MILLENNIUM
CHALLENGE CORPORATION
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Fact Sheet
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MCC Compacts Lead to Economic Growth

The Millennium Challenge Corporation (MCC) is an innovative and independent U.S. foreign aid agency that is helping lead the fight against global poverty. Created by the U.S. Congress in 2004 with strong bipartisan support, MCC is changing the conversation on how best to deliver smart U.S. foreign aid by focusing on good policies, country ownership, and results.

An MCC compact is a multi-year agreement between the Millennium Challenge Corporation and a partner country to fund specific programs designed to reduce poverty and stimulate economic growth. Recognizing that sustainable development is best achieved by fostering country ownership, good policies, and investment in people, MCC provides selected eligible countries the opportunity to identify their own priorities for achieving economic growth and poverty reduction.

Every MCC compact reflects its country's specific priorities and details program objectives, implementation methods, and monitoring and evaluation strategies, while ensuring financial accountability, transparency, and fair and open procurement processes. To date, MCC has signed 26 development assistance compacts totaling nearly $9.3 billion.

Summary of MCC Compacts

Armenia

The $235 million Armenia Compact focused on increasing economic performance in the agricultural sector. The compact consisted of strategic investments in rural roads and irrigated agriculture to provide communities and rural residents with reduced transport costs and better access to jobs, markets and social services; and to increase productivity of 250,000 farmer households through improved water supply, higher yields, higher-value crops, and a more competitive agricultural sector. In June 2009, the MCC Board of Directors enacted a hold on funding for further road construction and rehabilitation as a result of Government of Armenia actions inconsistent with MCC principles promoting democratic governance. The compact was completed in September 2011.

Benin

The $307 million Benin Compact sought to increase investment and private sector activity in Benin. The compact was comprised of four projects: increasing access to land through more secure and useful land tenure; expanding access to financial services through grants given to micro, small, and medium enterprises; providing access to justice by bringing courts closer to rural populations; and improving

access to markets by eliminating physical and procedural constraints currently hindering the flow of goods through the Port of Cotonou. The compact was completed in September 2011; MCC's Board of Directors has selected Benin as eligible to develop a proposal for a second compact.

Burkina Faso

The $481 million Burkina Faso Compact will increase investment in rural productivity through improved land tenure security and land management; increase the volume and value of agricultural production through investments in water management and irrigation, technical assistance to farmers, and rural credit; and increase opportunities for farmers to sell agricultural goods and livestock by rehabilitating rural and primary roads. As an extension of Burkina Faso's successful MCC Threshold Program, the compact also funds the construction of three classrooms each at 132 "girl-friendly" schools for grades four through six.

Cape Verde

The $110 million Cape Verde Compact helped Cape Verde achieve its national development goal of transforming its economy from aid-dependency to sustainable, private sector-led growth. The compact sought to increase rural incomes of the poor by increasing agricultural productivity, integrating internal markets, reducing transportation costs, and developing the private sector through greater private sector investment and financial sector reform. The compact was completed in October 2010; Cape Verde's second compact was signed in February 2012.

Cape Verde's $66.2 million second compact is designed to reduce poverty through economic growth. The two projects in this compact are intended to increase household incomes by reforming two sectors identified as current constraints to economic growth: the water and sanitation sector and the land management sector. This compact builds off the success of Cape Verde's first MCC compact and upholds high standards for accountability, transparency and achieving results.

El Salvador

The $461 million El Salvador Compact seeks to improve the lives of Salvadorans through strategic investments in education, public services, enterprise development, and transportation infrastructure. The compact's Human Development Project is designed to increase employment opportunities for the region's poorest inhabitants and provide greater access to safe water and sanitation services. The compact will be completed in September 2012; MCC's Board of Directors has selected El Salvador as eligible to develop a proposal for a second compact.

Georgia

The $295 million Georgia Compact helped Georgians reduce poverty by renovating key regional infrastructure and improving the development of regional enterprises. The compact enhanced productivity in farms, agribusinesses and other enterprises that will increase jobs and rural income.

The compact was completed in April 2011; MCC's Board of Directors has selected Georgia as eligible to develop a proposal for a second compact.

Ghana

The $547 million Ghana Compact sought to reduce poverty by raising farmer incomes through private sector-led, agribusiness development. Specifically, MCC investments were designed to increase the production and productivity of high-value cash and food staple crops in some of Ghana's poorest regions and to enhance the competitiveness of Ghana's agricultural products in regional and international markets. The compact was completed in February 2012; MCC's Board of Directors has selected Ghana as eligible to develop a proposal for a second compact.

Honduras

The $215 million Honduras Compact sought to reduce poverty by increasing farmer productivity and entrepreneurship, and by reducing transportation costs between targeted production centers and national, regional and global markets. In September 2009, MCC's Board of Directors partially terminated the Honduras Compact as a result of Government of Honduras actions inconsistent with MCC's eligibility criteria. The compact was completed in September 2010; MCC's Board of Directors selected Honduras as eligible to develop an MCC Threshold Program.

Indonesia

The five-year, $600 million Indonesia Compact seeks to increase household incomes through three projects designed to increase productivity, reduce energy costs, and improve natural resource management; reduce and prevent low birth weight, childhood stunting, and malnourishment of children; and improve provision of public sector growth-enhancing goods and services.

Jordan

The $275 million Jordan Compact funds three integrated projects focused on improving water supply, wastewater collection, and wastewater treatment and reuse. These projects will improve water delivery, decrease costs of potable water, and upgrade in-home water systems. They will also increase the amount of wastewater collected for treatment and reduce the incidents of sewage overflow. Finally, the compact will increase the volume of treated water that is available as a substitute for freshwater for non-domestic uses.

Lesotho

The $363 million Lesotho Compact is expected to have an economy-wide impact, affecting the entire population of Lesotho. The compact seeks to increase water supplies for industrial and domestic use; alleviate the devastating affects of poor maternal health, HIV/AIDS, tuberculosis and other diseases

by substantially strengthening the country's health care infrastructure and human resources for health capacity; and remove barriers to foreign and local private-sector investment.

Madagascar

The $110 million Madagascar Compact was designed to raise incomes by assisting the rural population transition from subsistence agriculture to a market-driven growth. The compact included three projects to help rural Malagasy secure formal property rights to land; access credit and protect savings; and receive training in agricultural production, management and marketing techniques. In May 2009, MCC's Board of Directors terminated the Madagascar Compact as a result of Government of Madagascar actions inconsistent with MCC's eligibility criteria.

Malawi

The $350.7 million Malawi Compact is a single-sector program focusing on activities that aim to revitalize Malawi's power sector. By reducing power outages and technical losses, enhancing the sustainability and efficiency of hydropower generation, and improving service to electricity consumers, the compact intends to reduce energy costs to enterprises and households; improve productivity in the agriculture, manufacturing and services sectors; and support the preservation and creation of employment opportunities in the economy.

Mali

The $461 million Mali Compact sought to increase the productivity of the agriculture sector and regional enterprises. The compact was designed to serve as a catalyst for sustainable economic growth and poverty reduction through key infrastructure investments capitalizing on two of Mali's major assets, the Bamako-Sénou International Airport, a gateway for regional and international trade; and the Niger River, a valuable source for irrigated agriculture. The MCC Board of Directors voted in May 2012 to terminate the Mali Compact due to an undemocratic change in government.

Moldova

The $262 million Moldova Compact will improve irrigation infrastructure and management; increase the production and marketing of high value agricultural products; and rehabilitate part of the country's national road network. The highway is a key link for passenger travel and for internal commerce and trade; the repairs will reduce the time and cost to transport goods and services, and will reduce losses to the national economy resulting from deteriorated road conditions.

Mongolia

The $285 million Mongolia Compact seeks to increase economic activity by improving the ability of Mongolians to register and obtain clear titles to their land, expand vocational education in core technical

skills, and focus on the health and well-being of the labor force by reducing non-communicable diseases and injuries. The compact is also promoting the introduction of alternative energy and energy-efficient products to the market economy and is constructing transportation infrastructure to accommodate heavy traffic into Mongolia's capital city.

Morocco

The $697 million Morocco Compact seeks to increase productivity and improve employment in high-potential sectors including investments in fruit tree productivity, small-scale fisheries, and artisan crafts. Investments in financial services will also support entrepreneurship, small business development, and market growth.

Mozambique

The $507 million Mozambique Compact seeks to increase the productive capacity of the population in selected districts with the intended impact of reducing the poverty rate, increasing household income and employment, and reducing chronic malnutrition. Compact programs aim to improve water systems, sanitation, access to markets, land tenure services, and agriculture in the targeted districts.

Namibia

The $304 million Namibia Compact will improve the quality of education and training for underserved populations and will capitalize on Namibia's comparative advantages, including large areas of semi-arid communal land suitable for livestock and diverse wildlife and landscapes ideal for eco-tourism. These projects are designed to increase opportunities in rural areas and increase incomes.

Nicaragua

The $175 million Nicaragua Compact was designed to support those living in the Leon and Chinandega region by significantly increasing incomes of rural farmers and entrepreneurs. The compact sought to reduce transportation costs, improve access to markets, strengthen property rights, increase investment, and raise incomes for farms and rural businesses. In June 2009, the MCC Board of Directors partially terminated the Nicaragua Compact as a result of political conditions in Nicaragua inconsistent with MCC's eligibility criteria. The compact was completed in May 2011.

Philippines

The $434 million Philippines Compact includes funds to repair 220 kilometers of the country's Samar Road. This road will improve access to markets and services for farmers, fishers, and small businesses in some of the poorest provinces in the Philippines. The compact also includes funds to expand community development projects and to computerize and streamline business processes in the Bureau of Internal

Revenue to bolster the effectiveness of revenue collection and reduce opportunities for corruption.

Senegal

The $540 million Senegal Compact will reduce poverty and promote economic growth by unlocking the country's agricultural productivity, engaging in infrastructure projects to rehabilitate major national roads, and investing in strategic irrigation and water resources management.

Tanzania

The $698 million Tanzania Compact seeks to rehabilitate roads to connect communities with markets, schools, and health clinics, and promote the expansion of economic opportunities by reducing transport costs. The compact also funds water infrastructure improvements that will increase access to potable water and will mitigate the incidence of water-related disease, burdensome healthcare costs, and decreased workforce productivity.

Vanuatu

The $65 million Vanuatu Compact improved the country's poor road conditions by constructing and sealing two national roads, the Efate Ring road and the Santo East Coast road. The compact benefitted poor, rural agricultural producers and the tourism industry by reducing transportation costs and improving road conditions. The compact was completed in April 2011.

Zambia

The $355 million Zambia Compact seeks to address one of Zambia's most binding constraints to economic growth through infrastructure investment in Lusaka, the rapidly urbanizing capital. The compact will invest in water supply, sanitation and drainage infrastructure in order to decrease the incidence and prevalence of water-related disease, reduce productive days lost due to disease and time spent collecting water and lower costs. The compact will also support the Government of Zambia's ongoing water sector reform efforts by strengthening partner institutions.

For More Information
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