implementation Agreement. The Parties shall enter into an agreement providing further detail on the implementation arrangements, fiscal accountability and Disbursement and use of MCC Funding and the Government Contribution, among other matters (the “**Program Implementation Agreement**” or “**PIA**”); and the Government shall 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 shall designate an entity to be established as an accountable entity to implement the Program and to exercise and perform the Government’s right and obligation to oversee, manage and implement the Program, including without limitation, managing the implementation of the Projects and their Activities, allocating resources and managing procurements. Such entity shall be referred to herein as “**MCA-Benin Regional,**” and shall have the authority to bind the Government with regard to all Program activities. The Government hereby also designates MCA-Benin Regional to exercise and perform the Government’s right and obligation to oversee, manage, and implement the activities described in the Grant and Implementation Agreement, dated as of April 6, 2022 by and between the Government and MCC (as amended or otherwise modified, the “**CDF Agreement**”). Prior to MCA-Benin Regional’s establishment, the Government hereby designates the *Équipe Technique de Formulation du Compact Régional MCC* (“**Regional Compact Technical Team**”) to act on behalf of the Government with respect to the Program and CDF Agreement, and any reference herein or in the Program Implementation Agreement to “MCA-Benin Regional” shall be deemed a reference to the Regional Compact Technical Team until such time as MCA-Benin Regional is duly established. The designation contemplated by this Section 3.2(b) does not relieve the Government of any obligations or responsibilities hereunder or under any related agreement, for which the Government remains fully responsible, and any provision of this Compact, the Program Implementation Agreement or any Supplemental Agreement obligating MCA-Benin Regional to take any action or refrain from taking any action, as the case may be, means the Government shall cause MCA-Benin Regional to take such action or refrain from taking such action, as the case may be. MCC hereby acknowledges and consents to the designation in this Section 3.2(b).

(c) The Government shall 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 shall take all necessary or appropriate steps to achieve each of 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 shall 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, procurement, and management practices, and in conformity with this Compact, the Program Implementation Agreement, any other Supplemental Agreement, any Implementation Letter, and the Program Guidelines.

(f) The Government hereby 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, the Government shall 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 shall use such guidance in implementing the Program. The Parties may also issue joint writings to confirm and record their mutual understanding on aspects related to the implementation of this Compact, the PIA, or other related agreements, including to record any revisions, exceptions, or modifications that are permitted hereunder. All such writings referenced in this section are referred to herein as “**Implementation Letters.**”

Section 3.6 Procurement and Grants.

(a) The Government shall ensure that the procurement of all goods, works, and services by the Government or any Provider to implement the Program shall be in accordance with MCC’s *Program Procurement Guidelines* (the “**MCC Program Procurement Guidelines**”).

(b) 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, shall be paid to procure goods, works, and services.

(c) The Government shall 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 in accordance with MCC’s *Program Grant Guidelines* (the “**MCC Program Grant Guidelines**”).

Section 3.7 Records; Accounting; Covered Providers; Access.

(a) Government Books and Records. The Government shall maintain, and shall 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 Government Contribution to the implementation and results of the Program (“**Compact Records**”). In addition, the Government shall furnish or cause to be furnished to MCC, upon its request, originals or copies of such Compact Records.

(b) Accounting. The Government shall maintain, and shall 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 Benin. 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, shall 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 or the Government Contribution.

Section 3.8 Audits; Reviews.

(a) Government Audits. The Government shall, on at least an annual basis (or on such other periodic basis as requested by MCC in writing), conduct, or cause to be conducted, financial audits of all disbursements of MCC Funding and the Government Contribution. All such audits shall be performed in accordance with and subject to the terms of MCC's Accountable Entities Guidelines for Contracted Financial Audits (the "*Audit Guidelines*") or such other processes and procedures as MCC may direct from time to time, including without limitation, terms governing the timing of such audits and the periods to be audited. In addition, the Government shall ensure that such audits are conducted by an independent auditor approved by MCC and selected in accordance with the Audit Guidelines. Each audit must be completed, and the draft audit report delivered to MCC, no later than 120 days after the applicable audit period, or such other period as the Parties may otherwise agree in writing. Any changes to the period to be audited shall be included in an audit plan developed and implemented by MCA-Benin Regional in accordance with the Audit Guidelines and Program Implementation Agreement and as approved by MCC (the "*Audit Plan*") or as agreed by the Parties in writing.

(b) Audits of Other Entities. The Government shall ensure that MCC-financed agreements between the Government or any Provider, on the one hand, and an entity defined as a Covered Provider by the Audit Guidelines, on the other hand, state that the Covered Provider is subject to audit in accordance with the Audit Guidelines.

(c) Corrective Actions. The Government shall use its best efforts to ensure that MCA-Benin Regional and any other Covered Provider (i) takes, where necessary, appropriate and timely corrective actions in response to audits, (ii) considers whether the results of MCA-Benin Regional's or any other Covered Provider's audits necessitate 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 shall have the right to arrange for audits of the Government's use of MCC Funding and the Government Contribution.

(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
United States of America
Telephone: +1 (202) 521-3600
Facsimile: +1 (202) 521-3947
Email: VPOperations@mcc.gov (Vice President, Compact Operations)
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

To the Government:

Ministry of Economy and Finance
01 BP 302 Cotonou
Benin
Telephone: +229 21 30 10 20
Facsimile: +229 21 30 18 51
Email: spmef@finances.bj

Upon establishment of MCA-Benin Regional, the Government shall notify the Parties of the contact details for MCA-Benin Regional.

Section 4.2 Representatives. For all purposes relevant to implementation of this Compact, the Government shall be represented by the individual holding the position of, or acting as, Minister of Economy and Finance of the Republic of Benin, and MCC shall 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 such Party (each, an “**Additional Representative**”) for all purposes relevant to implementation of this Compact except for amending this Compact pursuant to Section 6.2(a). The Government hereby designates the National Coordinator (or equivalent officer) of MCA-Benin Regional as an Additional Representative for the Government. MCC hereby designates the Deputy Vice President, Department of Compact Operations (Africa) of MCC and the Resident and Regional Deputy Country Directors of MCC for Benin as Additional Representatives for the United States. 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 shall 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 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) any statement, affirmation or assurance of the Government made or deemed made in this Compact, the Program Implementation Agreement, any Supplemental Agreement, or in any certificate or other document delivered in connection with this Compact proves to have been incorrect or misleading as of the date when made or deemed made;

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

(iv) 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;

(v) 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;

(vi) an act has been committed or an omission or an event has occurred that would render Benin 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;

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

(viii) a 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 Program Implementation Agreement shall 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 shall 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 Assets is used for any purpose in violation of the terms of this Compact, then MCC may require the Government to repay to MCC in United States Dollars the value of the misused MCC Funding, interest, earnings, or asset, plus interest thereon in accordance with Section 5.4 within thirty (30) days after the Government's receipt of MCC's request for repayment. The Government shall not use MCC Funding, proceeds thereof or any Program Asset 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 shall 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 Program Implementation Agreement when due (including amounts under Sections 2.8(c) and 5.3(a)), the Government shall pay interest on such past due amount. Interest shall accrue on such 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 shall first be credited against interest due, and once the interest due amount is extinguished, then payments shall be credited against outstanding principal.

Section 5.5 Survival. The Government's responsibilities under this Section and Sections 2.7, (Limitations on the Use of MCC Funding), 2.8 (Taxes), 3.2(f) (Government Responsibilities), 3.7 (Records; Accounting; Covered Providers; Access), 3.8 (Audits; Reviews), 5.2 (Consequences of Termination, Suspension or Expiration), 5.3 (Refunds; Violation), 5.4 (Late Payment Interest), and 6.4 (Governing Law) shall survive the expiration, suspension or termination of this Compact, provided that the terms of Section 2.8 shall survive for only 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 shall specify how it enters into force.

(b) Notwithstanding subsection (a), the Parties agree that the Government and MCC may by written agreement, which shall enter into force upon signature, modify any Annex to, in particular, but without limitation: (i) suspend, terminate or modify any Project or Activity, (ii) change the allocations of funds as set forth in Annex II, (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 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 (A) is consistent in all material respects with the Project Objectives, (B) 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)), (C) does not cause the amount of Compact Facilitation Funding to exceed the aggregate amount specified in Section 2.2(a), (D) does not reduce the Government’s responsibilities or contribution of resources required under Section 2.6(a), and (E) 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 Benin.

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, shall prevail; or

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

Section 6.4 Governing Law. This Compact is an international agreement and as such shall be governed by 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 shall 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. Unless expressly provided otherwise, 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 shall 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; Government Successors.

(a) Unless expressly provided otherwise, 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 shall 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 shall 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) Unless expressly provided otherwise, each reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a Government ministry shall be construed to include any successor ministry with the relevant subject matter or sector authority.

(c) Unless expressly provided otherwise, each reference in this Compact, the PIA, or any other agreement entered into in connection with this Compact, to a policy, guideline, guidance paper, or similar document shall be construed as a reference to an MCC policy, guideline, guidance paper, or similar document relating to the administration of MCC-funded assistance programs, in each case, as such may be posted from time to time on the MCC Website.

(d) 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 this 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 shall 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 Government agrees that MCC and the United States Government or any current or former officer or employee of MCC or the United States Government shall be immune from the jurisdiction of

all courts and tribunals of Benin 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 shall proceed in a timely manner to complete all of its domestic requirements for this Compact and the PIA to enter into force. The Parties understand that this Compact and the PIA, upon entry into force, shall prevail over the laws of Benin with the exception of the constitution of Benin.

Section 7.2 Conditions Precedent to Entry into Force. Each of the following conditions must be met to MCC's satisfaction before this Compact enters into force:

- (a) the Program Implementation Agreement is signed by the parties thereto;
- (b) the Government delivers 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 Keeper of the Seals, Minister of Justice and Legislation of Benin (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 determines that, after signature of this Compact, the Government has not 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 shall 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 shall 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 shall provisionally apply the terms of this Compact; *provided that*, no MCC Funding, other than Compact Facilitation Funding, shall be made available or disbursed before this Compact enters into force.

SIGNATURE PAGE FOLLOWS ON THE NEXT PAGE

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective governments, have signed this Compact.

Done at Washington, DC, this 14th day of December 2022.

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

FOR THE REPUBLIC OF BENIN

/s/

/s/

Name: Alice P. Albright
Title: Chief Executive Officer

Name: Romuald Wadagni
Title: Minister of Economy and Finance

**SIGNATURE PAGE TO MILLENNIUM CHALLENGE COMPACT
BETWEEN THE UNITED STATES OF AMERICA
ACTING THROUGH THE MILLENNIUM CHALLENGE CORPORATION
AND THE REPUBLIC OF BENIN**

ANNEX I

PROGRAM DESCRIPTION

This Annex I describes the Program to be funded with MCC Funding and the Government Contribution during the Compact Term.

A. PROGRAM OVERVIEW

1. Background and Consultative Process.

(a) Background.

The Government is implementing the six-year, US\$421 million Benin Power Compact. The Benin Power Compact is strengthening Benin's national electricity distribution utility, attracting private sector investment, and funding electric generation and distribution infrastructure in the electricity sector and in off-grid electrification for poor and unserved households. The Benin Power Compact is expected to benefit approximately 10.6 million people.

In December 2018, Benin along with Niger was selected by MCC's Board of Directors as eligible to develop a concurrent compact that promotes regional economic integration, increased regional trade, or cross-border collaborations. Benin was re-selected in 2019, 2020, and 2021, based on its performance on the MCC selection indicators.

Following Benin's selection to develop a concurrent compact, the Parties conducted a review of potential regional projects and determined that a cross-border transport infrastructure program was the most viable for developing a regional transport program benefiting Benin and Niger. Specifically, this Program and the program MCC intends to fund under the concurrent compact with Niger (collectively, the "***Regional Transport Program***") are expected to address important market and institutional constraints along the transport corridor that connects Cotonou, Benin and Niamey, Niger, enabling these countries to gain access to larger markets, attract increased private sector investment, and strengthen both intra-regional and global trade ties.

Benin has long been a strategic trading center and a keystone in the trade corridor that links the landlocked countries of the West African Economic and Monetary Union ("***WAEMU***") with Nigeria, Europe, and the Americas. Trade and transport have traditionally made up a large part of the nation's economy, and limitations in Benin's transportation network have increased costs for raw materials to the country and the region. The 1,000 kilometer ("***km***") transport corridor is considered one of the busiest north-south corridors in West Africa.

Furthermore, the Program is aligned with Benin's National Development Plan 2018-2025, which prioritizes the development of transport infrastructure including the rehabilitation of the road from Bohicon to Dassa. The Program also has a clear link to the activities funded under Benin's initial Millennium Challenge Compact, which focused on, among other activities, improvements to the Port of Cotonou (the "***Port***"), including a fish inspection facility.

(b) Consultative Process.

Throughout the development process, consultations were held with, among other stakeholders, Government ministries, the federations and confederation of transport unions, dry port operators, shipping companies, local chambers of commerce, the Port operator, and freight forwarders. In November 2019, a field visit to Benin occurred that included meetings with stakeholders and a physical inspection of the road from Cotonou to Malanville.

2. Description of Program and Beneficiaries.

(a) Program Description.

The Program consists of two Projects designed to rehabilitate the road between Bohicon and Dassa, while addressing some of the institutional and market constraints that raise the financial and time costs of transporting goods along the transport corridor that connects Cotonou, Benin and Niamey, Niger: (i) the Corridor Infrastructure Project and (ii) the Efficient Corridor Operations Project (“*ECO Project*”).

(b) Intended Beneficiaries.

The Regional Transport Program collectively is projected to benefit over 1.6 million people. This Program shall benefit over 1,240,000 people. This includes approximately 680,000 beneficiaries defined as “poor” and 330,000 beneficiaries defined as “near-poor.”¹

The beneficiary numbers for the Program only include beneficiaries of the Corridor Infrastructure Project’s Road Rehabilitation Activity. Beneficiaries of the Corridor Infrastructure Project’s Road Maintenance Activity and ECO Project should be identified before the Compact enters into force.

B. DESCRIPTION OF PROJECTS

Set forth below is a description of each of the Projects that the Government agrees to implement, or cause to be implemented, using MCC Funding and the Government Contribution to advance the applicable Project Objective. In addition, specific activities that shall be undertaken within each Project (each, an “*Activity*”), including Sub-Activities, are also described.

1. Corridor Infrastructure Project.

(a) Summary of Project and Activities.

The objective of the Corridor Infrastructure Project is to reduce transportation costs along the transport corridor that runs from Cotonou, Benin to Niamey, Niger with transportation costs including vehicle operating costs, time-related costs, and injuries and deaths. Traffic along the transport corridor is local, transnational, and transitional, and supports the main freight traffic from the Port to Benin, Burkina Faso, and northern Nigeria. Recognizing that inefficiencies in

¹ These beneficiary categories are defined based on the levels of consumption per day (in 2011 purchasing price parity international dollars) with the poor consuming less than US\$3.20 and near-poor consuming between US\$3.20 and US\$5.50. The beneficiary analysis set out herein relies on the most recent values in the World Bank’s Macro Poverty Outlook as of April 2022.

regional transport markets, inadequate road maintenance, and vehicle overloading have raised the financial and time costs of transporting goods along the transport corridor, this Project is intended to reduce transportation costs by ameliorating the physical condition of the road in Benin along the transport corridor through (i) rehabilitation of the road, (ii) improvements in the quality of the periodic road maintenance work, and (iii) increased periodic road maintenance funding through reforms of the road maintenance sector.

The Corridor Infrastructure Project is comprised of the following two Activities:

(i) Road Rehabilitation Activity.

The Road Rehabilitation Activity aims to rehabilitate and upgrade approximately 83 km of road between the cities of Bohicon and Dassa with the potential to add complementary traffic mitigation components.

MCC Funding shall support:

(A) Construction Costs. These costs include road structure strengthening, road width restoration, road safety improvements, and replacement or upgrading of associated structures such as culverts, rest areas, one or more toll gates, and market stalls.

(B) Non-Construction Costs. These costs include studies, detailed design, construction supervision, project management, environmental social oversight, environmental and social mitigation measures as identified in the environmental and social impact assessment (“*ESIA*”) and resettlement action plan (“*RAP*”), technical services required for implementation and auditing, as appropriate, and a road safety awareness campaign and other road safety mitigation measures designed to address community needs related to this Activity.

If as a result of the detailed design and related studies, or after receipt of bids for the road rehabilitation work, MCC determines, in consultation with MCA-Benin Regional, that the costs of the Road Rehabilitation Activity would exceed the budget allocated for this Activity, the Parties shall modify the Road Rehabilitation Activity to either reduce its scope or undertake a value-engineering assessment to complete as much of the Project Objective as feasible while maintaining an anticipated economic rate of return (“*ERR*”) of at least 10 percent.

Recognizing that the Government wishes to construct a four-lane road, at the beginning of the Road Rehabilitation Activity, the traffic study, preliminary environmental and social study, and land-use analysis that will be undertaken shall consider whether a four-lane road is warranted. Based on the outcome of the above-referenced studies and analysis, and the ERR, the Parties may mutually agree to design and fund a four-lane road under this Road Rehabilitation Activity. In that event, the Government agrees to provide any additional funding needed to design and construct the four-lane road and associated costs by increasing their Government Contribution.

(ii) Road Maintenance Activity.

The Road Maintenance Activity aims to support the newly established *Société des Infrastructures Routières et de l'Aménagement du Territoire* (“*SIRAT*”) to implement the annual road maintenance program developed by the Ministry of Infrastructure and Transport’s (“*MIT*”) Direction Générale des Infrastructures de Transport (“*DGIT*”). It is anticipated that SIRAT, through the department responsible for road maintenance, would oversee the implementation of

routine and periodic road maintenance of the national roads programs by improving the quality of the road maintenance work, optimizing the budget for such maintenance work, reducing the road maintenance funding gaps, reducing road use costs, improving the coordination of planning and selection of roads for routine and periodic maintenance, and implementing the road maintenance framework maintained by the DGIT. This Activity includes two Sub-Activities.

(A) *Performance-Based Contracting Sub-Activity*

The Performance-Based Contracting Sub-Activity shall fund technical assistance to enable SIRAT to develop and structure performance-based contracts for routine and periodic road maintenance. The performance-based contracts shall serve as a model contract utilized for the procurement of the maintenance contractors for road works contemplated under the Road Rehabilitation Activity.

(B) *Road Maintenance Funding Sub-Activity*

The Road Maintenance Funding Sub-Activity aims to provide technical assistance to the Government to support the reform of the road maintenance sector by (i) addressing the diversification of the Government's funding sources for road maintenance, and (ii) improving the country's periodic road maintenance institutional framework. The reform should result in the availability of more stable and adequate funding for SIRAT to maintain or preserve the physical conditions of the roads. Through an in-depth analysis, the Government should be able to identify and alleviate bottlenecks to resolve funding gaps in Benin's road maintenance legal framework resulting in a stronger governance framework for planning, programming, and implementing periodic road maintenance.

Specifically, MCC Funding shall support:

- the collection of annual road condition and inventory data to support road maintenance programs as defined by the DGIT;
- the maintenance and update of the road maintenance planning and programming systems and tools;
- the provision of the necessary broadband internet connection to the MIT's regional and central offices for road systems, access and data transmittals;
- capacity building aimed at improving: (a) contract management, financial management, and road maintenance funding processes, (b) preparation of bidding documents for road maintenance and performance-based contract procurements, and (c) supervision and monitoring of performance-based contracts and road maintenance contracts, traffic counting and axle loading control, and road maintenance financial and technical audit procedures;
- the acquisition of five highway development and management modeling ("*HDM-4*") licenses, technical assistance to enable the use of HDM-4 at project and network levels and support the training of MIT staff in the preparation of road master plans and multi-year periodic maintenance programs using HDM-4, and support for a level 2 calibration of the HDM-4 to Benin conditions;
- the acquisition of a wider integrated and cloud-based road asset management system and associated hardware by MIT to support all road asset management activities including (a) a road safety management sub-system, (b) a road referencing sub-system, (c) a relational database, (d) a performance-based contract monitoring sub-system, (e) a traffic

management sub-system, (f) an integrated geographic information system or GIS configured to interface with the HDM-4, current L²R system, and all relevant government road systems, (g) a web portal, and (h) high management customizable dashboards;

- the assessment of existing policies concerning road safety, and proposals for road safety policy improvements, which incorporate the needs of all users;
- the development of (a) a road maintenance manual, (b) a bridge maintenance manual, (c) a road maintenance planning manual, and (d) periodic road maintenance bidding documents;
- the strengthening of a road asset management unit (“*RAMU*”) within MIT’s *Direction de la Gestion et du Suivi des Infrastructures* (“*DGSI*”);
- improvements in road asset management through (a) an assessment of the current road asset management structure, (b) a road asset management gap analysis, (c) assistance with international and regional road asset management benchmarking, (d) development and implementation of a road asset management framework, and (e) trainings on road asset management and change management;
- development of a road asset management policy, strategy, and objectives; and
- exploration of opportunities to enable women and youth in local communities to work on the road maintenance contracts.

(b) Environmental and Social Mitigation Measures.

The Corridor Infrastructure Project is classified as Category A in accordance with the Environmental Guidelines as it poses potentially significant environmental and social risks. Land acquisition and reallocation, potential protected area impacts, community health and safety, and security issues are potentially significant and sensitive risks. As such, addressing those risks shall require more complex interventions and mitigation measures.

Specifically, temporary loss of income during road construction, as well as temporary loss of agricultural land and land-related income from crops, is an anticipated social impact. The road rehabilitation planned under the Corridor Infrastructure Project shall occur near certain protected areas including classified forests. These forests are an important type of protected area in Benin and three classified forests are close to the Bohicon-Dassa road sections. The road rehabilitation work is not expected to directly or substantially impact these protected areas. The ESIA for the Corridor Infrastructure Project shall assess any potential risks and propose mitigation measures to address any risks that are identified.

Additional environmental and social impacts during the construction phase shall include soil movement, clearing of temporary access points, borrow areas, and construction areas as well as potential impacts to aquatic and terrestrial species and habitat, air quality, noise, water quality in wetlands or aquatic habitats, and worker and community health and safety. Operation phase impacts shall include impacts to aquatic and terrestrial species and habitat, as well as health and safety risks for workers and local community members. None of these anticipated impacts are unprecedented and all have avoidance, mitigation, management, or compensation measures to address the associated risks.

An ESIA for the Corridor Infrastructure Project shall be undertaken at the same time as the final design and feasibility study for the road rehabilitation to ensure that environmental and social

impacts are avoided and minimized and that mitigation measures are fully integrated into the project design. The International Finance Corporation Performance Standards (“*IFC PS*”), which have been incorporated into the Environmental Guidelines, shall apply to the Corridor Infrastructure Project. Contractors shall be required to provide environmental and social management plans (“*ESMPs*”) that address the findings of the ESIA. Environmental and social risks, impacts, and opportunities also shall be managed through a Compact-level environmental and social management system (“*ESMS*”) for all Compact activities. The ESMS shall ensure the implementation of the following components among others: environmental and social performance policies, ESMPs, reforestation/protected area plans, stakeholder engagement plans (“*SEP*”), grievance mechanism, RAPs, and livelihood restoration plans (“*LRPs*”).

Along with the ESIA, a climate change assessment shall be undertaken to determine how the road rehabilitation activities can be optimized for climate resilience and consider how various entities may benefit from capacity building on planning for climate resilience in roads projects. Specific capacity building tasks shall be recommended in the climate assessment.

A Resettlement Policy Framework (“*RPF*”) shall be prepared for Benin after stakeholder engagement that considers, among other issues, (i) how the road designs could avoid and minimize land acquisition and resettlement wherever possible; (ii) fair compensation rates; and (iii) the structure and sequencing of design, ESIA, resettlement, and construction contracts. To avoid delays to construction start-up, the design of the Corridor Infrastructure Project and any required land acquisition must be closely coordinated, and procurement and mobilization schedules well integrated.

Security presents a significant risk to implementation as it relates to community, health, and safety. It is anticipated that contractors shall require the use of private security services, and as such, training interventions for selected personnel shall be required. Contractors shall be required to conduct background screening on their security personnel, as well as provide employee training to ensure appropriate conduct and community safety. The Government shall be responsible for preparing and implementing a security plan to address these issues.

(c) Gender and Social Inclusion.

In accordance with the *MCC Gender Policy*, the engineering design, ESIA, and RAP shall consult with, and integrate community concerns for, proposed safety infrastructural enhancements to meet community needs including parking pull outs, wider shoulders for pedestrians and bikes, and market stalls to enhance safety and economic development along the transport corridor.

Temporary employment opportunities for men, women, and youth on or around construction sites shall be encouraged, based on skills available in the region and the needs of the contractor. The Road Maintenance Activity shall consider and create, where possible, opportunities for woman-owned and small businesses, and employment for women and youth.

There are significant gender and social inclusion risks related to the Corridor Infrastructure Project activities. Trafficking in persons and gender-based violence (“*GBV*”) are major issues when improving roads. In accordance with MCC’s *Counter-Trafficking in Persons Policy*, a project-level assessment to determine the level of risk and develop recommendations for contractors to implement accordingly shall be prepared. MCC Funding shall support counter-

trafficking in persons and anti-GBV programming based on the Corridor Infrastructure Project's final designs, ESIA and trafficking in persons assessments. HIV/AIDS is a persistent issue in certain populations, particularly those along the transport corridor, and the awareness campaigns shall be conducted with construction firms and communities that will be affected by the Corridor Infrastructure Project.

Gender-associated risks within the social and environmental risks shall be monitored during the final design phase and implementation. The livelihoods of vulnerable traders and vendors along the road shall be monitored as they may be negatively affected by construction.

(d) Donor Coordination.

Throughout development of the Compact, MCC engaged with other donors, including the Economic Community of West African States (“*ECOWAS*”), European Union (“*EU*”), United States Agency for International Development (“*USAID*”), Office of the U.S. Trade Representative (“*USTR*”), WAEMU, and World Bank (“*WB*”). Through this coordination process, the Parties ensured that Compact activities are complementary, build on the work of the other donors, provide an opportunity to showcase regional integration, and highlight critical reforms that can reduce customs barriers and inefficiencies, thereby supporting the African Continental Free Trade Area (“*AfCFTA*”), whose goal is to increase intra-African trade and elevate Africa's trading position in the global economy.

(e) USAID.

MCC coordinated with USAID throughout the development of the Compact. There are synergies with USAID's Africa Trade and Investment (“*ATI*”) Program that encourage strengthened trade ties between the United States and Africa. Cooperation and coordination with USAID shall continue during Compact implementation to ensure complementarity.

(f) Sustainability.

The Corridor Infrastructure Project is designed to consider the long-term sustainability of road maintenance operations, planning, financing, and contracting, and planned policy and institutional reform associated with improved periodic road maintenance while also supporting the rehabilitation of the road between the cities of Bohicon and Dassa. The road maintenance components consider the role of key agencies and institutions in ensuring the long-term need of road maintenance and supporting the Government to be better positioned to maintain the national road network over the long-term. Including community requests in final designs shall ensure long-term community interest in maintaining the road.

(g) Policy, Legal and Regulatory Reforms.

In order to implement and sustain the Activities contemplated under the Corridor Infrastructure Project, the Government commits to, in form and substance satisfactory to MCC:

- ensuring cooperation and coordination between SIRAT and the MIT to implement the periodic road maintenance;

- the MIT's *Direction de la Planification, de l'Administration et des Finances*, in collaboration with DGSI, developing a road master plan using the HDM-4 model;
- ensuring that any necessary legislative decree required for the Government to start implementing the road master plan during the Compact Term is issued;
- establishing data-driven and economic-based periodic road maintenance planning and programming procedures in the form of a road planning manual to be approved by the MIT;
- ensuring that all of SIRAT's financial auditing documents and systems have been adapted to the requirements of the periodic road maintenance work;
- providing MCC with copies of all of SIRAT's financial auditing documents related to the routine and periodic road maintenance work during Compact implementation and for the independent evaluation;
- RAMU preparing and updating (on an annual basis) the 5-year periodic road maintenance plan using the HDM-4 model with the Government further committing that the plan shall be prepared and updated by no later than the third anniversary of the Compact's entry into force; and
- ensuring that all periodic road maintenance projects financed by the Government during the Compact Term are drawn from the 5-year periodic road maintenance plans and routine maintenance plans are drawn from the L²R or equivalent programming system in place at any given time.

2. Efficient Corridor Operations Project.

(a) Summary of Project and Activities.

The objective of the ECO Project is to reduce transportation costs along the transport corridor from Cotonou, Benin to Niamey, Niger including vehicle operating costs, time-related costs, injuries and deaths as well as costs related to unreliable processes and market inefficiencies. Inefficiencies such as market regulations, age of trucks, and border customs operation delays, among other constraints, have led to high freight transport prices and an increase in transit time along the transit corridor. The ECO Project seeks to address these constraints through the implementation of certain policy and institutional reforms that complement the Corridor Infrastructure Project by: (i) improving the alignment of market and economic regulation, (ii) improving customs and border operations, and (iii) professionalizing the freight trucking sector. The ECO Project is comprised of two Activities: the Freight Sector Operations Improvement Activity and the Customs Border Operations Improvement Activity.

With the exception of the below-described Corridor Authority Sub-Activity, each Activity and sub-activity under the ECO Project must meet an ERR hurdle rate of at least 10 percent in order for Program Funding to be used to support each such Activity or sub-activity. In addition, the Government agrees to fund any component of the ECO Project that implicates the limitation on

the use of MCC Funding described in Section 2.7(a) of this Compact recognizing that any such funding shall be in addition to the Government Contribution.

(i) Freight Sector Operations Improvement Activity.

The Freight Sector Operations Improvement Activity shall 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. This Activity includes four sub-activities.

(A) *Axle Load Management Sub-Activity*

The Axle Load Management Sub-Activity aims to increase reliability and acceptability of weighing practices in line with the regulatory framework established by WAEMU Regulation 14 and ECOWAS' Axle Load Road Map, which are applicable in Benin. MCC Funding shall support improvements in truck weighing practices associated with the preservation of road infrastructure, training of carriers and drivers on appropriate loading methods, and a pilot bonded facility to partially unload freight trucks.

(B) *Regulatory Review and Capacity Building Sub-Activity*

The Regulatory Review and Capacity Building Sub-Activity aims to support the review of freight sector regulations and provide technical assistance and capacity building to the Government and truck operators. Specifically, MCC Funding shall support capacity building activities, including:

- the adoption of a regulation in favor of formalization of the freight transport industry;
- the provision of, and training on, tools for monitoring transport data and collecting information on trucking practices for regulatory bodies;
- economic regulatory reviews on contracting practices and concessions by Government agencies for transport and logistics services and on price-setting regulation in specific consumer markets;
- the development of a road safety program; and
- training for freight sector truck operators or entrepreneurs involved in, or associated with, freight transport.

(C) *Freight Vehicle Regulation Sub-Activity*

The Freight Vehicle Regulation Sub-Activity aims to improve the roadworthiness of freight trucks through reforms intended to enhance controls on freight trucks and facilitate the renewal of a portion of the fleet operating along the transport corridor. MCC Funding shall support the technical assistance to the Government on the alignment and reinforcement of roadworthiness regulations in Benin, including those related to truck axle silhouettes, and adoption of a process for technical inspections and related licensing.

In addition, the Freight Vehicle Regulation Sub-Activity may support a grant facility (“*Facility*”) designed to facilitate the renewal of a portion of the fleet of freight trucks transporting goods routinely across the Benin-Niger border along the transport corridor that will be impacted by the revised roadworthiness regulations. Up to USD \$10 million shall be used to facilitate either the

upgrading or scrapping of trucks that do not currently meet regulatory requirements. The administration of the Facility shall be governed by an operations manual, in form and substance satisfactory to MCC, in accordance with the MCC Program Grant Guidelines, setting forth, among other requirements, eligibility criteria, appropriate required ERR, appropriate governance and implementation structures (including a structure for the selection of grants), and transparency requirements related to the Facility funding. MCC Funding to support the Facility is conditioned on the achievement of significant milestones, as determined by MCC, having been reached in terms of the implementation of the Regulatory Review and Capacity Building Sub-Activity.

(D) *Corridor Authority Sub-Activity*

The Corridor Authority Sub-Activity is designed to establish a bilateral entity (the “*Corridor Authority*”) between Benin and Niger to facilitate regional cooperation and further joint decision-making between Benin and Niger on cross-border matters related to the transport corridor. The Corridor Authority would support and facilitate the design and implementation of policy and institutional reforms to ensure harmonization across borders, coordination on road management and maintenance, improved custom border fluidity and operations, and professionalization of the transport freight sector. MCC Funding shall support technical assistance to establish the entity and ensure its legal formation.

The Corridor Authority governance structure should allow for meaningful consultation with private sector and civil society stakeholders. Best efforts shall be made to consult with other donors and ECOWAS to build and coordinate on any on-going activities aimed at furthering regional coordination in the transport sector.

(ii) Customs Border Operations Improvement Activity.

The Customs Border Operations Improvement Activity aims to support improvements to the Beninese custom border operations at the Malanville-Gaya crossing between Benin and Niger, in order to improve the fluidity of corridor operations. The Customs Border Operations Improvement Activity is designed to address delays in the clearance of freight trucks at the Malanville-Gaya customs border crossing that may arise from the increased traffic as a result of the planned improvements from the Corridor Infrastructure Project interventions. MCC Funding shall support capacity building to (i) design a customs clearance process at departure points, (ii) implement a pilot clearance process along the transport corridor, (iii) develop a single-window border crossing process implemented in collaboration with the Government of Niger, (iv) provide training on, and tools for, sharing transit information and addressing gender and inclusivity, (v) establish payment processes to minimize delays and improvements to energy and telecommunication infrastructure, and (vi) assist small and medium enterprises and traders with border procedures.

(b) Environmental and Social Mitigation Measures.

The majority of the ECO Project activities do not involve any physical works, and it is not anticipated that the activities would result in any significant environmental, health or safety hazard. As such, the overall ECO Project shall be classified as Category C following the Environmental Guidelines and shall not require an ESIA.

An ESMS shall be required for the entire Compact and outline specific environmental and social risks and related management measures within the ECO Project. If social and livelihood risks are identified as part the ECO Project activities, further studies and mitigation measures shall be required, including potential capacity building and support activities.

(c) Gender and Social Inclusion.

In accordance with the MCC Gender Policy, the ECO Project shall include gender- and inclusion-sensitive interventions including (i) a road safety program that includes a safety campaign targeted at truckers and local communities and (ii) technical assistance for entrepreneurs, who trade across the border or conduct business. These proposed activities shall be developed in close consultation with the populations that will be impacted by the ECO Project.

Capacity building support shall be provided to border officials to address GBV and harassment and improve customer service for low-literacy customers that transit through the Malanville-Gaya border crossing. To ensure compliance with Section 2.7 of this Compact, the Government shall fund the capacity building activities with such funding being provided in addition to the Government Contribution.

The risk of trafficking in persons – especially when making border crossings faster and more streamlined – are high. In accordance with MCC’s Counter-Trafficking in Persons Policy, a trafficking in persons-risk assessment and risk management plan of the border crossing shall be prepared and the findings from this assessment integrated into the ECO Project procurement documents.

(d) Donor Coordination.

Throughout development of the Compact, MCC engaged with other donors, including ECOWAS, EU, USAID, USTR, WAEMU, and WB. Through this coordination process, the Parties ensured that Compact activities are complementary, build on the work of the other donors, provide an opportunity to showcase regional integration, and highlight critical reforms to address customs barriers and inefficiencies, thereby supporting AfCFTA.

(e) USAID.

MCC coordinated with USAID throughout the development of the Compact. There are synergies with USAID’s ATI Program that encourage strengthened trade ties between the United States and Africa. Cooperation and coordination with USAID shall continue during Compact implementation to ensure complementarity.

(f) Sustainability.

The ECO Project has been designed to consider the long-term sustainability of specific policy and institutional reform components associated with the freight truck sector and the customs border operations. The Project includes improvements in axle load management, regulatory enforcement and regulatory review, the coordination of activities and plans through the creation of the Corridor

Authority, and improvements of customs operation at the Malanville-Gaya border crossing. These policy and institutional reform components are expected to foster long-term visions for the transport corridor and support Benin to be better positioned for regional integration.

(g) Policy, Legal and Regulatory Reforms.

In order to implement and sustain the Activities contemplated under the ECO Project, the Government commits to, in form and substance satisfactory to MCC:

- adopting any necessary reforms to ensure the implementation and sustainability of the ECO Project;
- establishing the Corridor Authority as a legal entity and coordinating with the Government of Niger to operationalize the entity; and
- establishing a joint working group as part of the Corridor Authority to address practical barriers to implementation of measures that would materially reduce average waiting times for trucks along the transport corridor and at the Malanville-Gaya border crossing, and to provide evidence that Benin has made efforts to implement the required regulatory changes identified by such working group.

C. IMPLEMENTATION FRAMEWORK

1. MCA-Benin Regional

(a) Independence and Autonomy.

MCA-Benin Regional shall have operational and legal independence and full decision-making autonomy, including, *inter alia*, the ability, without consultation with, or the consent or approval of, any other party, to: (i) enter into contracts in its own name; (ii) sue and be sued; (iii) establish bank accounts with a financial institution in its own name and hold MCC Funding and the Government Contribution in those accounts; (iv) expend MCC Funding and the Government Contribution; (v) engage contractors, consultants and/or grantees, including, without limitation, Procurement Agents and Fiscal Agents, all in compliance with Section 3.6; and (vi) competitively engage one or more auditors to conduct audits of its accounts. MCA-Benin Regional shall be governed and managed by a board of directors (the “**Board of Directors**”) and operations unit (the “**Operations Unit**”), in accordance with the terms of its constitutive documents and internal regulations (which must be in form and substance satisfactory to MCC) and any related MCC policies.

(b) Board of Directors.

The Board of Directors shall have ultimate responsibility for the oversight, direction, and decisions of MCA-Benin Regional, as well as the overall implementation of the Program. As of the date hereof, it is comprised of seven voting members, with the voting members being represented by the following:

- One representative from the Ministry of Development and Coordination of Governmental Action

- One representative from the Office of the President of the Republic
- One representative from the Ministry of Economy and Finance
- One representative from the Ministry of Infrastructure and Transport
- One representative from the National Assembly
- Two civil society representatives (one representing a transport association and one representing the interests of women and marginalized groups)

The number and composition of voting members may be changed through amendments to and in accordance with MCA-Benin Regional's constitutive documents and internal regulations with MCC's approval. The members of the Board of Directors may be represented by alternates appointed pursuant to the Governing Documents. The non-Government representatives shall be selected through an open and transparent process in form and substance satisfactory to MCC. Other non-voting members may be included as named in the Governing Documents. In addition, MCC's Resident Country Director in Benin shall serve as a non-voting observer of the Board of Directors.

Unless agreed otherwise by MCC, the Board of Directors shall establish a Joint Committee on Regional Coordination ("*JCRC*") composed of, among others, members of the Board of Directors. The *JCRC* shall serve as an advisory body to the Board of Directors focused on (i) providing high level oversight on the Compact, (ii) making recommendations to the Board of Directors on the Program, and (iii) managing cross-border issues with Niger.

(c) Operations Unit.

The Operations Unit shall report to the Board of Directors and have principal responsibility for the day-to-day operations and management of MCA-Benin Regional and implementation of the Program. The Operations Unit shall be led by a National Coordinator and will be composed of the directors, officers and other staff as agreed between the Parties and selected after an open, competitive, and non-discriminatory recruitment and selection process (or its equivalent). The officers shall be supported by appropriate additional staff to enable the Operations Unit to execute its roles and responsibilities.

MCA-Benin Regional shall develop and implement a SEP for sustaining inclusive public consultation and engagement with the private sector, civil society organizations, and organizations representing women and vulnerable groups, and allow them opportunities to provide advice and input. In addition, MCA-Benin Regional may establish one or more stakeholders' committees (each, a "*Stakeholders' Committee*") to promote transparency and ongoing consultation among Compact stakeholders, as well as to further the overall goals and objectives of the Compact. The Stakeholders' Committee will be identified and operated in accordance with procedures described in the Program Guidelines and the SEP.

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,

acting through MCA-Benin Regional (or prior to MCA-Benin Regional's establishment, the Regional Compact Technical Team), intends to engage one or more entities of the Government to assist with implementing any Project or Activity (or a component thereof) (each, an ***Implementing Entity***). The appointment of any Implementing Entity shall be subject to review and approval by MCC. The Government shall 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***).

3. Fiscal Agent and Procurement Agent.

Unless MCC agrees otherwise in writing, the Government shall engage a firm with expertise in financial management and reporting to serve as fiscal agent (the ***Fiscal Agent***), and an individual or firm with expertise in public procurement and contract management to serve as procurement agent (the ***Procurement Agent***). It is expected that the Fiscal Agent and Procurement Agent, respectively, shall help the Government ensure that all Program-related financial management activities and procurements are conducted in strict compliance with the principles, rules, and procedures set out in this Compact and related MCC policies, procedures, or guidance. The duties of the Fiscal Agent and Procurement Agent, respectively, shall include those set forth in the Program Implementation Agreement as well as those set forth in the respective agreements, each in form and substance satisfactory to MCC, entered into between the Government and each agent.

ANNEX II
MULTI-YEAR FINANCIAL PLAN SUMMARY

I. General.

A multi-year financial plan summary (“*Multi-Year Financial Plan Summary*”) for the Program is attached to this Annex as Exhibit A. By such time as specified in the Program Implementation Agreement, the Government shall 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 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.

II. Government Contribution.

During the Compact Term, the Government shall make contributions, relative to its national budget and taking into account prevailing economic conditions, as are necessary to carry out the Government’s responsibilities under Section 2.6(a) of this Compact. These contributions may include in-kind and financial contributions (including obligations of Benin on any debt incurred toward meeting these contribution obligations). In connection with this obligation, the Government has developed a budget over the Compact Term to complement MCC Funding through budget allocations to the Program, as further described in the Program Implementation Agreement. The Government shall make a contribution of Fifteen Million One Hundred and Fifty Thousand United States Dollars (US\$15,150,000) over the Compact Term, as provided in Section 2.6(a). Such contribution shall be in addition to the Government’s spending allocated toward such Project Objectives in its budget for the year immediately preceding the establishment of this Compact. The Government’s contribution shall be subject to any legal requirements in Benin for the budgeting and appropriation of such contribution, including approval of the Government’s annual budget by its legislature. The Parties may set forth in the Program Implementation Agreement or other appropriate Supplemental Agreements certain requirements regarding this Government Contribution, which requirements may be conditions precedent to the Disbursement of MCC Funding.

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EXHIBIT A TO ANNEX II
MULTI-YEAR FINANCIAL PLAN SUMMARY

(US\$)								
Component	Compact Facilitation Funding (CFF)	Year 1	Year 2	Year 3	Year 4	Year 5	Total MCC Funding	Government of Benin Total
1. Corridor Infrastructure Project	\$7,540,000	\$5,030,600	\$26,570,600	\$38,320,600	\$41,580,600	\$24,270,600	\$143,313,000	\$1,650,000
1.1 Road Rehabilitation Activity	\$5,540,000	\$4,590,600	\$26,130,600	\$37,880,600	\$41,140,600	\$23,830,600	\$139,113,000	
1.2 Road Maintenance Activity	\$2,000,000	\$440,000	\$440,000	\$440,000	\$440,000	\$440,000	\$4,200,000	\$1,650,000
2. Efficient Corridor Operations Project		\$5,156,000	\$5,211,000	\$5,211,000	\$5,211,000	\$5,211,000	\$26,000,000	
2.1 Freight Sector Operations Improvement Activity		\$4,111,000	\$4,111,000	\$4,111,000	\$4,111,000	\$4,111,000	\$20,555,000	
2.2 Customs Border Operations Improvement Activity		\$1,045,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$5,445,000	
3. Monitoring and Evaluation	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,500,000	
3.1 Monitoring and Evaluation	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,500,000	
4. Program Administration and Control	\$9,230,218	\$3,543,090	\$3,520,199	\$3,799,991	\$4,006,393	\$7,087,109	\$31,187,000	\$13,500,000
4.1 Program Administration	\$7,370,218	\$1,623,090	\$1,600,199	\$1,879,991	\$2,086,393	\$4,447,109	\$19,007,000	\$13,500,000
4.2 Fiscal Agent	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$1,200,000	\$5,700,000	
4.3 Procurement Agent	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$1,200,000	\$5,700,000	
4.4 Audits	\$60,000	\$120,000	\$120,000	\$120,000	\$120,000	\$240,000	\$780,000	
GRAND TOTAL COMPACT PROGRAM								
Total MCC Funding	\$17,020,218	\$13,979,690	\$35,551,799	\$47,581,591	\$51,047,993	\$36,818,709	\$202,000,000	-
Total Government of Benin Contribution		\$3,250,000	\$3,250,000	\$3,250,000	\$2,700,000	\$2,700,000	-	\$15,150,000
TOTAL PROGRAM FUNDING	\$17,020,218	\$17,229,690	\$38,801,799	\$50,831,591	\$53,747,993	\$39,518,709	\$217,150,000	

ANNEX III

COMPACT MONITORING & EVALUATION SUMMARY

This Annex III summarizes components of the monitoring and evaluation plan (“*M&E Plan*”) for this Compact. The actual structure and content of the M&E Plan, which may differ from those specified in this Annex III, shall 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 shall be posted publicly on the MCC Website and updated as necessary.

1. Objective

MCC and the Government shall formulate and agree to, and the Government shall implement or cause to be implemented, an M&E Plan that explains in detail how and what MCC and MCA-Benin Regional shall (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, compare costs to benefits, and estimate the impact of compact interventions (“*Evaluation Component*”). The M&E Plan shall 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 shall also include any monitoring and evaluation (“*M&E*”) requirements that MCA-Benin Regional must meet in order to receive Disbursements, and shall serve as a communication tool so that MCA-Benin Regional staff and other stakeholders clearly understand the objectives and targets that MCA-Benin Regional is responsible for achieving. The results of M&E activities, measured by monitoring data and evaluations, shall be made publicly available on the website of MCA-Benin Regional and on the MCC Website.

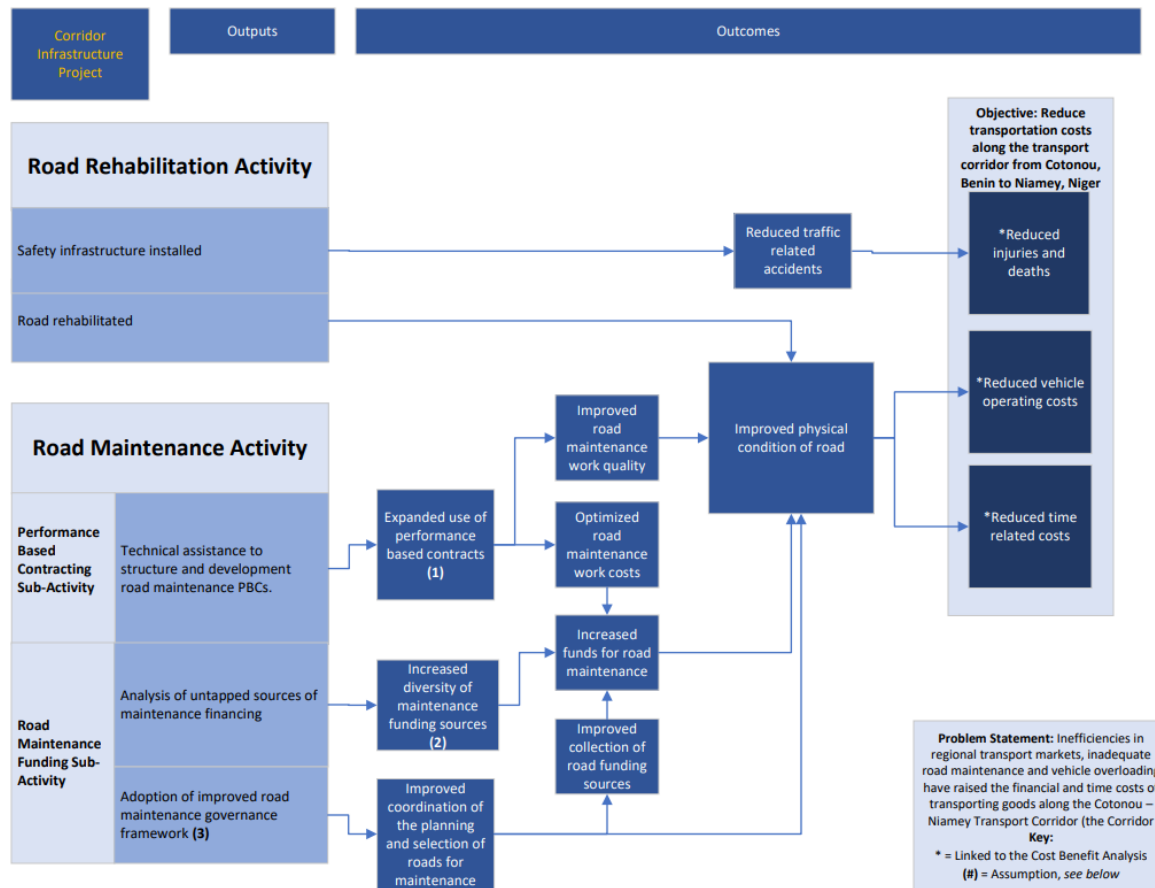
2. Program Logic

The program logic is an explanatory model that demonstrates how specific interventions lead to the expected outcomes, objectives, and goal of a compact program. This model reflects the design and implementation plans of a program, noting planned activities and outputs and the sequencing of results. Secondly, it reflects the economic logic, which forms the basis of the cost-benefit analysis (“*CBA*”) that produces the ERR. Lastly, it notes critical risks and assumptions related to achieving results. The program logic forms the basis of the M&E Plan.

2.1 Logic Models

A description of the logic underlying each Project is included below:

Corridor Infrastructure Project



Project 1: Corridor Infrastructure Project

The Corridor Infrastructure Project responds to high transportation costs along the transport corridor caused by inefficiencies in regional transport markets, inadequate road maintenance, and vehicle overloading. These inefficiencies are attributable to poor regulations, opaque markets, and inadequate road maintenance resulting from an array of institutional constraints. The project logic above illustrates how the Project’s outputs shall achieve improvements along three dimensions of transportation costs: (1) vehicle operating cost savings, (2) time-related cost savings, and (3) accident-related cost savings. The timeframe for achieving the objective and intermediate outcomes shall be identified once the CBAs are complete. All outputs are expected to be achieved during the Compact Term.

The Project Objective is expected to be achieved through each Activity and sub-activity’s key outcomes:

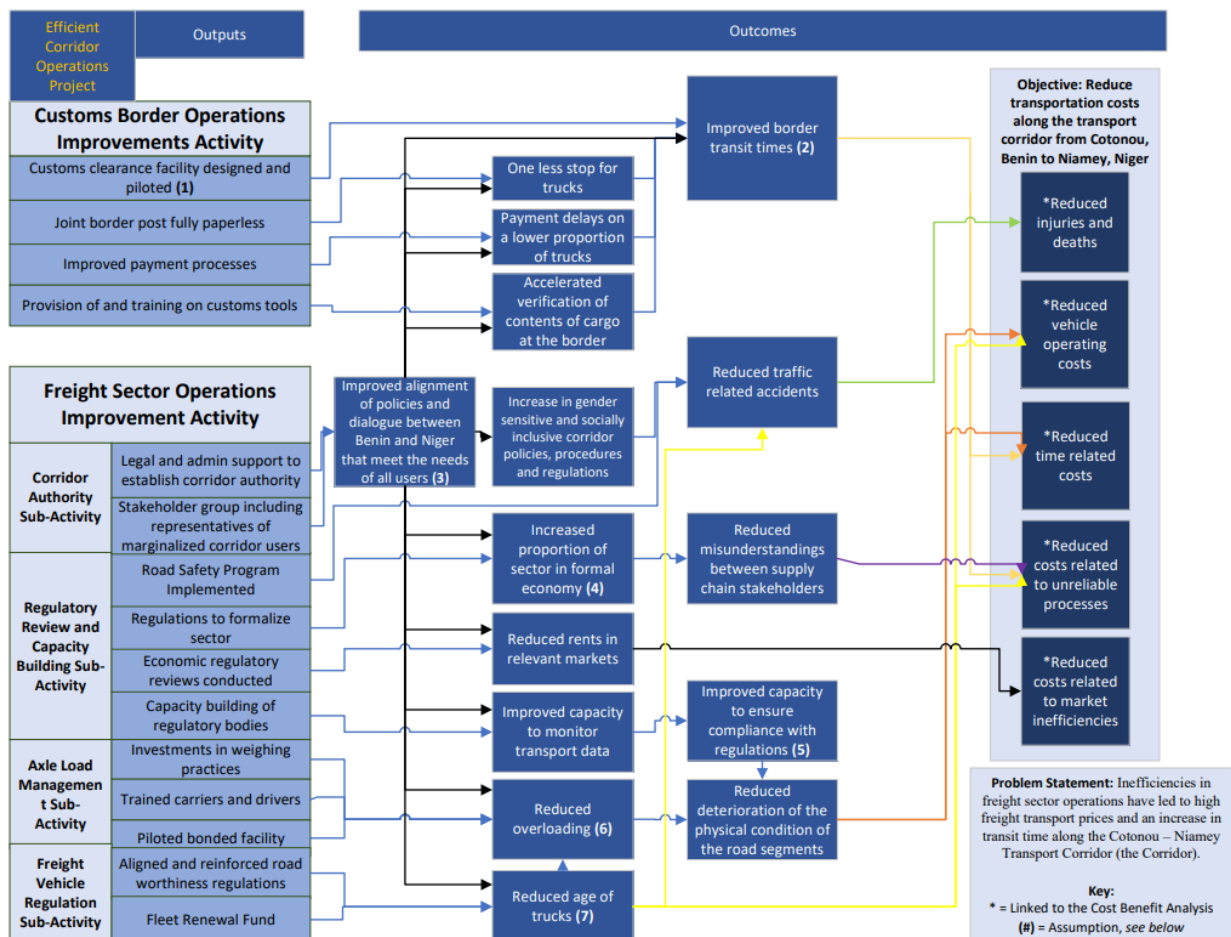
- The **Road Rehabilitation Activity** aims to directly improve the physical condition of the road between Bohicon and Dassa, while complementary gender and social inclusion interventions aim to reduce injuries and deaths. Improving the physical conditions of roads reduces vehicle operating costs and time-related costs.

- The **Performance-Based Contracting Sub-Activity** aims to improve the physical condition of roads through improved road maintenance work quality and the optimization of road maintenance work costs.
- The **Road Maintenance Funding Sub-Activity** aims to ensure stable and adequate funding required to maintain the physical condition of roads. The adoption of an improved road maintenance framework shall improve the coordination of planning and selection of roads for maintenance.

For the Corridor Infrastructure Project, the known assumptions include:

1. The Ministry of Finance, who oversees fiscal commitments towards maintenance contracts, supports the expanded use of performance-based contracts.
2. Alternative maintenance financing sources are identified and supported by the Government and key stakeholder groups.
3. Independent road management decisions are retained through the strengthening of the road maintenance department within SIRAT and reform of the MIT.

ECO Project



Project 2: ECO Project

The ECO Project addresses inefficiencies that have led to high total transportation costs along the transport corridor. These transport costs are attributable to poorly regulated, inefficient transport markets combined with inadequately maintained roads resulting from institutional constraints, as well as government coordination and funding limitations, communication gaps, and unaddressed international cooperation needs. The Project's logic, illustrated above, clarifies how the Project's outputs are expected to reduce five different transportation costs: (1) vehicle operating costs, (2) time-related costs, including expected travel duration, (3) costs related to unreliable processes, (4) costs related to market inefficiencies and (5) injuries and deaths. The timeframe for achieving the Project Objective and intermediate outcomes will be identified once the CBAs are complete. All outputs are expected to be achieved during the Compact Term.

The Project Objective is expected to be achieved through each Activity and sub-activity's key outcomes:

- The ECO Project aims to decrease accident-related injuries and deaths through (1) a road safety program, which is to be addressed to truckers and communities along the corridor, (2) improved gender sensitive and socially inclusive corridor policies and procedures, and (3) the reduced age of trucks.
- **The Customs Border Operations Improvement Activity** aims to improve border transit times, thereby reducing time-related costs and costs related to unreliable processes.
- **The Corridor Authority Sub-Activity** aims to influence the achievement of all intermediate outcomes through improving the alignment of policies and dialogue between Benin and Niger.
- **The Regulatory Review and Capacity Building Sub-Activity** aims to (1) reduce costs related to market inefficiencies by discouraging monopolies in markets related to the transport sector, (2) reduce costs related to unreliable processes by increasing the proportion of the fleet in the formal economy, and (3) reduce degradation of the physical condition of roads by improving regulatory capacity to ensure compliance with regulations.
- **The Axle Load Management Sub-Activity** aims to reduce degradation of the physical condition of roads through reduced truck overloading. Improving road conditions reduce vehicle operating and time-related costs.
- **The Freight Vehicle Regulation Sub-Activity** aims to reduce vehicle operating costs, costs related to unreliable processes, and injuries and deaths by improving the road worthiness and increasing the average age of the fleet.

For the ECO Project, the known assumptions include:

1. The Government and the Government of Niger come to an agreement for the implementation of the customs clearance facility, and existing regional agreements do not stand in the way.
2. Old border operating ways do not hamper improved border transit times.
3. The officials at the highest levels of the Beninese and Nigerien governments support and champion the creation of a Corridor Authority.

4. The “losers” of formalization, including transportation sector intermediaries, do not successfully resist the achievement of this outcome.
5. Authorities are receptive to capacity building efforts to enhance regulatory compliance.
6. The proposed Axle Load Management Sub-Activity successfully influences axle loading behavior.
7. Freight truck vehicle owners and unions do not successfully resist improved road worthiness regulations.

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

2.2 Projected Economic Benefits and Beneficiaries

2.3.1 Projected Economic Benefits

A CBA is completed to determine the cost effectiveness of MCC investments. A threshold of 10 percent is typically used to inform investment decisions.

The underlying economic logic of the CBA model(s) follow(s) the project logic depicted above. Additionally, several of the variables included in the model become key indicators to monitor the Program and evaluate whether the Program reached the intended outcomes, as well as determining its cost effectiveness. Each model includes estimated benefits and the total estimated costs to reach those intended benefits, whether costs are incurred by MCC, another donor, the Government, or another entity. These are typically examined over a 20-year period, unless otherwise noted.

The table below provides a summary of the estimated ERRs for each Project. The text following the table describes the general methodology and logic of the CBA model(s), as well as the key benefit streams, costs, assumptions, risks, etc. for each of the calculated ERRs.

Table 1: Estimated Economic Rates of Return

Project	Estimated Economic Rates of Return
Corridor Infrastructure	17.0%
ECO	TBD

Project 1: Corridor Infrastructure Project

The Corridor Infrastructure Project ERR of 17.0 percent is well above MCC’s 10 percent hurdle rate. The Project is expected to result in vehicle operating cost savings and increased speeds, leading to time-savings. The installation of road safety infrastructure is also expected to result in reduced accidents and, as a result, reduced mortality and morbidity risk to road users and reduced non-injury related accident damage. These benefits are expected to accrue both to users of the road for trips that would have occurred in absence of MCC’s investment (current traffic level plus “normal” traffic growth), as well as to users of the road for trips expected to occur due to reduced

transport costs resulting from MCC’s investment (“generated” traffic growth). Costs and benefits are forecast from the initiation of infrastructure works in 2024 through 2046.

Project 2: ECO Project

The ECO Project is not yet sufficiently designed to enable the calculation of an ERR. However, ERRs shall be calculated for all project components before the Compact’s entry into force. If all Project components that are not yet fully designed have an ERR above 10 percent once fully designed, the Compact ERR will be equal to or greater than 16.6 percent.

2.3.2 Projected Program Beneficiaries²

The M&E Plan shall also define the persons or entities expected to benefit from the Program. Beneficiary analysis is an extension of the CBA and seeks to disaggregate the total increase in income to determine specifically which segments of society shall benefit from the Projects and Activities. MCC considers beneficiaries 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).³ For definitional purposes it is important to note that not all MCC project participants are necessarily project beneficiaries. The expected beneficiaries of this Compact over 20 years (unless otherwise noted) are shown in the following table. The “Program Overview” section of Annex I presents the projected number of beneficiaries of this Compact. The text below the table provides a description of the beneficiaries.

Table 2: Projected Program Beneficiaries

Project	Estimated Beneficiaries
Corridor Infrastructure	1,240,000
ECO	TBD
Total	More than 1,240,000

*There is some anticipated overlap in beneficiaries across the Projects so the beneficiaries cannot simply be added together to estimate total compact beneficiaries.

Project 1: Corridor Infrastructure Project

The Road Rehabilitation Activity is expected to directly benefit roughly 1,240,000 unique road users from the completion of infrastructure works in 2026 through 2046.

Project 2: ECO Project

Benefits and costs of the proposed ECO Project policy and institutional reforms shall be separately modeled before the Compact’s entry into force period. The designs of the proposed investments remain insufficiently developed to produce CBA models at this time.

² Note Section 609(b)(1)(D) of the MCA Act requires the Compact to set forth “an identification of the intended beneficiaries, disaggregated by income level, gender, and age, to the maximum extent practicable.”

³ As used in this Compact, the term “beneficiary” has the meaning described in MCC’s *Guidelines for Economic and Beneficiary Analysis*.

3. 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 shall 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 shall continue to be tracked after the Compact Term as necessary.

3.1 Outcome, Output, and Process Indicators

The full M&E Plan shall measure the results of the Program using quantitative, objective, and reliable data (“*Indicators*”).

3.1.1 Baselines

The full M&E Plan shall 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 shall collect Baselines on the selected Indicators or verify already collected Baselines where applicable.

3.1.2 Benchmarks and Targets

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

3.1.3 Disaggregation of Indicators

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

3.1.4 Outcome, Output, and Process Indicators

Outcome, output and process Indicators are all defined in the MCC M&E Policy.

3.1.5 Common Indicators

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

3.1.6 Revisions to Indicators and Targets

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.

3.1.7 Indicator Tracking Table

MCA-Benin Regional must report to MCC on monitoring Indicators in the M&E Plan on a quarterly basis using an “**Indicator Tracking Table**” or “**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 the *Reporting Guidelines*. In the case that MCA-Benin Regional submits a six-month Disbursement Request, the ITT must still be submitted quarterly.

The M&E Plan shall contain the monitoring Indicators listed in Tables 1.1 and 1.2 below.

4. Evaluation Component

While good program monitoring is necessary for program management, it is not sufficient for assessing ultimate results. MCC therefore advocates for 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.

4.1 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 shall 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 shall 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-Benin Regional 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.

Project 1: Corridor Infrastructure Project

The evaluation is likely to be a pre-post mixed methods performance evaluation using HDM-4 road modeling. The evaluation questions are as follows:

1. To what extent was the Corridor Infrastructure Project implemented according to plan (in terms of quantity and quality of outputs)?
2. Did the Corridor Infrastructure Project achieve its stated objective in the timeframe and magnitude expected, as documented in the M&E Plan? Why or why not?

3. Did the results of the Corridor Infrastructure Project justify the allocation of resources towards it?

Specifically, question 2 shall answer:

- Did the Corridor Infrastructure Project reduce transportation costs along the transport corridor from Cotonou, Benin to Niamey, Niger, including (1) vehicle operating costs, (2) time-related costs, and (3) injuries and deaths?
- To measure vehicle operating costs, the evaluator is expected to conduct traffic counts and use the international roughness index as a strong predictor of the drivers of vehicle maintenance and repair costs. It may also be useful to interview a subset of trucking companies and independent truckers on maintenance costs.
- To estimate time-related costs, the independent evaluation shall likely use periodic origin-destination surveys at different times during the year and consult trucker travel logs.
- In order to answer the why/why not, the evaluator will assess the validity of the theory of change linking funded project activities to the Project Objective, including whether outputs were achieved as expected (covered in evaluation question 1 above), and the achievement of the intermediate outcomes listed in the M&E Plan. Key Corridor Infrastructure Project outcomes include improved physical condition of roads and improved maintenance work quality.

Project 2: ECO Project

The evaluation is likely to be a pre-post mixed methods performance evaluation using HDM-4 road modeling. The evaluation questions are as follows:

1. To what extent was the ECO Project implemented according to plan (in terms of quantity and quality of outputs)?
2. Did the ECO Project achieve its stated objective in the timeframe and magnitude expected, as documented in the M&E Plan? Why or why not?
3. Did the results of the ECO Project justify the allocation of resources towards it?

Specifically, question 2 shall answer:

- Did the ECO Project reduce transportation costs along the transport corridor from Cotonou, Benin to Niamey, Niger, including (1) vehicle operating costs, (2) time-related costs, (3) costs related to unreliable process, (4) costs related to market inefficiencies, and (5) injuries and deaths?
- To measure vehicle operating costs, the evaluator is expected to conduct traffic counts and use the international roughness index as a strong predictor of the drivers of vehicle maintenance and repair costs. It may also be useful to interview a subset of trucking companies and independent truckers on maintenance costs.
- To estimate time-related costs, the independent evaluation will likely use periodic origin-destination surveys at different times during the year and consult trucker travel logs.
- The methodology to measure costs related to unreliable processes and market inefficiencies will be determined after the CBAs are complete to better understand the

variables' definitions and data sources. Costs related to unreliable processes are expected to be measured by the standard deviation in travel times, and therefore may also rely on origin-destination surveys.

- In order to answer the why/why not, the evaluator will assess the validity of the theory of change linking funded project activities to the project objective, including whether outputs were achieved as expected (covered in evaluation question 1 above), and the achievement of the intermediate outcomes listed in the M&E Plan. Key ECO Project intermediate outcomes include improved border transit times, reduced age of trucks, and reduced misunderstandings between supply chain stakeholders.

The M&E Plan shall contain the evaluation Indicators listed in Tables 1.1 and 1.2.

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

5. 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 under review. The frequency and timing of DQRs 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.

6. Other Components of the M&E Plan

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

6.1 Data Management System

The M&E Plan shall describe the information system that shall 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 accessible and useful to those who wish to use it.

6.2 Budget

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

7. 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.”⁴ For this reason, primary responsibility for developing the M&E Plan lies with the M&E directorate of MCA-Benin Regional 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-Benin Regional leadership and sector leads, the MCC Resident Country Mission, and other MCC staff (such as cross-cutting leads), as well as external stakeholders, as applicable. While the entire M&E Plan must be developed collaboratively, MCC and MCA-Benin Regional Project and 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.

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

The approval and implementation of the M&E Plan, as amended from time to time, shall 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-Benin Regional 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. Evaluation activities under the M&E Plan are expected to continue beyond the end of the Compact Term and MCA-Benin Regional shall identify the individuals and organizations that shall support these activities through completion.

Table 1.1: Indicators

The table below lists the preliminary set of monitoring and evaluation Indicators linked to each result in the project logic. Key Indicators that can be reported on at least an annual basis shall be included in quarterly monitoring indicator reports, while Indicators that require survey data or a longer time period to track shall be included in evaluation reports.

Table 1.1: Corridor Infrastructure Project Indicators

Result	Indicator	Definition	Unit	Baseline	Compact Target	ITT Indicator (Y/N)
Corridor Infrastructure Project						
Objective and Project-Wide Outcome Indicators						
Reduced transportation costs along the transport corridor that runs from Cotonou, Benin to Niamey, Niger - Objective Level	Cost of transportation (R-23)	The estimated cost of using the road in USD per km, by vehicle type	USD/km	Value: TBD Year: TBD	Value: TBD Year: TBD	N

⁴ Busan Partnership for Effective Development Cooperation, Busan Outcome Document, 1 December 2011, p. 5

Result	Indicator	Definition	Unit	Baseline	Compact Target	ITT Indicator (Y/N)
Reduced injuries and deaths	Road traffic fatalities (R-11)	The number of road traffic fatalities per year on roads constructed, rehabilitated, improved, or maintained with MCC Funding	Number	Value: TBD	Value: TBD	Y
				Year: TBD	Year: TBD	
	Road traffic injuries	The number of road traffic injuries per year on roads constructed, rehabilitated, improved, or maintained with MCC Funding	Number	Value: TBD	Value: TBD	Y
				Year: TBD	Year: TBD	
Reduced vehicle operating costs	Vehicle operating costs	TBD	TBD	Value: TBD	Value: TBD	N
				Year: TBD	Year: TBD	
	Average annual daily traffic (R-10)	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	Number	Value: TBD	Value: TBD	N
				Year: TBD	Year: TBD	
Reduced time-related costs	Travel time (R-17)	Average amount of time it takes to travel key route	Minutes	Value: TBD	Value: TBD	N
				Year: TBD	Year: TBD	
Road Rehabilitation Activity						
Outcome Indicators						
Improved physical condition of roads	International Roughness Index (R-9)	The measure of the roughness of the road surface, in meters of height per km of distance traveled	Meters per km	Value: TBD	Value: TBD	N
				Year: TBD	Year: TBD	

Result	Indicator	Definition	Unit	Baseline	Compact Target	ITT Indicator (Y/N)
Reduced traffic related accidents	Traffic related accidents	The number of road traffic related accidents per year on roads constructed, rehabilitated, improved, or maintained with MCC Funding	TBD	Value: TBD	Value: TBD	Y
				Year: TBD	Year: TBD	
Output Indicators						
Safety infrastructure installed	Complementary safety equipment installed	Number of infrastructure additions to improve traffic safety along the corridors, including speed bumps, guardrails, sidewalks, crossing-lanes, lighting and signs	Number	Value: 0	Value: TBD	Y
				Year: 2024	Year: TBD	
	Gender sensitive infrastructure installed	Number of infrastructure additions specifically identified by women as being necessary, which may include separate toilets, streetlighting, and rest stops to improve access, comfort and safety of all road users	Number	Value: 0	Value: TBD	Y
				Year: 2024	Year: TBD	
Road rehabilitated	Km of roads completed (R-8)	The length of roads in km (measured regardless of number of lanes) on which an MCC funded component is complete (certificates handed over and approved)	Km	Value: 0	Value: 83	Y
				Year: 2024	Year: 2029	
Process Indicators						
Road rehabilitated	Km of roads under design (R-3)	The length of roads in km (measured regardless of number of lanes)	Km	Value: 0	Value: TBD	Y

Result	Indicator	Definition	Unit	Baseline	Compact Target	ITT Indicator (Y/N)
		under design contracts		Year: 2024	Year: TBD	
	Km of roads under works contracts (R-6)	The length of roads in kilometers (measured regardless of number of lanes) under works contracts for MCC roads investments	Km	Value: 0	Value: TBD	Y
				Year: 2024	Year: TBD	
	Temporary employment generated in road construction (R-7)	The number of people temporarily employed or contracted by MCA-Benin Regional-contracted construction companies to work on MCC funded roads components	Number	Value: 0	Value: TBD	Y
				Year: 2024	Year: TBD	
	As built drawings received (R-15)	Date by which all as-built drawings have been received and saved by MCC	Date	Value: 0	Value: TBD	Y
				Year: 2024	Year: TBD	
Road Maintenance Activity						
Performance-Based Contracting Sub-Activity						
Outcome Indicators						
Expanded use of performance-based contracts	Increased value of performance-based contracts implemented	Value of performance-based road maintenance contracts	TBD	Value: TBD	Value: TBD	Y
				Year: TBD	Year: TBD	
	Road under performance-based road maintenance contracts	Number of kilometers of road under performance-based road maintenance contracts	Km	Value: TBD	Value: TBD	Y
				Year: TBD	Year: TBD	
Improved road maintenance work quality	TBD	TBD	TBD	Value: TBD	Value: TBD	TBD
				Year: TBD	Year: TBD	
Optimized road maintenance work costs	TBD	TBD	TBD	Value: TBD	Value: TBD	TBD
				Year: TBD	Year: TBD	

Result	Indicator	Definition	Unit	Baseline	Compact Target	ITT Indicator (Y/N)
Output Indicators						
Technical assistance to structure and develop periodic road maintenance performance-based contracts	Technical assistance to structure performance-based contracts	Percentage of planned technical assistances contract expenditures	Percentage	Value: TBD	Value: TBD	Y
				Year: TBD	Year: TBD	
Road Maintenance Funding Sub-Activity						
Outcome Indicators						
Increased diversity of maintenance funding sources	Increased number of road maintenance funding sources	Number of road maintenance funding sources	Number	Value: TBD	Value: TBD	N
				Year: TBD	Year: TBD	
Increased funds for road maintenance	Additional financing made available for road maintenance	TBD	TBD	Value: TBD	Value: TBD	Y
				Year: TBD	Year: TBD	
Improved coordination of the planning and selection of roads for maintenance	TBD	TBD	TBD	Value: TBD	Value: TBD	TBD
				Year: TBD	Year: TBD	
Improved collection of road funding sources	TBD	TBD	TBD	Value: TBD	Value: TBD	TBD
				Year: TBD	Year: TBD	
Output Indicators						
Analysis of untapped sources of maintenance financing	TBD	TBD	TBD	Value: TBD	Value: TBD	Y
				Year: TBD	Year: TBD	
Adoption of improved road maintenance governance framework	TBD	TBD	Date	Value: TBD	Value: TBD	Y
				Year: TBD	Year: TBD	

Table 1.2: Efficient Corridor Operations Project Indicators

Result	Indicator	Definition	Unit of Measure	Baseline	Compact Target	ITT Indicator (Y/N)
ECO Project						
Objective and Project-Wide Outcome Indicators						
Reduce transportation costs along the transport corridor from Cotonou, Benin to Niamey, Niger - Objective Level	Cost of transportation (R-23)	The estimated cost of using the road in USD per km, by vehicle type	US Dollar/ Km	Value: TBD Year: TBD	Value: TBD Year: TBD	N
Reduced Deaths and Injuries	Road traffic fatalities (R-11)	The number of road traffic fatalities per year on roads constructed, rehabilitated, improved, or maintained with MCC Funding	Number	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
	Road traffic injuries	The number of road traffic injuries per year on roads constructed, rehabilitated, improved, or maintained with MCC Funding	Number	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Reduced Vehicle Operating Costs	Vehicle operating costs	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	N
	Average annual daily traffic (R-10)	The average number and type of vehicles per day, averaged over different times (day and night) and over different seasons to arrive	Number	Value: TBD Year: TBD	Value: TBD Year: TBD	N

Result	Indicator	Definition	Unit of Measure	Baseline	Compact Target	ITT Indicator (Y/N)
		at an annualized daily average				
Reduced Time-Related Costs	Travel time (R-17)	Average amount of time it takes to travel key route	Minutes	Value: TBD Year: TBD	Value: TBD Year: TBD	N
Reduced costs related to unreliable processes	Costs related to unreliable processes	The standard deviation in travel times across the transport corridor	Standard deviation of travel times	Value: TBD Year: TBD	Value: TBD Year: TBD	N
Reduced costs related to market inefficiencies	Costs related to market inefficiencies	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	N
Freight Sector Operations Improvements Activity						
Axle Load Management Sub-Activity						
Outcomes						
Reduced overloading	Percentage overloading (R-33)	Number of trucks that are overloaded (numerator) over total number of trucks on the road (denominator), as a percentage	Percentage	Value: TBD Year: TBD	Value: TBD Year: TBD	N
Reduced deterioration of the physical condition of the roads	International Roughness Index (R-9)	The measure of the roughness of the road surface, in meters of height per km of distance traveled	Meters per km	Value: TBD Year: TBD	Value: TBD Year: TBD	N
Output Indicators						
Investments in weighing practices	Weighing facilities installed	Number of new weighing facilities installed	Number	Value: 0 Year: 2024	Value: TBD	Y

Result	Indicator	Definition	Unit of Measure	Baseline	Compact Target	ITT Indicator (Y/N)
		with MCC Funding			Year: TBD	
	Cost of weighing for truckers	Cost of truck weighing fee	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Trained carriers and drivers	Number of trained carriers and drivers	Number of carriers, drivers and shippers trained on truck loading	Number	Value: 0 Year: 2024	Value: TBD Year: TBD	Y
Pilot bonded facility	Pilot bonded facility operational	Facility to partially unload goods in transit is operational	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Regulatory Review and Capacity Building Sub-Activity						
Outcomes						
Improved capacity to monitor transport data	TBD	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	TBD
Improved capacity to ensure compliance with regulations	TBD	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	TBD
Reduced rents in relevant markets	Difference between contracted transport prices and market transport prices	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	N
	Reduction in the cost of monopolistic services	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	N

Result	Indicator	Definition	Unit of Measure	Baseline	Compact Target	ITT Indicator (Y/N)
Increased proportion of sector in formal economy	Proportion of carriers incorporated	Percentage of carriers incorporated	Percentage	Value: TBD Year: TBD	Value: TBD Year: TBD	N
Reduced misunderstandings between supply chain stakeholders	TBD	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	TBD
Reduced traffic related accidents	Traffic related accidents	Number of traffic related accidents	Number	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Outputs						
Road Safety Program implemented	TBD	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Capacity building of regulatory bodies	New operational tools for monitoring transport data	Number of new operational tools for monitoring transport data made available with MCC Funding	Number	Value: 0 Year: 2024	Value: TBD Year: TBD	Y
	Individuals trained in new operational tools for monitoring transport data	Number of individuals trained in new operational tools for monitoring transport data	Number	Value: 0 Year: 2024	Value: TBD Year: TBD	Y
Economic regulatory reviews conducted	Economic regulatory reviews conducted	TBD	Number	Value: TBD Year: TBD	Value: TBD Year: TBD	Y

Result	Indicator	Definition	Unit of Measure	Baseline	Compact Target	ITT Indicator (Y/N)
Regulations to formalize sector	TBD	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Freight Vehicle Regulation Sub-Activity						
Outcomes						
Reduced age of trucks	Average age of freight truck fleet	Average age of freight truck fleet	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	N
Outputs						
Aligned and reinforced road worthiness regulations	Road worthiness regulations aligned between Benin and Niger	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
	Road worthiness regulations reinforced	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	TBD
Fleet renewal fund	Percentage of fleet renewal funds repaid	TBD	Percentage	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
	New vehicles introduced to the fleet	Number of new vehicles introduced to the freight fleet	Number	Value: 0 Year: 2024	Value: TBD Year: TBD	Y
	Vehicles removed from the fleet	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	Y

Result	Indicator	Definition	Unit of Measure	Baseline	Compact Target	ITT Indicator (Y/N)
Corridor Authority Sub-Activity						
Outcomes						
Improved alignment of policies and dialogue between Benin and Niger that meet the needs of all users	TBD	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	TBD
Increase in gender sensitive and socially inclusive corridor policies, procedures, and regulations	Policies, procedures/regulation that refer to all users/different users of the road and their needs	Number of policies, procedures/regulation that refer to all users/different users of the road and their needs	Number	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Outputs						
Legal and administrative support to establish Corridor Authority	TBD	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Stakeholder group including representatives of marginalized corridor users	Representatives on the corridor stakeholder group that represent user groups of women/youth/poor populations	Number of representatives on the corridor stakeholder group that represent user groups of women/youth/poor populations	Number	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Customs Border Operations Improvement Activity						
Outcomes						
One less stop for trucks	Number of roadside stops for trucks at the border	Average number of roadside stops for trucks at the border	Number	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Payment delays on a lower proportion of trucks	TBD	TBD	TBD	Value: TBD	Value: TBD	TBD

Result	Indicator	Definition	Unit of Measure	Baseline	Compact Target	ITT Indicator (Y/N)
				Year: TBD	Year: TBD	
Accelerated verification of contents of cargo at the border	Cargo verification time at the border	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	N
Improved border transit times	Average time spent at the Benin-Niger border	The difference between the day/hour/minute of completion of formalities at one border post and the day/hour/minute of start of formalities at the other of trucks loaded with goods in transit. It consists of the time taken by the various administrations and forwarding agents to complete the formalities	Minutes	Value: TBD Year: TBD	Value: TBD Year: TBD	N
Outputs						
Custom clearance facility designed and piloted	Customs clearance facility pilot operational	Date on which the customs clearance facility pilot is operational	Date	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Joint border post fully paperless	TBD	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	Y

Result	Indicator	Definition	Unit of Measure	Baseline	Compact Target	ITT Indicator (Y/N)
Improved payment processes	TBD	TBD	TBD	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
Provision of and training on customs tools	Tools implemented by customs for sharing transit information	TBD	Number	Value: TBD Year: TBD	Value: TBD Year: TBD	Y
	Customs officials trained on new tools	TBD	TBD	Value: 0 Year: 2024	Value: TBD Year: TBD	Y

ANNEX IV
CONDITIONS PRECEDENT
TO DISBURSEMENT OF COMPACT FACILITATION FUNDING

This Annex IV sets forth the conditions precedent applicable to Disbursements of Compact Facilitation Funding other than any Disbursement for MCC Contracted CFF Activities (each a “*CFF Disbursement*”). Capitalized terms used in this Annex IV and not defined in this Compact shall have the respective meanings assigned thereto in the Program Implementation Agreement. Upon execution of the Program Implementation Agreement, each CFF Disbursement shall be subject to all of the terms of the Program Implementation Agreement, except that the conditions to each CFF Disbursement shall continue to be those set forth in this Annex IV.

1. Conditions Precedent to Initial Compact Facilitation Funding Disbursement.

Unless waived or deferred in writing by MCC, each of the following conditions must be met to MCC’s satisfaction before the Initial CFF Disbursement:

- (a) The Government (or MCA-Benin Regional) has delivered to MCC:
 - (i) an interim fiscal accountability plan acceptable to MCC; and
 - (ii) a CFF procurement plan acceptable to MCC.

2. Conditions Precedent to all Compact Facilitation Funding Disbursements (Including the Initial CFF Disbursement).

Unless waived or deferred in writing by MCC, each of the following conditions must be met to MCC’s satisfaction before each CFF Disbursement:

- (a) The Government (or MCA-Benin Regional) 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-Benin Regional), dated as of the date of the CFF 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 CFF 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 CFF Disbursement are necessary, advisable or otherwise consistent with the goal of facilitating the implementation of this Compact and shall not violate any applicable law or regulation; (ii) no material default or breach of any covenant, obligation or responsibility by the Government, MCA-Benin Regional 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 shall 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 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 CFF Disbursement occurring after this Compact has entered into force in accordance with Article 7: MCC is satisfied, in its sole discretion, that (i) MCC has received copies of any reports due from any technical consultants (including environmental auditors engaged by MCA-Benin Regional) for any Activity since the previous Disbursement Request, and all such reports are in form and substance satisfactory to MCC; (ii) 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 CFF Disbursement; (iii) there has been progress satisfactory to MCC on the M&E Plan and Social and Gender Integration Plan as defined in the PIA for the Program or relevant Project or Activity and substantial compliance with the requirements of the M&E Plan and Social and Gender Integration Plan (including the targets set forth therein and any applicable reporting requirements set forth therein for the relevant Disbursement Period); (iv) 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); (v) 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-Benin Regional have been removed or resigned and the position remains vacant, MCA-Benin Regional 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 precedent set forth in Section 7.2 of this Compact, unless waived or deferred in writing by MCC, each of the following conditions must be met to MCC's satisfaction before this Compact enters into force:

- (a) MCA-Benin Regional must develop for the Projects, in form and substance satisfactory to MCC, (i) one or more indicators to measure the Project Objective, including a definition, Baseline, and Target and (ii) beneficiary analyses; and
- (b) The Government must deliver to MCC a security plan, in form and substance satisfactory to MCC, outlining its contributions and a procedure for ensuring the security of the Program including individuals working on the Program and any related activities by MCA-Benin Regional.

ANNEX VI DEFINITIONS

Activity has the meaning provided in Section B of Annex I.

Additional Representative has the meaning provided in Section 4.2.

AfCFTA has the meaning provided in Section B(1)(d) of Annex I.

Annex has the meaning provided in Section 6.1.

ATI has the meaning provided in Section B(1)(e) of Annex I.

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

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

Bank means the financial institution approved by MCC to hold MCA-Benin Regional's Permitted Account.

Bank Agreement means an agreement, in form and substance satisfactory to MCC, between MCA-Benin Regional and the Bank that sets forth the signatory authority, access rights, anti-money laundering and anti-terrorist financing provisions, and other terms related to MCA-Benin Regional's Permitted Account.

Baseline has the meaning provided in Annex III.

Benin Power Compact has the meaning provided in the Preamble.

Board of Directors has the meaning provided in Section C(1)(a) of Annex I.

CBA has the meaning provided in paragraph 2 of Annex III.

CDF Agreement has the meaning provided in Section 3.2(b).

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

CFF Disbursement Request means a Disbursement Request pertaining to CFF.

Compact has the meaning provided in the Preamble.

Compact Facilitation Funding or CFF 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 Authority has the meaning provided in Section B(2)(a)(i)(D) of Annex I.

Corridor Infrastructure Project has the meaning provided in Section A(2)(a) of Annex I.

Covered Provider has the meaning provided in the Audit Guidelines.

DGIT has the meaning provided in Section B(1)(a)(ii) of Annex I.

DGSI has the meaning provided in Section B(1)(a)(ii)(B) of Annex I.

Disbursement has the meaning provided in Section 2.4.

Disbursement Request means a request by MCA-Benin Regional to MCC for Program Funding or CFF, respectively, submitted in accordance with the Reporting Guidelines.

DQR has the meaning provided in Annex III.

ECO Project has the meaning provided in Section A(2)(a) of Annex I.

ECOWAS has the meaning provided in Section B(1)(d) of Annex I.

Environmental and Social Management System or ESMS means a set of policies, procedures, tools and internal capacity to identify and manage an institution's exposure to the environmental and social risks of its clients, investees or stakeholders.

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

ERR has the meaning provided in Section B(1)(a)(i)(B) of Annex I.

ESIA has the meaning provided in Section B(1)(a)(i)(B) of Annex I.

ESMPs has the meaning provided in Section B(1)(b) of Annex I.

EU has the meaning provided in Section B(1)(d) of Annex I.

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

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

Facility has the meaning provided in Section B(2)(a)(i)(C) of Annex I.

Fiscal Agent has the meaning provided in Section C(3) of Annex I.

Fiscal Agent Agreement means an agreement between MCA-Benin Regional and the Fiscal Agent, in form and substance satisfactory to MCC, that sets forth the roles and responsibilities of the Fiscal Agent and other appropriate terms and conditions.

Fiscal Agent Disbursement Certificate means a certificate of the Fiscal Agent, substantially in the form provided by MCC.

GBV has the meaning provided in Section B(1)(c) of Annex I.

Governing Documents has the meaning provided in Section C(1)(b) of Annex I.

Government has the meaning provided in the Preamble.

Government Contribution has the meaning provided in Section 2.6(a).

Grant has the meaning provided in Section 3.6(c).

HDM-4 has the meaning provided in Section B(1)(a)(ii)(B) of Annex I.

IFC PS has the meaning provided in Section B(1)(b) of Annex I.

Implementation Letters has the meaning provided in Section 3.5.

Implementing Entity has the meaning provided in Section C(2) of Annex I.

Implementing Entity Agreement has the meaning provided in Section C(2) of Annex I.

Indicator Tracking Table or **ITT** has the meaning provided in Annex III.

Indicators has the meaning provided in Annex III.

Initial CFF Disbursement means the first Disbursement relating to CFF.

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.

International Accounting Standards Board has the meaning provided in Section 3.7(b).

JCRC has the meaning provided in Section C(1)(b) of Annex I.

KM has the meaning provided in Section A(1)(a) of Annex I.

Livelihood Restoration Plan or **LRP** means a plan that establishes the entitlements (e.g., compensation, other assistance) of affected persons and/or communities who are economically displaced by a project, in order to provide them with adequate opportunity to reestablish their livelihoods.

M&E has the meaning provided in paragraph 1 of Annex III.

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

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

MCA-Benin Regional has the meaning provided in Section 3.2(b).

MCC has the meaning provided in the Preamble.

MCC Contracted CFF Activities has the meaning provided in Section 2.2(f).

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 Grant Guidelines has the meaning provided in Section 3.6(c).

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

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

MIT has the meaning provided in Section B(1)(a)(ii) of Annex I.

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

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

National Coordinator has the meaning provided in Section C(1)(c) of Annex I.

Operations Unit has the meaning provided in Section C(1)(a) of Annex I.

Party and Parties have the meaning provided in the Preamble.

Permitted Account has the meaning provided in Section 2.4.

Port has the meaning provided in Section A(1)(a) of Annex I.

Principal Representative has the meaning provided in Section 4.2.

Procurement Agent has the meaning provided in Section C(3) of Annex I.

Procurement Agent Agreement means the agreement that MCA-Benin Regional shall enter into with the Procurement Agent, in form and substance satisfactory to MCC, that sets forth the roles and responsibilities of the Procurement Agent with respect to the conduct, monitoring and review of procurements and other appropriate terms and conditions.

Procurement Agent Disbursement Certificate means a certificate of the Procurement Agent, substantially in the form provided by MCC.

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 Environmental Guidelines, the MCC Policy Guidelines for Accountable Entities and Implementation Structures, the MCC Program Grant Guidelines, the MCC Program Procurement Guidelines, the Reporting Guidelines, the MCC M&E Policy, the MCC Cost Principles for Government Affiliates, the MCC Program Closure Guidelines, the MCC Gender Policy, the MCC Operational Requirements and Milestones for Social Inclusion and Gender Integration, the MCC Guidelines for Economic and Beneficiary Analysis, the MCC Standards for Global Marking, the MCC Guidelines for Country Contributions, the MCC Counter-Trafficking Persons Policy, the Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations, 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 or PIA have the meaning provided in Section 3.1.

Project has the meaning provided in Section 1.2.

Project Objective has the meaning provided in Section 1.2.

Provider means (a) 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 (b) 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.

RAMU has the meaning provided in Section B(1)(a)(ii)(B) of Annex I.

Regional Compact Transport Technical Team has the meaning provided in Section 3.2(b).

Regional Transport Program has the meaning provided in Section A(1)(a) of Annex I.

Reporting Guidelines means the MCC Guidance to Accountable Entities on the Quarterly Disbursement Request Package.

Resettlement Action Plan or RAP means a plan designed to mitigate the negative impacts of the physical displacement of persons caused by project implementation.

RPF has the meaning provided in Section B(1)(b) of Annex I.

SEP has the meaning provided in Section B(1)(b) of Annex I.

SIRAT has the meaning provided in Section B(1)(a)(ii) of Annex I.

Social and Gender Integration Plan means the plan prepared in accordance with the MCC Gender Policy and the MCC Operational Requirements and Milestones for Social Inclusion and Gender Integration, as further described in the Program Implementation Agreement.

Stakeholders' Committee means one or more bodies of representatives from the private sector, beneficiaries, civil society and local and regional governments established by MCA-Benin Regional as part of fulfilling the requirements of any stakeholder engagement plan, and to provide advice and input to MCA-Benin Regional regarding the implementation of the Program.

Stakeholder Engagement Plan or SEP means a plan designed to guide consultations and communications with stakeholders of a project throughout the life of the project for the purpose of engaging with stakeholders in a culturally appropriate manner, all as more particularly described in IFC Performance Standard No. 1.

Supplemental Agreement means any agreement between (a) the Government (or any Government affiliate, including MCA-Benin Regional) and MCC (including, but not limited to, the PIA), or (b) MCC and/or the Government (or any Government affiliate, including MCA-Benin Regional), 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 Annex III.

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

United States has the meaning provided in the Preamble.

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

USAID has the meaning provided in Section B(1)(d) of Annex I.

USTR has the meaning provided in Section B(1)(d) of Annex I.

WAEMU has the meaning provided in Section A(1)(a) of Annex I.

WB has the meaning provided in Section B(1)(d) of Annex I.