

MCC and Africa: A Growing Partnership for Success Making the Promise of Poverty Reduction a Reality

The United States, through the Millennium Challenge Corporation (MCC), is devoting unprecedented resources to help partner countries in Africa positively transform the lives of the poor and catalyze long-lasting economic progress. The continent of Africa is the largest recipient of MCC's development assistance, both in the number of agreements and in the amount of assistance provided.

Of MCC's 19 grants, also known as Millennium Challenge Compacts, 12 are with African countries, totaling about \$5 billion. These partnerships span the continent and include Benin, Burkina Faso, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Morocco, Mozambique, Namibia, Senegal and Tanzania.

Additionally, MCC's smaller-scale grants through the Threshold Program are designed to assist countries that are on the "threshold" of compact eligibility. These programs provide specialized assistance to countries where policy improvements are needed. Of the 21 Threshold Programs, 9 are with African countries totaling approximately \$150 million focused largely on fighting corruption and improving governance.

The implementation of multi-year Compacts and Threshold Programs by MCC partner countries is producing positive results and improving the lives of beneficiaries. Through the innovation of the MCC model, we are making the promise of poverty reduction through economic growth a reality in Africa.

Fast Facts on MCC's involvement with Africa

- Approximately half of the countries MCC is working with are in Africa.
- Of the 21 Compacts signed to date with MCC, 13 have been African countries: Benin, Burkina Faso, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Mozambique, Morocco, Namibia, Senegal and Tanzania. These total over \$5 billion or nearly 3/4 of the total value of all MCC Compacts signed to date.
- Of the 21 Threshold programs, 9 are with African countries: Burkina Faso, Kenya, Malawi, Saõ Tomé and Príncipe, Rwanda, Tanzania, Niger, Uganda, and Zambia. Liberia is currently Threshold eligible.

MCC's work is creating hope and opportunity for millions of people around the globe, particularly in Africa. MCC programs are concrete examples of constructive U.S. engagement in developing countries where economic progress and policy improvements are most urgent.

Summaries of MCC African Compacts

Benin



The \$307 million Benin compact removes key constraints to economic growth and supports improvements in physical and institutional infrastructures in four critical sectors vital to increasing investment and private sector activity in Benin. The program includes four projects: Access to Land, Access to Financial Services, Access to Justice, and Access to Markets.

Burkina Faso



The five-year, \$480.94 million compact Burkina Faso is increasing investment in land and 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, increase opportunities for farmers to sell agricultural goods and livestock by rehabilitating rural and primary roads and, as an extension of Burkina Faso's successful MCC threshold program, fund the construction of three classrooms each at 132 "girl-friendly" schools for grades 4 through 6.

Cape Verde



The \$110 million grant with Cape Verde supports the country's overall national development goal of transforming its economy from aid-dependency to sustainable, private-sector led growth. MCC funds are improving the country's investment climate and reforming the financial sector; improving infrastructure, and increasing agricultural productivity and incomes of the rural population.

Ghana



The \$547 million agreement with Ghana will reduce poverty through private sector-led agribusiness development leading to increased incomes for farmers. Specifically, MCC's investments are 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.

Lesotho



The five-year MCC compact with Lesotho is expected to have an economy-wide impact affecting the entire population of Lesotho. The \$363 million program 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



In Madagascar, the \$110 million MCC program was designed to raise incomes by helping the rural population transition from subsistence agriculture to a market economy. The program 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. As of August 31, 2009, MCC terminated its Compact with Madagascar due to the military coup. MCC is working with MCA Madagascar to ensure an orderly windup of the program.

Mali



Mali's \$461 million MCC grant addresses Mali's constraints to growth and capitalizes on two of the country's major assets, the Bamako-Sénou Airport, a gateway for regional and international trade, and the Niger River Delta, for irrigated agriculture. The program will increase agricultural productivity and expand Mali's access to markets and trade. MCC assistance will also increase farmers' incomes, enhance agricultural supply chains, reduce transport costs and create a platform for industrial production.

Morocco



The five-year \$697.5 million Millennium Challenge grant with Morocco seeks to increase productivity and improve employment in high potential sectors including investments in fruit tree productivity, small-scale fisheries, and artisan crafts. The program will also assist small business creation and growth through investments in financial services and support.

Mozambique



The five-year Compact with Mozambique seeks to enhance the productive capacity of the population in selected districts, increase household income and employment, and reduce chronic malnutrition. The \$507 million program will improve water systems, sanitation, access to markets, land tenure services, and agriculture in the targeted districts.

Namibia



The five-year, \$304.5 million compact with Namibia will improve the quality of education and training for underserved populations, and 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.

Senegal



Senegal's \$540 million MCC Compact is reducing poverty through economic growth by investing in road rehabilitation in the northern and southern regions of Senegal. Improving these roads is vital to supporting the agricultural sector—by creating reliable, cost-effective, and time-saving means to transport locally-produced agricultural products to domestic and international markets year-round. The compact is also investing in a strategic irrigation and water resources management project to maximize the potential of irrigated land by increasing crop yields.

Tanzania



The five-year \$698 million agreement with Tanzania will reduce poverty and stimulate economic growth by increasing household incomes through targeted investments in transportation, energy, and water. The program will help Tanzanians address the inadequate transportation network by improving roads that will increase commerce and help connect communities with markets, schools, and health clinics. Additionally, the program will improve the reliability and quality of electric power and extend electricity service to communities not currently served—a vital commodity for rural villages and businesses to thrive. Finally the water project will increase the availability and reliability of potable water for domestic and commercial use which will increase the health and productivity of Tanzanians by reducing the incidence of water-related disease, particularly among children.

Summaries of MCC Threshold Programs in Africa

Burkina Faso



Burkina Faso's \$12.9 million Threshold Program is increasing the number of girls who are completing primary education. Specifically, the program includes: the construction of "girl-friendly" schools, teacher training, take-home dry rations to girls who maintain a 90% school attendance rate, and literacy training center for mothers.

Kenya



Kenya's \$12.7 million Threshold Program will reduce opportunities for corruption in public governance. Specifically, the Threshold Program will target corruption in public procurement, the delivery of health care, and the monitoring and evaluation of reforms.

Malawi



Malawi is implementing fifteen specific programs under its \$20.9 million Threshold Program to combat corruption, enhance oversight functions, and build enforcement and deterrence capacity. The programs will create more effective legislative and judicial branches of government, provide support for anti-corruption agencies, strengthen independent media coverage, and expand the work of civil society organizations.

Niger



The three-year, \$23 million Niger Threshold program focused on reducing public corruption within the health and education sectors, streamlining the process of starting a business, reducing the time and costs associated with land ownership transfer, land valuation, building permitting and notarization and bolstering girls' education by building "girl-friendly" schools. On December 9, 2009 MCC's Board of Directors voted to suspend MCC's \$23 million Threshold Program with Niger. The Board reviewed the recent actions by the Government of Niger, which constitute a significant policy reversal from the time the country was selected for an MCC grant.

Rwanda



The two-year, \$24.7 million program with Rwanda will strengthen civic participation and promote civil liberties and rights by providing training, technical support and grants to local and national civil society organizations, offering training on election monitoring and voter education and supporting independent community radio stations to enhance citizen engagement. The program will also reinforce Rwanda's efforts to support judicial capacity building, legislative reforms and improve overall public administration. Finally, the program will provide training and technical assistance to journalists as well as the Rwandan National Police in an effort to increase transparency.

Saõ Tomé and Príncipe



The \$8.66 million Saõ Tomé and Príncipe Threshold Program seeks to increase revenue as a result of improved tax administration and enforcement. The program will also modernize Saõ Tomé and Príncipe's Customs Service to increase efficiency and reduce the time and cost of starting a business.

Tanzania



The \$11.1 million Tanzania Threshold Program is focused on four specific anti-corruption initiatives including: building the nongovernmental sectors' monitoring capacity; strengthening the rule of law for good governance; establishing a Financial Intelligence Unit; and curbing corruption in public procurement.

Uganda



In Uganda, the \$10.4 million Threshold Program will reduce corruption by improving public procurement and financial management practices, strengthening the role of civil society, and building capacity to facilitate more effective follow-up of reported malpractices.

Zambia



Zambia's \$24.3 million Threshold Program focuses on reducing corruption and improving government effectiveness. The Program is funding three components aimed at increasing control of corruption within the public sector, improving public service delivery to the private sector and strengthening border management of trade.