

**CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET**

We wish to inform the Congress of our intent to provide funding of up to US\$304,477,816 for a Millennium Challenge Compact with the Republic of Namibia.

Obligation of funds may be incurred on or after 15 days from the date of this notification.

The attached notification is being sent to Congress on July 10, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew K. McLean". The signature is written in a cursive style with a large loop at the end.

Matthew K. McLean  
Vice President  
Congressional and Public Affairs

Enclosure:  
As stated

## CONGRESSIONAL NOTIFICATION

July 10, 2008

<b>PROGRAM:</b>	Eligible Countries
<b>APPROPRATIONS CATEGORY:</b>	FY 2007 Program Funds and FY 2008 Program Funds
<b>OBLIGATION AMOUNT:</b>	\$304,477,816 (\$224, 124, 234 – FY 2007) (\$80,353,582 – FY 2008)

Pursuant to (i) section 515 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2006 (P.L. 109-102), as carried forward by the Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5) and (ii) sections 615(c) and 699I(b)(3) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2008 (P.L. 110-161), the Millennium Challenge Corporation (“MCC”) wishes to notify the Congress of its intent to sign a Millennium Challenge Compact (“Compact”) with the Republic of Namibia (“Namibia”) through which MCC will grant up to a total amount of \$304,477,816 consisting of up to \$224,124,234 of fiscal year (“FY”) 2007 funds reserved for lower middle income countries and up to \$80,353,582 of FY 2008 funds reserved for lower middle income countries under the Millennium Challenge Act of 2003 (the “Act”). MCC intends to obligate up to \$284,934,641 under section 605 of the Act when the Compact enters into force. In order to accelerate implementation of the Compact, MCC will obligate up to \$19,543,175 (“Compact Implementation Funding”) of the FY 2007 funds under section 609(g) of the Act when the Compact is signed by the parties and ratified by Namibia. After the Compact enters into force, Compact Implementation Funding that is not needed to accelerate implementation of the Compact may be deobligated, and up to an equivalent amount of funding may be obligated under section 605 of the Act. Such funding is included in the total amount of MCC funds under the Compact and will not increase total Compact funding.

Compact funding will support three projects: education, tourism and agriculture, each of which is described along with other key elements of the Compact in the accompanying summary.

Under section 610(a) of the Act, the appropriate Congressional committees were notified on April 18, 2008 of MCC’s intent to commence negotiations with Namibia. MCC will provide the final text no later than 10 days after the execution of the Compact, as provided in section 610(b) of the Act.

**MILLENNIUM CHALLENGE COMPACT BETWEEN THE UNITED STATES  
OF AMERICA, ACTING THROUGH THE MILLENNIUM CHALLENGE  
CORPORATION, AND THE REPUBLIC OF NAMIBIA**

The Millennium Challenge Corporation's Board of Directors has approved a five-year, \$304.5 million compact with the Republic of Namibia aimed at reducing poverty and accelerating economic growth ("Compact"). The Compact aims to improve the quality of education and training for underserved populations, and to diversify Namibia's export base by capitalizing on its comparative advantages (e.g., large areas of semi-arid communal land suitable for livestock, and diverse wildlife and unique landscapes ideal for ecotourism) to increase the incomes of poor Namibians in the northern areas of the country.

**Education Project (\$145.0 million)**

The education project seeks to improve the education sector's effectiveness, efficiency and quality through infrastructure improvements, institutional strengthening, policy reform and targeted technical assistance to ensure sustainable results. The primary activities include:

*General Education (\$76.9 million)*

- This activity seeks to bolster the quality of general education through the improvement of infrastructure and equipment in approximately 47 primary and secondary school campuses, primarily in the northern communities of Namibia, and training programs for school administrators and teachers. Additionally, this activity includes support to teacher training colleges for policy-relevant studies and science and computer training facilities.

*Vocational and Skills Training (\$29.1 million)*

- This activity will improve vocational and skills training through the establishment of a National Training Fund within the Namibia Training Authority. This includes funding of priority projects including tourism training, construction and renovation of approximately nine Community Skills Development Centers and facilitating private partnerships to address market demand for employment.

*Access to and Management of Textbooks (\$14.6 million)*

- This activity will upgrade access to and management of school textbooks through operational support and reforms to establish more transparent, competitive acquisition processes for new textbooks and improved distribution and management procedures. This includes funding the acquisition of science, math and English textbooks for grades 5 - 12 on a national level, improving classroom use of textbooks and piloting an

improved textbook acquisition plan. Additionally, a system for monitoring textbook supply and demand will be implemented.

*Regional Study and Resource Centers (\$20.9 million)*

- This activity will construct approximately three regional study and resource centers in underserved areas in an effort to improve access to documentation, information resources, training materials and programs, as well as study facilities. Additionally, technical assistance and training will be provided for the staff of the regional study and resource centers.

*Expanding and Improving Access to Tertiary Education Finance (\$2.1 million)*

- This activity aims to expand access to tertiary education through assisting the Ministry of Education in its efforts to establish a sustainable and more widely accessible tertiary and technical education finance system.

*Cross-Project Support (\$1.4 million)*

- This activity seeks to strengthen to the Ministry of Education's HIV/AIDS Management Unit, and to develop HIV/AIDS awareness and prevention plans related to construction activities.

**Tourism Project (\$67.0 million)**

The tourism project will support three priority activities to improve the management and infrastructure of Etosha National Park, enhance the marketing of Namibian tourism, and develop the capacity of communal conservancies to attract investments in ecotourism and capture a greater share of the revenue generated by tourism. Together, these activities will increase incomes and create employment opportunities for some of the poorest populations in Namibia, while preserving the natural resources that serve as the base for the tourism industry. The primary activities include:

*Improved Management and Infrastructure of Etosha National Park (\$40.5 million)*

- This activity seeks to improve the management capacity of Etosha National Park (ENP), promote private sector investment in tourism in this area, and increase tourism revenue benefitting rural communal conservancies. MCC funding will provide for technical assistance in support of improved park management and a study of tourism carrying capacity, as well as support for potential tourism investments in and around ENP and other national parks in the north. MCC funds will also improve infrastructure for management centers and ENP staff housing, road building and maintenance capacity and the purchase of game translocation equipment.

*Promotion of Namibia Tourism (\$8.3 million)*

- This activity seeks to expand the promotion of tourism to Namibia by developing and promoting local and regional tourism packages and creating a fully interactive ecotourism website. The promotion of local and regional

tourism will help to create jobs for economically disadvantaged groups that have not been able to take part in the thriving Namibian tourism industry—which comprises nearly 14% of Namibia's GDP—in the rural northern region of Namibia. Income generated from these jobs will help reduce poverty in these rural areas. Additionally, the promotion of sustainable eco-tourism packages will focus on directing anticipated increased tourists to communal areas adjacent to the ENP conservancy sites.

*Ecotourism Development in Conservancies (\$18.2 million)*

- This activity will assist Namibia in building conservancy capacity to protect natural resources, attract investment, and achieve financial sustainability so that households in communal conservancy areas (or conservancies) can receive a greater share of revenues. Based on individual conservancy needs and demands, the activity will provide a range of technical assistance services and grant funding to approximately 31 high-tourism potential conservancies. Such assistance will help to mitigate existing barriers to tourism investment and help render the conservancies financially self-sustainable. In addition, grant funding to promote joint-venture tourism enterprises between conservancies and the private sector will be provided to a subset of approximately 15 of the conservancies.

**Agriculture Project (\$47.0 million)**

The agriculture project will target investments to improve the economic performance of the livestock sector in the northern area of the country. The project is expected to increase productivity and profitability of livestock through strengthening the land tenure system, introducing improved rangeland management practices, and strengthening animal health services and livestock marketing efficiencies. In addition, the project will increase the volume, quality and value-added of indigenous natural products for export to regional and international markets. The primary activities include:

*Land Access and Management (\$21.2 million)*

- This activity includes both improving the communal land regime and introducing effective community-based rangeland management activities. In the area of communal land regime improvements, MCC will fund: (i) a comprehensive public awareness and outreach campaign to educate the public regarding their land rights; (ii) the streamlining of administrative procedures for land management; (iii) a systematic verification and registration process that will result in the formalization of land rights in the northern communal areas; and (iv) capacity building for communal land boards and other land administration institutions. The activities relating to community-based rangeland management will focus on improving livestock quality and value by supporting training in community-based management of rangeland resources, herd management, and business management skills, including specific outreach to women in small ruminant production and marketing. In addition, communities will be eligible to receive limited rangeland management

infrastructure (e.g., water points and corrals) to support community rangeland management plans.

*Livestock Support (\$19.1 million)*

- This activity will support the construction of approximately five veterinary centers in the underserved northern communal areas and rehabilitation of two quarantine camps in the Caprivi region. This includes the implementation of a livestock traceability system, and a fund to support investments fostering greater efficiencies in livestock marketing, transport, and quarantine. The activity will also focus on diversifying market opportunities, including regulatory capacity building in the northern communal areas.

*Indigenous Natural Products (\$6.7 million)*

- This activity will assist in increasing the volume, quality, and value addition of the natural products that Primary Producer Organizations (PPOs) collect and harvest, and advancing their operational and business capacity. In addition, this activity will improve market information to PPOs, provide capacity building for the Indigenous Plant Task Team and support the formulation of regulations, policies and implementation plans to ensure the protection of indigenous natural products.

## **Administration**

The Compact also includes approximately \$39 million for administrative and oversight costs of the projects over a five-year timeframe, including the costs of administration, management, auditing, fiscal and procurement agent services, and environmental and social oversight. In addition, the cost of monitoring and evaluation of the Compact is budgeted at \$6.6 million.

## **Expected Results**

*Education Project:*

- Over a million students across Namibia will benefit from improved provision of textbooks and an improved quality of education. An estimated 11,000 additional students will receive financing for tertiary education. In addition, a more sustainable fiscal framework for tertiary education will shift the distribution of benefits of public education towards the poor.
- Up to 49,000 undereducated and unemployed individuals over 20 years will receive training at the Community Skills Development Centers. An estimated 2,000 additional vocational training graduates will receive higher incomes due to improved training opportunities through the National Training Fund. Over the course of 20 years, the 47 schools targeted for renovation and expansion will produce approximately 41,700 graduates in primarily rural northern communities.

*Tourism Project:*

- Up to 118,000 conservancy members within the approximate 31 conservancies are targeted to benefit under this project. A projected 7,000 Namibians will enjoy significantly higher incomes as a result of full and part time employment generated through the tourism project. The remaining 111,000 conservancy members are expected to receive indirect benefits to improve overall incomes and many of these will also benefit from conservancy-sponsored projects.
- Increased incomes generated by greater investments in Etosha National Park will lead to increased tourists and added value to the Namibian economy more generally. The promotion activities will result in an estimated additional 4,000 tourists per year, on average.

*Agriculture Project:*

- About 135,000 individuals, primarily in northern Namibia, will benefit from improved market efficiencies, improved land tenure security and more equitable access to land. In addition, over 24,000 households will benefit from improved veterinary services, and an estimated 1,800 households across 50 communities are anticipated to benefit from the rangeland management program.
- The indigenous natural products activity is expected to increase incomes for up to 15,000 households. This activity is expected to increase incomes for primary producers, a majority of whom are poor and female and for whom small increases in cash income provide important supplementary household income.



**MILLENNIUM  
CHALLENGE  
CORPORATION**  
REDUCING POVERTY THROUGH GROWTH



July 10, 2008 ★ [www.mcc.gov](http://www.mcc.gov)

## Namibia and Millennium Challenge Corporation Building a Partnership for Poverty Reduction through Economic Growth

The Millennium Challenge Corporation's Board of Directors has approved a five-year, \$304.5 million compact with the Government of Namibia aimed at reducing poverty and accelerating economic growth. The Compact aims improve the quality of education and training for underserved populations, and attempts to capitalize on Namibia's comparative advantages (e.g., large areas of semi-arid communal land suitable for livestock, and diverse wildlife and unique landscapes ideal for ecotourism) to increase the incomes of poor Namibians in the northern areas of the country.

### **Education Project (\$145.0 million)**

- The education project seeks to improve the education sector's effectiveness, efficiency and quality through infrastructure improvements, institutional strengthening, policy reform and targeted technical assistance to ensure sustainable results. The primary activities include:

#### **General Education (\$76.9 million)**

- This activity seeks to bolster the quality of general education through the improvement of infrastructure and equipment in approximately 47 primary and secondary school campuses, primarily in the northern communities of Namibia, and training programs for school administrators and teachers. Additionally, this activity includes support to teacher training colleges for policy-relevant studies and science and computer training facilities.

#### **Vocational and Skills Training (\$29.1 million)**

- This activity will improve vocational and skills training through the establishment of a National Training Fund within the Namibia Training Authority. This includes funding of priority projects including tourism training, construction and renovation of approximately nine Community Skills Development Centers and facilitating private partnerships to address market demand for employment.



### **Access to and Management of Textbooks (\$14.6 million)**

This activity will upgrade access to and management of school textbooks through operational support and reforms to establish more transparent, competitive acquisition processes for new textbooks and improved distribution and management procedures. This includes funding the acquisition of science, math and English textbooks for grades 5 - 12 on a national level, improving classroom use of textbooks and piloting an improved textbook acquisition plan. Additionally, a system for monitoring textbook supply and demand will be implemented.

### **Regional Study and Resource Centers (\$20.9 million)**

This activity will construct three regional study and resource centers in underserved areas in an effort to improve access to documentation, information resources, training materials and programs, as well as study facilities. Additionally, technical assistance and training will be provided for the staff of the regional study and resource centers.

### **Expanding and Improving Access to Tertiary Education Finance (\$2.1 million)**

This activity aims to expand access to tertiary education through assisting the Ministry of Education in its efforts to establish a sustainable and more widely accessible tertiary and technical education finance system.

### **Cross-Project Support (\$1.4 million):**

This activity seeks to strengthen to the Ministry of Education's HIV/AIDS Management Unit, and to develop HIV/AIDS awareness and prevention plans related to construction activities.

### **Tourism Project (\$67.0 million)**

The tourism project will support three priority activities to improve the management and infrastructure of Etosha National Park, enhance the marketing of Namibian tourism, and develop the capacity of communal conservancies to attract investments in ecotourism and capture a greater share of the revenue generated by tourism. Together, these activities will increase incomes and create employment opportunities for some of the poorest populations in Namibia, while preserving the natural resources that serve as the base for the tourism industry. The primary activities include:

### **Improved Management and Infrastructure of Etosha National Park (\$40.5 million)**

This activity seeks to improve the management capacity of Etosha National Park (ENP), promote private sector investment in tourism in this area, and increase tourism revenue benefitting rural communal conservancies. MCC funding will provide for technical assistance in support of improved park management and a study of tourism carrying capacity, as well as support for potential tourism investments in and around ENP and other

national parks in the north. MCC funds will also improve infrastructure for management centers and ENP staff housing, road building and maintenance capacity and the purchase of game translocation equipment.

### **Promotion of Namibia Tourism (\$8.3 million)**

This activity seeks to expand the promotion of tourism to Namibia by developing and promoting local and regional tourism packages and creating a fully interactive ecotourism website. The promotion of local and regional tourism will help to create jobs for economically disadvantaged groups that have not been able to take part in the thriving Namibian tourism industry—which comprises nearly 14% of Namibia’s GDP—in the rural northern region of Namibia. Income generated from these jobs will help reduce poverty in these rural areas. Additionally, the promotion of sustainable eco-tourism packages will focus on directing anticipated increased tourists to communal areas adjacent to the ENP conservancy sites.

### **Ecotourism Development in Conservancies (\$18.2 million)**

This activity will assist Namibia in building conservancy capacity to protect natural resources, attract investment, and achieve financial sustainability so that households in communal conservancy areas (or conservancies) can receive a greater share of revenues. Based on individual conservancy needs and demands, the activity will provide a range of technical assistance services and grant funding to approximately 31 high-tourism potential conservancies. Such assistance will help to mitigate existing barriers to tourism investment and help render the conservancies financially self-sustainable. In addition, grant funding to promote joint-venture tourism enterprises between conservancies and the private sector will be provided to a subset of approximately 15 of the conservancies.

### **Agriculture Project (\$47.0 million)**

The agriculture project will target investments to sustainably improve the economic performance of the livestock sector in the northern area of the country. The project is expected to increase productivity and profitability of livestock through strengthening the land tenure system, introducing improved rangeland management practices, and strengthening animal health services and livestock marketing efficiencies. In addition, the project will increase the volume, quality and value-added of indigenous natural products for export to regional and international markets. The primary Activities include:

#### **Land Access and Management (\$21.2 million):**

This activity includes both improving the communal land regime and introducing effective community-based rangeland management activities. Under the Communal Land Support Activity, MCC will fund: (i) a comprehensive public awareness and outreach campaign to educate the public regarding their land rights; (ii) the streamlining of administrative procedures for land management; (iii) a systematic verification and registration process that will result in the formalization of land rights in the Northern Communal Areas (NCA); and (iv)

capacity building for Communal Land Boards and other land administration institutions. The Community-based Rangeland Management Activity aims to improve livestock quality and value by supporting training in community-based management of rangeland resources, herd management, and business management skills, including specific outreach to women in small ruminant production and marketing. In addition, communities will be eligible to receive limited rangeland management infrastructure (e.g., water points, corrals, etc.) to support community rangeland management plans.

### **Livestock Support (\$19.1 million):**

This activity will support the construction of five veterinary centers in the underserved NCA and rehabilitation of two quarantine camps in the Caprivi region. This includes the implementation of a livestock traceability system, and a fund to support investments fostering greater efficiencies in livestock marketing, transport, and quarantine. The activity will also focus on diversifying market opportunities, including regulatory capacity building in the NCA.

### **Indigenous Natural Products (\$6.7 million):**

This activity will assist in increasing the volume, quality, and value addition of the natural products that Primary Producer Organizations (PPOs) collect and harvest, and to advance their operational and business capacity. In addition, this activity will improve market information to PPOs, provide capacity building for the Indigenous Plant Task Team and support the formulation of regulations, policies and implementation plans to ensure the protection of indigenous natural products..

## **Administration**

- The Compact also includes approximately \$39 million for administrative and oversight costs of the projects over a five-year timeframe, including the costs of administration, management, auditing, fiscal and procurement agent services, and environmental and social oversight. In addition, the cost of monitoring and evaluation of the Compact is budgeted at \$6.6 million.

## **Expected Results**

### **Education Project:**

- Over a million students across Namibia will benefit from improved provision of textbooks and an improved quality of education. An estimated 11,000 additional students will receive financing for tertiary education. In addition, a more sustainable fiscal framework for tertiary education will shift the distribution of benefits of public education towards the poor.

- Up to 49,000 undereducated and unemployed individuals over 20 years will receive training at the Community Skills Development Centers. An estimated 2,000 additional vocational training graduates will receive higher incomes due to improved training opportunities through the National Training Fund. Over the course of 20 years, the targeted 47 schools for renovation and expansion will produce approximately 41,700 graduates in primarily rural northern communities.

### **Tourism Project:**

- Up to 118,000 conservancy members within the approximate 31 conservancies are targeted to benefit under this project. A projected 7,000 Namibians will enjoy significantly higher incomes as a result of full and part time employment generated through the tourism project. The remaining 111,000 conservancy members are expected to receive indirect benefits to improve overall incomes and many of these will also benefit from conservancy-sponsored projects.
- Increased incomes generated by greater investments in Etosha National Park will lead to increased tourists and added value to the Namibian economy more generally. The promotion activities will result in an estimated additional 4,000 tourists per year, on average.

### **Agriculture Project:**

- About 135,000 individuals, primarily in northern Namibia, will directly and indirectly benefit from improved market efficiencies, improved land tenure security and more equitable access to land. In addition, over 24,000 households will benefit from improved veterinary services, and an estimated 1,800 households across 50 communities are anticipated to benefit from the rangeland management program.
- The indigenous natural products activity is expected to increase incomes for up to 15,000 households. This activity is expected to increase incomes for primary producers, a majority of whom are poor and female and for whom small increases in cash income provide important supplementary household benefits for up to 75,000 individuals.