

CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

This Congressional Notification is to inform you that the Millennium Challenge Corporation (“MCC”) entered into a Millennium Challenge Compact (the “Compact”) with the Government of Timor-Leste on July 19, 2022. We are providing you with a detailed summary of the Compact. The text of the Compact is available on MCC’s website.

The attached notification is being sent to Congress on July 21, 2022.

If you require a meeting to discuss the Compact with the Government of Timor-Leste, or MCC at large, please contact Brian Forni at (202) 521-2631 or ForniBJ@mcc.gov.

Sincerely,

/s/

Aysha House
Vice President
Congressional and Public Affairs

Enclosure as stated

**MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION**

July 21, 2022

In accordance with section 610(b)(2) of the Millennium Challenge Act of 2003, as amended (the “Act”), this notification is to advise that the Millennium Challenge Corporation (“MCC”) entered into a Millennium Challenge Compact with the Government of Timor-Leste (the “Compact”) under section 605 of the Act on July 19, 2022.

A detailed summary of the Compact follows.

SUMMARY OF TIMOR-LESTE COMPACT

Overview of the MCC Timor-Leste Compact

MCC's five-year, \$420 million compact with the Government of Timor-Leste is aimed at reducing poverty through economic growth. The Compact seeks to assist the Government of Timor-Leste in addressing the human capital constraint to economic growth through two primary projects: the Water, Sanitation, and Drainage ("WSD") Project and the Teaching and Leading the Next generation of Timorese ("TALENT") Project.

Project Summaries

The projects and activities to be completed are:

- 1. *Water, Sanitation, and Drainage Project:*** The primary objective of the WSD Project is to reduce fecal pathogens in piped and stored drinking water and groundwater. The project aims to mitigate exposure to sanitary waste and pathogens in water, households, and the environment through investments in infrastructure, policy and institutional reform, and social and behavior change. The project will focus its interventions in the capital city of Dili and four nearby municipalities (Aileu, Ermera, Liquica, and Manatuto). Specifically, the WSD Project will support the following activities:
 - **Water Disinfection Activity:** This activity will supply disinfected water to Dili and four municipalities of Timor-Leste through the design and construction of an onsite sodium hypochlorite generation plant.
 - **Sanitation Activity:** This activity includes the design and construction of a new wastewater treatment plant, an ocean outfall, wastewater collection systems, and wastewater connections to households and businesses.
 - **Associated Drainage Activity:** This activity supports the implementation of the sanitary sewer system described in the Sanitation Activity through the construction of in-street drainage infrastructure in areas where conflicts with sewer lines would otherwise occur.
 - **Institutional Reform Activity:** To ensure long-term sustainability of the WSD Project's infrastructure investments, this activity will support the capacity building and institutional development of Timor-Leste's independent public water utility with a focus on strengthening asset management expertise and operations and maintenance capacity. The activity will further promote sustainability through targeted assistance to Timor-Leste's independent water regulator to develop and implement regulations and public awareness around sanitation and disinfection.
 - **Household Water and Hygiene Activity:** This social and behavior change activity includes interventions to increase household and community awareness of the benefits of, and support for, the construction and maintenance of household sanitation units as well as the adoption and maintenance of key behaviors to secure sustained community buy-in for household sanitation infrastructure
- 2. *Teaching and Leading the Next generation of Timorese Project:*** The primary objective of the TALENT Project is to improve student learning outcomes. To achieve this objective, the project will invest in teacher and school leader education and training, which are critical to improving student learning. The project will establish the Center of Excellence and improve the pedagogical and leadership skills of existing and future secondary school teachers and

leaders through the development and deployment of targeted trainings. Future teachers and a subset of existing teachers will receive professional certification through the Center of Excellence during the life of the Compact. Ultimately, it is expected that all secondary teachers will be required to have Center of Excellence certification in order to be eligible for employment in a government secondary school in Timor-Leste. The project will employ a gender-responsive approach in all activities and place a concerted focus on increasing the number of women as teachers and school leaders in secondary schools through a dedicated sub-activity. Specifically, the TALENT Project will support the following activities:

- **Center of Excellence Activity:** This activity will establish a new autonomous institution in Timor-Leste to provide professional training and certification to future secondary teachers entering the workforce, as well as training and certification of a portion of current secondary teachers.
- **Teacher Training Activity:** This activity involves the development of curriculum, materials, and faculty to train current and future teachers to improve their pedagogical skills that lead to improvements in numeracy, literacy, and soft skills. It also includes the professional certification of all newly trained secondary teachers and a subset of current teachers.
- **School Leadership Training Activity:** This activity will support the training of school leaders to create effective schools through strong school leadership, both in school management and in terms of instructional leadership. It includes the development of curriculum and training materials and the delivery of trainings to current and future school leaders. Training will focus on competencies in school leadership, including gender and social inclusion and information communications technology in education.
- **Ensuring Excellence Activity:** This activity ensures accessibility and quality of all activities carried out under the Center of Excellence. It includes support for quality assurance and monitoring, information and communication technology, and language needs, as well as a specific sub-activity focused on increasing the number of women in teaching and leadership positions in secondary schools.

Compact Budget

The Compact budget is up to \$484,000,000, which includes up to \$420,000,000 funded by MCC and a contribution from the Government of Timor-Leste of \$64,000,000.

Table 1: Timor-Leste Compact Budget

| Project/Activity | Budget (US\$) |
|---|----------------------|
| Water, Sanitation, and Drainage Project | 308,205,050 |
| Activity 1: Water Disinfection | 8,270,509 |
| Activity 2: Sanitation | 278,846,498 |
| Activity 3: Associated Drainage | 8,938,044 |
| Activity 4: Institutional Reform | 6,950,000 |
| Activity 5: Household Water and Hygiene | 5,200,000 |
| Teaching and Leading the Next Generation of Timorese Project | 40,190,538 |
| Activity 1: Center of Excellence | 14,599,454 |
| Activity 2: Teacher Training | 14,664,142 |
| Activity 3: School Leadership Training | 5,039,535 |
| Activity 4: Ensuring Excellence | 5,887,407 |
| Monitoring and Evaluation | 6,800,000 |
| Program Administration | 64,804,412 |
| Total MCC Funding | 420,000,000 |
| Total Government Contribution¹ | 64,000,000 |
| Total Program | 484,000,000 |

¹ Per MCC's Guidelines for Country Contributions (February 10, 2021), lower income countries (LICs) such as Timor-Leste are not required by the Millennium Challenge Act of 2003 to "make a Country Contribution to their first compact program. However, MCC and the partner country may agree to include a Country Contribution in the first compact."