



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform you that the Millennium Challenge Corporation intends to obligate up to \$12,200,000 to facilitate the development and implementation of a Millennium Challenge Compact with the Government of the Republic of Zambia.

The attached notification is being sent to the Congress on June 3, 2010. Obligation of funds may be incurred on or after 15 days from the date of this notification.

Sincerely,

T. Charles Cooper
Vice President
Congressional and Public Affairs

Enclosure:
As stated

**MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION**

June 3, 2010

PROGRAM:	Eligible Countries
APPROPRIATIONS CATEGORY:	FY 2010 Program Funds
OBLIGATION AMOUNT:	\$12,200,000

Pursuant to section 7015(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010 (Pub. L. 111-117, Division F), this is to advise that the Millennium Challenge Corporation (“MCC”) intends to obligate up to \$12,200,000 under section 609(g) of the Millennium Challenge Act of 2003, as amended, for the purpose of facilitating the development and implementation of a Millennium Challenge Compact (“Compact”) with the Government of the Republic of Zambia (“GRZ”).

The funds will finance activities necessary for Compact development, including in-depth studies for three proposed projects. These studies will help MCC refine the program of investments to be included in the Compact. This request reflects MCC’s commitment to preparing projects in a comprehensive manner, prior to Compact signing, to reduce implementation risk and increase confidence in the economic justification and technical feasibility of the proposed projects.

SUPPLEMENTAL INFORMATION

MCC / Zambia 609(g) Request

Zambia, a landlocked country of over 12 million people with a GNI per capita of \$950 (2008), has a poverty rate of 68 percent (2008). The MCC Board of Directors selected Zambia as eligible for compact assistance in December 2008.

In October 2009, the GRZ initiated a constraints analysis to economic growth that identified four main binding constraints: infrastructure, externalities, micro and macro business climate, and skilled labor. Based on MCC's initial assessment of the concept papers submitted by the GRZ in February 2010, MCC identified three potential compact projects. In order to assist the GRZ to further develop these projects into investments that may justify compact funding, MCC intends to fund preparatory activities that include the following:

Greater Kafue National Park and Community Economic Development Project

The objective of this proposed project is to increase incomes derived through sustainable nature-based tourism by improving access to and within Kafue National Park, building the capacity for improved park and wildlife management, and increasing the benefits from tourism and diversified livelihood activities to communities adjacent to Kafue National Park. MCC intends to fund (i) a market study, (ii) a socio-economic survey and framework environmental study, (iii) feasibility studies of prioritized investments, and (iv) a wildlife census.

Lusaka Water Supply, Sanitation and Drainage Project

The objective of this proposed project is to increase incomes through improved health and employability of project beneficiaries through the provision of clean and safe water supply and adequate sanitation and drainage in targeted areas. MCC intends to fund (i) feasibility studies, (ii) an environmental and social assessment, and (iii) a monitoring and evaluation scoping and baseline study.

Skills Development for Improved Employability Project

The objectives of this proposed project are to improve the employability, productivity, and incomes of the labor force within strategic growth sectors and increase self-employment incomes in the informal sector, through an efficient, comprehensive, flexible, and sustainable market-led skills development system. MCC intends to fund (i) detailed assessments of prioritized investments, and (ii) an infrastructure assessment.

Innovative Partnership Study and Workshop

MCC intends to fund (i) an innovative partnership study of a challenge grant mechanism to spur innovation to meet the objectives of the Kafue National Park and skills development projects described above, and (ii) a public-private sector workshop with international experts in challenge grants and competitions.