



**MILLENNIUM
CHALLENGE
CORPORATION**

REDUCING POVERTY THROUGH GROWTH

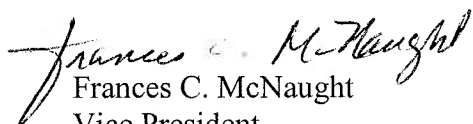
FRANCES C. MCNAUGHT
VICE PRESIDENT, CONGRESSIONAL AND PUBLIC AFFAIRS

CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform you of the intent to provide funding of up to US\$9,430,000 for the purpose of facilitating the development of a Millennium Challenge Compact with the Government of Burkina Faso.

This notification is being sent to the Congress on July 16, 2007. Allocation and obligation of funds may be incurred on or after fifteen days from the date of this notification. The obligation of funds will be made at the time of the applicable agreement is effective.

Sincerely,


Frances C. McNaught

Vice President
Congressional and Public Affairs

CONGRESSIONAL NOTIFICATION

Monday, July 16, 2007

In accordance with the Continuing Resolution of 2007 (P.L. 109-3833), this is to advise you that the Millennium Challenge Corporation (“MCC”) intends to obligate up to US\$9,430,000 in FY 2007 MCC program funds pursuant to its authority under Section 609(g) of the Millennium Challenge Act of 2003. MCC plans to apply the obligated funds to facilitate the development and efficient implementation of the proposed Millennium Challenge Compact (“Compact”) with the Government of Burkina Faso (“GOBF”). The 609(g) grant will be used for fiscal agent and procurement agent fees, recruitment and compensation for key accountable entity staff, project preparation activities and monitoring and evaluation. Specifically, these funds will be used for the following five activities:

1. Accountable Entity (US\$760,000)
2. Fiscal Agent and Procurement Agent Mobilization (US\$2,500,000)
3. Land Tenure Project Preparation (US\$570,000)
4. Roads Project Preparation (US\$5,100,000)
5. Monitoring and Evaluation (US\$500,000)

Accountable Entity

The 609(g) funds will pay for recruitment costs and salaries for competitively recruited key officers of the accountable entity, MCA-Burkina Faso. The 609(g) funding will also cover expenses directly related to the key permanent staff, such as transportation and translation services. Establishing the accountable entity and recruiting key officers prior to Compact signing will facilitate the acceleration of implementation of the proposed projects and activities.

Fiscal Agent and Procurement Agent Mobilization

The 609(g) funds will pay for the initial year’s fees for the fiscal agent and procurement agent (together, the “Agents”). Assuming that the Compact is signed, the subsequent option years for the fiscal and procurement agents will be paid for with Compact funds. Prior to entry into force of the Compact (“Entry into Force”), the Agents will be expected to prepare key operational documents and systems. The Agents will initiate procurements and facilitate payments for the procurements funded by the 609(g) grant, in addition to working closely with MCA-Burkina Faso to develop the Compact procurement strategy and prepare procurement documents.

Land Tenure Project Preparation

The 609(g)-funded activities will secure stakeholder participation in the preparation of the new land law and regulations expected to be adopted by the National Assembly of Burkina Faso in 2008, on which most of the proposed land tenure project is predicated. The 609(g) funding will pay for consultation with a range of national and regional stakeholders, including technical experts and policy makers, through a series of workshops and technical meetings. Legal drafting assistance will also be provided. The activities will ensure that the law and regulations (i) respond to the real needs of beneficiaries; (ii) include appropriate and sufficient content to meet MCC requirements for the success of the project; and (iii) address practical issues and local perceptions raised by stakeholders. The timing of this legislation necessitates that this preparatory work begin prior to Entry into Force. The adoption of well-conceived legislation and regulations in 2008 will greatly benefit the pace and quality of land tenure project implementation. Assistance to finalize the design of a cross-activity training program will also be provided. In addition to the Compact development benefit, these activities will have substantial stand-alone value in improving Burkina Faso's land policy framework and are consistent with MCC's ideal of leveraging transformational policy reforms.

Roads Project Preparation

The 609(g) funds will pay for the preparation of final design and specification documents, environmental and social assessment work and a resettlement policy framework for the more than 1,700 kilometers of roads anticipated to be funded under the Compact. The procured contractors will build upon the feasibility studies and design studies already paid for by the GOBF, review and upgrade the design documents, specifications and cost estimates as well as the supporting environmental and social assessment studies to ensure they satisfy MCC and international standards, and minimize construction risks. Launching these contracts as soon as the procurement agent is operational will accelerate the construction schedule and mitigate the completion risk on the proposed roads project.

Monitoring and Evaluation (M&E)

The 609(g) funding will support the collection of baseline data. While the MCC Monitoring & Evaluation team will be using the recently completed population census and national household and agriculture surveys to the extent possible, it is likely that the administration of similar surveys will be required in the project sites in order to have statistically valid results for the target beneficiary population. Following identification of the Compact objectives and indicators, it is anticipated that additional baseline information will need to be collected.

Government of Burkina Faso Contribution

For a highly resource-constrained government, the GOBF has invested considerable resources in developing the Compact. The GOBF carefully followed MCC guidance and

established a full-time unit dedicated to Compact development at an estimated operational cost of more than \$2 million through September 2007. The GOBF also commissioned a \$2.5 million set of feasibility studies to facilitate progress on the proposed roads project. From October 2007 through Entry into Force, the GOBF will be responsible for paying the salaries of the existing Compact development team, as well as administrative expenses and office space for MCA-Burkina Faso, which totals an estimated \$1 million.