



## MILLENNIUM CHALLENGE CORPORATION

[MCC FR 23-06]

### Notice of Entering into a Compact with the Republic of Mozambique

**AGENCY:** Millennium Challenge Corporation.

**ACTION:** Notice.

**SUMMARY:** In accordance with the provisions of the Millennium Challenge Act of 2003, as amended, the Millennium Challenge Corporation (MCC) is publishing a summary of the Millennium Challenge Compact (Compact) between the United States of America and the Republic of Mozambique. Representatives of the United States of America and the Republic of Mozambique executed the Compact on September 21, 2023. The complete text of the Compact has been posted at: <https://assets.mcc.gov/content/uploads/compact-mozambique-ccr.pdf>.

(Authority: 22 U.S.C. 7709 (b)(3))

Dated: September 25, 2023.

**Gina Porto Spiro,**

*Acting Vice President, General Counsel, and Corporate Secretary.*

## SUMMARY OF MOZAMBIQUE CONNECTIVITY AND COASTAL RESILIENCE COMPACT

The United States has signed a five-year, \$500,000,000 Compact with the Republic of Mozambique aimed at reducing poverty through economic growth.

The Compact seeks to assist the Government of the Republic of Mozambique (“GRM”) in addressing three major constraints to economic growth: (i) the high cost and unreliability of road freight and passenger transport services that inhibits input and output market development, farm to market linkages, and access to basic public services; (ii) agricultural policy, the legal and regulatory framework, and implementation of the existing framework, which inhibit the equitable and efficient functioning of input markets, vertical coordination of value chains, and input and output market competitiveness; and (iii) agricultural policy, the legal and regulatory framework which has led to an overexploitation of fisheries and depleted economic opportunities for coastal zones.

The Compact will address these constraints through three primary projects:

- 1) The Connectivity and Rural Transport Project (using the Portuguese acronym, the “CTR Project”);
- 2) The Promoting Reform and Investment in Agriculture Project (the “PRIA Project”); and
- 3) The Coastal Livelihoods and Climate Resilience Project (the “CLCR Project”).

### **Project Summaries**

The Compact’s three projects are described below:

The objective of the **Connectivity and Rural Transport (CTR) Project** is to reduce the cost of transport in the province of Zambezia and throughout Mozambique. The CTR Project will include a set of investments in arterial routes, including a major bridge, and secondary roads through rural areas to district centers as described below:

- *Licungo Bridge and Mocuba Bypass Activity* – The Licungo Bridge and Mocuba Bypass Activity is the principal activity under the CTR Project and the GRM’s highest priority transport project in Zambezia. The investment will create a new major, high-level bridge, replacing a nearly 80-year-old one, diverting the traffic around the town of Mocuba at a new site across the Licungo River via a 16km bypass.
- *Rural Roads Activity* – This activity will focus on select segments of arterial and secondary routes for inclusion in the Compact to improve access to regional capitals, markets, and social services.
- *Policy and Institutional Reforms on Road Maintenance Activity* – This activity seeks to improve the reliability and adequacy of funding for road maintenance and build capacity for road asset management at the provincial level, as well as to promote gender equity and social inclusion within the transport sector, specifically enhancing opportunities for women and excluded groups in the road sector.

In addition to the above activities, the Compact will support a project-specific program management office to supervise the CTR Project. This project management consultant is necessary to ensure the geographically dispersed construction works in Zambezia are well managed.

The objective of the **Promoting Reform and Investment in Agriculture (PRIA) Project** is to increase agricultural investment as well as the productivity and incomes of smallholder farmers, including female-headed households, and other value chain actors in Mozambique.

This project is organized into two activities:

- *Reforms Package for Taxation of Agricultural Investment Activity* – This activity is a public financial management activity that includes support for policy and institutional reform of the national taxation framework in the agriculture sector, with a focus on improving consistency and predictability of the value added tax, the corporate income tax, and local tax application within both formal and informal markets.
- *Zambezia Commercial Aggregator (ZCAP) Activity* – This activity will employ results-based financing (i.e., success payments) and technical assistance to develop and strengthen sustainable market linkages and contracts between commercial agricultural aggregators and smallholder farmers. The ZCAP Activity will prioritize women smallholder farmers and provide tailored training to smallholder farmer households through the ‘Gender Action Learning System’ to redress power imbalances.

The **Coastal Livelihoods and Climate Resilience (CLCR) Project** seeks to increase ecosystem productivity through sustainable increases in fish and shellfish harvests and through non-extractive benefits from sustainable ecosystems, such as carbon credits and coastal protection benefits.

This project is organized into two activities:

- *Coastal Livelihoods Activity* – This activity will help local communities better manage their fisheries through modernization of practice, improvement to their fishing gear, improved supply chain, and governance of local areas (establishment of no-catch zones to replenish stocks).
- *Climate Resilience Activity* – This activity will protect and restore critical habitats through co-management with local communities, conservation and creation of protected areas, reforestation initiatives, and through carbon finance opportunities.

## **Compact Overview and Budget**

The Compact Program is summarized in the budget table below. The program budget is approximately \$537,500,000, which includes up to \$500,000,000 funded by MCC and a GRM contribution of \$37,500,000.

**Table 1: Mozambique Compact Program Budget**

<b>Component</b>	<b>Amount</b>
<b>1. Connectivity and Rural Transport Project</b>	<b>\$310,500,000</b>
Activity 1: Licungo Bridge & Mocuba Bypass	\$201,001,000
Activity 2: Rural Roads	\$83,499,000
Activity 3: Policy and Institutional Reforms on Road Maintenance	\$11,000,000
Program Management Office	\$15,000,000
<b>2. Promoting Reform and Investment in Agriculture Project</b>	<b>\$30,000,000</b>
Activity 1: Reforms Package for Taxation of Agricultural Investments	\$15,000,000
Activity 2: Zambezia Commercial Aggregator Platform	\$15,000,000
<b>3. Coastal Livelihoods &amp; Climate Resilience Project</b>	<b>\$100,000,000</b>
Activity 1: Partnership Climate Resilience	\$56,300,000
Activity 2: Partnership Coastal Livelihoods	\$43,700,000
<b>4. Monitoring and Evaluation</b>	<b>\$7,000,000</b>
<b>5. Program Management and Administration</b>	<b>\$52,500,000</b>
<b>Total MCC Funding</b>	<b>\$500,000,000</b>
<b>Government of the Republic of Mozambique Contribution</b>	<b>\$37,500,000</b>
<b>Total Compact Program</b>	<b>\$537,500,000</b>

[FR Doc. 2023-21314 Filed: 9/28/2023 8:45 am; Publication Date: 9/29/2023]