



**MILLENNIUM
CHALLENGE
CORPORATION**
REDUCING POVERTY THROUGH GROWTH

Transcript

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Ambassador Danilovich briefs press at the New York Foreign Press Center

Topic:

U.S. Foreign Aid and Efforts in Combating Global Poverty; and Review of announcements during the President's Recent Trip to Africa on Poverty Reduction

3:00 P.M., EST

New York Foreign Press Center, 150 E. 52ND Street, 5TH floor

Transcript:

MODERATOR: Thank you all. Thanks, everybody for coming. We are very pleased to have Ambassador Danilovich here from the Millennium Challenge Corporation. He has served in the private sector and in -- our Ambassador to Costa Rica, our Ambassador to Brazil, and recently, since November of 2005, has been the Chief Executive Officer for the Millennium Challenge Corporation. So without anything further, I'll turn it over to the Ambassador to make opening remarks and then we'll take your questions.

AMBASSADOR DANILOVICH: Thank you. I want to thank you all for coming this afternoon to allow me to talk to you about the Millennium Challenge Corporation. I'd like to take just a few minutes to augment whatever preliminary information you have about the MCC and then, very quickly, get into (inaudible) far more important for both me and for you, I think, and that is what questions you have about our creation and about our current activities and about where we're going now that we're into our fourth year.

The MCC was created in 2004, so we've been in existence now for four years. We are involved in a new and different and dynamic type of development assistance. It's development assistance on behalf of the U.S. Government and the American people based on good policies, on country ownership, and on tangible results.

We are now engaged with 16 countries worldwide in our full Compact programs. They range from nine countries in Africa to three countries in Central America and to Georgia and Armenia in the caucuses. The three countries in Central America are Nicaragua, Honduras and El Salvador. Our countries in Africa range from Madagascar, Mali, Mozambique, Tanzania, Benin, Cape Verde, Morocco, Ghana, et cetera. I hope I haven't left one out, but I think all the information is in your material. We will have two further countries by the end of this year, bringing our total from 16 to 18. By coincidence, those two countries happen to be in Africa. They are Namibia and Burkina Faso.

We have a threshold program, which is a preliminary program targeted at specific indicator weakness. When I referred to good policies earlier, our criteria for membership for engagement with the MCC is the definition of a lower income country, which is roughly a per capita annual income of less than \$1,800 per year, and as well as good performance on a set of 17 indicators: political, social and economic indicators. We call them – and you're going to see this on the website – ruling justly for political, investing in people for social and economic freedom for the economic indicators.

Countries must pass this independent scorecard. When I say independent, I mean independent in the sense that it's not created by the MCC, it's not created by the United States Government, but they are third party validators – the World Bank, the IMF, UNESCO, Transparency International, et cetera – who judge a country on these 17 standards of – they're basically good government standards – good governance standards. If a country meets the prerequisite of a lower income country and passes on the 17 indicator report card, they are able to present a proposal to the MCC for a grant, not a loan, so there's no payback. This is free money from the American Government based on sound proposals for the reduction of poverty and sustainable economic growth and sound government policies.

I think I'd like to leave it at that with regards to introductory remarks to tell you about the MCC – oh, I started to tell you about the threshold program. The threshold program is a program which targets specific indicator weaknesses. Therefore, if a country does not pass the report card, we engage with that country, usually in the area of good government, usually in the political ruling justly category, usually with regards to corruption, customs, and tax. We target specific areas for indicator -- for improvement so that if a country improves on those indicators, the intention is that they are then on their path to becoming a full compact country.

We have 15 signed agreements, soon about to have 16 signed agreements in the threshold program. They are smaller. Our compacts range in size from our first compact, which was \$110 million, to Tanzania, signed on February 17th in Dar es Salaam for just under \$700 million. Our threshold programs are, roughly speaking, about \$20-25 million that, as I mentioned, target poor performance on the indicators in the hope that the -- this performance will increase and the countries will become eligible for a full compact.

That's where we stand at the moment after four years. The organization has come a very long way from zero to 16 full agreements to almost 16 threshold agreements. It's a tremendous body of work. We are already seeing the results evidence themselves in the countries with the natural evolution of these programs, whether they be infrastructure or agriculture. In countries throughout the world, the results are now showing themselves as having been successful with regards to obtaining results in the countries in which we are operating.

I'll turn my phone off and I'm all yours for whatever questions you may have. (Laughter.) All right, please. Yes.

QUESTION: (Inaudible) television. We had the pleasure of meeting (inaudible) something on the Millennium Challenge Corporation for (inaudible). And my question is – for me, it's about Guinea, (inaudible) Guinea, there

was – it had some drawback of (inaudible). It was dropped from the list because – for noncompliance. Have there been any other countries that have dropped – have been dropped again?

AMBASSADOR DANILOVICH: The MCC is actually a very tough program. The indicators are assessed relative to their peer group. The indicators are somewhat rudimentary, but they're complicated for countries to adhere to. We think it's important that a country have a good government to receive American taxpayers' dollars and to sustain economic growth.

If a country originally becomes eligible for MCC funding through a grant, they must adhere to our indicators and must continue to do so. The country – the MCC has the right to suspend and to terminate our agreement with a country based on their performance on the indicators. And if there is a very serious policy reversal that will adversely affect their performance on the indicators and therefore disqualify them, the MCC has the right to suspend and to terminate our agreement with them.

The country, in fact, that you mentioned was Gambia and very unfortunately – because we don't like to do this type of thing, it's not something we take any pride or joy in, but we feel it's an obligation with regards to the way we were mandated by Congress to deal with countries that want to make an effort with regards to good government. And in the case of The Gambia, unfortunately, we considered there to be significant policy reversals with regards to the way that the government was operating and therefore, we suspended them from the program. We would welcome The Gambia or any country that is suspended to come back into the program to pursue good government policies that are reflected in the indicators and, once again, rejoin the MCC.

QUESTION: But no other countries have followed --

AMBASSADOR DANILOVICH: Yemen was also suspended and after they were suspended, they undertook a very serious reform program which was acknowledged not only by the Millennium Challenge Corporation, but also by other donors to address policy difficulties which they had. And in fact, they have requalified for MCC funding.

QUESTION: Thank you.

AMBASSADOR DANILOVICH: Yes.

QUESTION: (Inaudible), this one on Nigeria. I just wanted to know where Nigeria is (inaudible) and if Nigeria is not qualified, as I can see, why.

AMBASSADOR DANILOVICH: Yes. Nigeria does not qualify.

QUESTION: Then what does Nigeria have to do to qualify?

AMBASSADOR DANILOVICH: No, they have to – the fortunate position for Nigeria is that technically, they are not a lower income country. Their per capita income is too high. That's not to say that in those countries that are not lower income countries, there are many problems and needs, both urgent and longer-term, that the donor community should be involved in. But that's not a country for the Millennium Challenge Corporation. As I mentioned, we deal with lower income countries, lower middle income countries that comply with good policy governance. So on the initial definition of entry with regards to being a low per capita income, Nigeria does not qualify.

Yes.

QUESTION: Thank you, Mr. Ambassador. Kahraman Haliscelik from Kanalturk TV of Turkey. You mentioned two countries from former Soviet Union. What is the good government? What do you mean by good government when you describe those countries? For example, why not – Tajikistan, I think, is one of your threshold countries, at least of (inaudible).

AMBASSADOR DANILOVICH: No, it isn't.

QUESTION: All right. But when we compare, for example, Tajikistan with Georgia, I think people are in really harsh – dealing under harsh conditions in Tajikistan. Would they have to come to you or have they come to you for some assistance -- or Kyrgyzstan, for example, or Belarus – Belorussia? What's your view on all Soviet --

AMBASSADOR DANILOVICH: Every year, the MCC publishes a scorecard. It's about the size of this binder. And it has in it the assessments of – it's a rather thick report. It has in it the so-called report cards. I don't particularly like that word, report cards, but it is the assessment in the three categories. And it's really all contained on one piece of paper. If a country is green, it usually means they qualify. If there are red boxes or if the majority, over 50 percent, are red, they cannot qualify.

In the caucuses or in the ex-Soviet republics that you've mentioned, Georgia and Armenia qualify through this independent assessment of good government. In the ruling justly category, for example, there are things such as corruption, which is a hard indicator, political rights, civil liberties, et cetera. In the economic freedom category, there are things such as days to start a business, cost to start a business, inflation, fiscal responsibility. In the investing in people category, which is the social category, there are things such as girls education rates, girls primary education, immunization rates and things of that nature.

Georgia and Armenia qualify in this independent assessment. The other countries which you've mentioned do not qualify. I don't have their report cards, but you can easily access them on our website. It's – they're all completely open, so you can put in Tajikistan or whatever and see what their performance is. The performance which is out now is, in fact, based on the results from 2006. The reports come out in the late summer, August, and they're finally put together end of September. So we're about to have a new set of indicator assessments which come out and it's completely open. Either you pass or you don't pass on the indicators.

QUESTION: Thank you for the opportunity, Mr. Ambassador. I'm Bukola Shonuga with Global Media [Nigeria].

AMBASSADOR DANILOVICH: Yes.

QUESTION: I was just wondering, I would assume that MCC actually worked with the Government of those countries that you have on your list. Considering a country like Darfur, who have a total disrespect for rule of law, how do you – and I am also assuming that the benefit – I mean, emphasis (ph) objectives are actually targeted to the general population. When it comes to where there's such a disrespect for rule of law and chaos, how – is there any provision at all to actually help said countries qualify considering that the general population is the one that's of benefit?

AMBASSADOR DANILOVICH:

You know, Darfur is such a great tragedy. And recent reports are of great concern. The MCC mandate, which is the reduction of poverty through sustained economic growth, based on indicator of good policy performance isn't something that would lend itself to a situation such as Darfur. The situations there are immediate and urgent and dramatic. And there are many world organizations, including those within the United States, who are doing all that they possibly can to help. Our program is a small program, although our grants are large. And we don't target general humanitarian assistance. It is more of an attempt to reduce poverty.

And the second component is very important. It's not just to reduce poverty, but it's to reduce poverty and sustain economic growth over a period of time. That's why our indicators are important, because we think there must be a good government in place, a government showing the political will to establish the institutional governmental framework to sustain economic growth. This is not a handout program. It's not, here, you need the money, here's the money. It's a program where we will give you the money, if you demonstrate the ability by having a good government, by having a good proposal, meaning creating the proposal and implementing it yourself, you have to buy into it. You have to do it for yourself. We're not going to do it for you. What we are going to do is the money part.

So we have the money. You create your program, based on a broad consultation with those people, the beneficiaries, the poor that are going to be affected. We do the due diligence to see if it's possible to implement that program. If that is the case and we sign the agreement, the country then has the responsibility to implement that program itself. Sometimes there's a deficiency of capacity. This is a problem. We try and help with capacity building so that the countries can find it from within themselves to sustain their own programs, to implement their own programs. We also seek to bring in the private sector in-country to keep these things going to the extent that we can, encourage private sector capacity as well as government capacity and build up the government's ability to sustain growth, which gets back to your question about Darfur. There are many needs there, but they are not the kind of need that the MCC addresses.

QUESTION: A quick backup question on that same – along the same line. I do understand, as you just elaborated that you deal with certain countries that the compliance and (inaudible). But again, going back to Darfur, there are other countries in Africa that are really – I mean, dirt poor. And since there's no real democracy, I guess anywhere in the world and not just in Africa, a true democracy, I mean, most of these countries – I mean, the citizens do not really get to elect their own President or someone to represent them, so it's kind of like you're working with government in some cases, whereby the people didn't really – that was not their choice. So I mean, I'm not sure if you understand what --

AMBASSADOR DANILOVICH: No. I understand exactly what you're saying. I understand exactly what you're saying. And I am aware of the dilemma. It is all a process of evolution. Real democracy, true democracy, almost democracy, young democracy, struggling democracy. The important word in all of this is democracy. And we encountered challenges, not only with regards to democracy, but with regards to corruption, good government, social policies, women, inclusion in government, particularly in certain countries who have not only a legal, but a cultural bias against inclusion of women.

So yes, there is a challenge which we are facing. But the Millennium Challenge Corporation is set up to address those challenges to create a good government, to create a better democracy, to create a more inclusive democracy, a sustained democracy, a sustained economy. So it's true what you say. There are countries that are dirt, dirt poor and we all know this. But the MCC mandate is to deal with those countries that are showing the political will and struggling to establish the institutional foundation, the democratic foundation, the judicial foundation. And a number of our countries come to mind where we're doing programs for the judiciary, access to law, access to the court, costs, the court – documentation of the courts, all of this type of thing to establish the institutional environment, to establish the institutional infrastructure to sustain the infrastructure programs, if I can put it that way.

QUESTION: Thank you, sir.

AMBASSADOR DANILOVICH: Yes.

QUESTION: Mr. Ambassador, when you choose which indicators you go for, do you work, for example, with Freedom House, with UNESCO, with UNDP?

AMBASSADOR DANILOVICH: All of those.

QUESTION: All of those. And in which ways do those organizations help you or give you some ideas?

AMBASSADOR DANILOVICH: The indicators, as you'll see on the report card are 17 indicators, roughly, six in each category, let's say, for the sake of argument. And you'll see an indicator, which is called civil liberty. That's one name. But below that, there are four impact boxes and then eight and then sixteen and then thirty two, that goes down. So in fact, what feeds into this one indicator, which is called political rights or civil liberty, there

are many, many, many indicators that go into that to create this one name. And in fact, we don't work with the Freedom House or Transparency International to the extent that we don't – we engage with them in receiving their information, but we do not – they go out on the field themselves independently as they do throughout the world and do their own studies and their own reports and they make their results of their reports available to us. We speak with them, we talk with them, but we are not involved, let's say, in influencing their indicator analysis. It is independent.

So in a way, that gives us a certain strength and it gives us a certain freedom from being accused of imposing American standards or American guidance on these particular things. We do think it's important, but we have the ability to give money to countries. It's America money, it's taxpayers' money. I'm spending their money. So our accountability on our side is to spend money in those countries that are making the effort to have a good government and have a good indicator performance based on this, what is actually a very complicated assessment done by the indicator group and many other indicator groups that you've mentioned.

Yes.

QUESTION: Mr. Ambassador, my name is Cesar Cespedes and I'm from Peru.

AMBASSADOR DANILOVICH: Excellent. Wonderful.

QUESTION: I have a couple of questions. The first one is I would like to know a little bit about the beginnings, the story of the Millennium Challenge Corporation.

AMBASSADOR DANILOVICH: Sure.

QUESTION: The second one is, is there any political hold in the Millennium Corporation – Challenge Corporation? And if not, I mean, in the case of South America, for example, it's very difficult not to think or not to bring to mind the case of Hugo Chavez where he's also trying to expand, you know, his influence through economic help. And that was my second question. And my third question is about the case of Peru. Peru is really showing some very good economic numbers. And I wanted to know a little bit more about this particular case.

AMBASSADOR DANILOVICH: Good. Thank you. As you mentioned, I have a certain sympathy for Latin America, having served in Costa Rica and in Brazil and a certain awareness for the challenges that are presented in Latin America.

But to answer your questions in order, President Bush originally spoke about a new type of foreign aid, a new type of development assistance with accountability in 2002 at the economic conference in Monterrey in Mexico. And it was framed as an addition to American foreign aid that we have had for many years since the second world war, starting with the Marshall Plan in Europe and elsewhere and our very generous foreign aid programs that have existed throughout, that there would be a new model of development assistance that was different from

what we already have, not a replacement for but in addition to other things that the United States Government is already doing. Some people have come to call this, as I mentioned, it was created by an act of Congress in January of 2004. So President Bush talked about it in 2002 in Monterrey in Mexico. It became law in 2004.

We have now just passed our fourth anniversary in January 2008. And it is being referred to as foreign aid with accountability; accountability on the part of the recipient country of the beneficiary country of performing well on good government, having good policy, having country ownership, taking control of the program themselves and showing results. So those three pivotal guidelines, pivotal benchmarks for the MCC that they must have good policies, that they must in those good policies have a government which is doing the right things for its people, that they must show country ownership and thirdly, they must show results for the money which is being invested is the foreign aid with accountability aspect. Some people call it smart aid because of this, some people call it grown-up aid because it isn't a handout, it's a hand up. We'll give you the money, if you do it for yourselves. You create your own solutions for your own problems and you make them happen by implementing them for yourself. So those are – that's roughly the origins of where we are.

With regards to political goals, I mean, the only way I think you can extrapolate this as being anything of a political instrument is by saying we have a ruling justly category which asks for political rights, civil liberties, corruption et cetera. This is not a program of supporting a specific government in a country. And to be very specific, when I was in Nicaragua, which is our fourth country, they have received and are implementing \$175 million Compact and that was signed during the presidency of President Enrique Bolanos.

And I went to Nicaragua and met with President Bolanos. We did a number of things which were of benefit to the program. His government, the Bolanos government, was completely engaged with this, but when I was there on my last meeting with President Bolanos, it was during the time of the, what were then the upcoming elections in Nicaragua. And the question that I was asked was: What will you do, what will the MCC do if Ortega is elected President? And I said, we are founded on democratic principles and on democratic elections. We are not here to support the government of Mr. Bolanos or Mr. Shakashvili or any one of a number of presidents that I could mention. We are to support good government policies, regardless of who the president is. If the president and his government are maintaining good government policies, then we are more than happy to continue our program. And we hope that eventually these programs have such a demonstration of political will and country ownership and results that we can eventually have a second program with these countries.

And in any case, President Ortega was elected President of Nicaragua. We continued with the program in Nicaragua as we are continuing. I met with President Ortega here in New York in September at the General Assembly meetings. I met with President Ortega again one month ago in Managua and we went up to Leon and Chinandega, the two northern provinces that are benefiting from this program, where there are a number of segments to this program. Some of it is transportation. I opened a road, 17 kilometers, which is going north connecting to Honduras, which is very important for San Mateo, a town in that area, very important for their development.

And then President Ortega joined me in Chinandega for an agricultural fair, where for one hour we went around the fair meeting with the people who have actually been the recipients of -- the agricultural recipients of our program there. And again and again and again, President Ortega was told we have increased our productivity, we have increased our prices, we have increased our market share, this is a fantastic program, since last year we have improved so much, God bless the MCC, God bless the United States, this is a terrific program. So President Ortega heard this again and again.

We went to the town square. There were 6,000 people there. Everybody made their speeches. I made my speech before President Ortega, the one before him, and commented that the United States and Nicaragua have had a complicated relationship, but we are now in the 21st century. And one very positive aspect of the engagement of the partnership between Nicaragua and the United States is the Millennium Challenge Corporation and the Millennium Challenge Corporation is already producing results for the citizens of Nicaragua, not only in Leon and Chinandega, but it's improving the economy. It's doing very good things and it is something which the United States and Nicaragua must now concentrate on as being a positive expression of that partnership between our two countries.

President Ortega made, of course, the last speech with 6,000 people in the square. It was a very -- it was a lovely evening, it was warm and there was a good response from the people who were there because they had benefited from this American program. And President Ortega concluded his speech by saying, Viva Estados Unidos. And we all were -- the same reaction as you, what does this mean, Daniel Ortega, Sandinista. We all have a big -- we know of the relationship we've had with Nicaragua, saying at the end of his speech -- how ironic, God bless the -- long live the United States. And what it was, was an expression of the reality of the 21st century, of the benefit that an American program was having in his country, of his acknowledgement of the benefit that that program was happening and his willingness to engage with the United States for the benefit of his people. He says, we have political differences with the United States, but we also have the ability to party with the United States in a program which is of benefit to the people of Nicaragua.

Is he still a friend of Hugo Chavez? Yes. But we've opened a window, we've opened a door of cooperation between the United States and Nicaragua in the name of the Millennium Challenge Corporation, which is proving of benefit to both of us. We are all achieving our objectives and we very much hope that that program will continue very strongly in implementation. It has every indication of doing so. We have an outstanding team, Nicaraguan team, who is the accountable entity, the implementer of this in Nicaragua. And we have every hope that it will continue and we have every hope that our engagement with President Ortega will continue and that the good government policies, the good political, economic and social policies, will continue.

Peru has done wonderful things recently economically and moving forward in a number of areas. We have the three Compact countries in Central America, which I've mentioned. We have three -- we have two threshold countries in South American, in Paraguay and Guyana. And we hope to have three -- we will have three when we sign with Peru at the end of this month as joining our threshold program. It's an acknowledgement of their

political will to improve their system. And they, and we hope that this will eventually led to full compact eligibility, depending on improved indicator performance. So Peru is a country with which we are engaging. At the end of this month it will be our third threshold program as I've said, and we hope that this will lead to a full compact with them.

Yes.

QUESTION: I have a couple of questions as well. Why (inaudible) have other countries -- I mean, you've been pretty successful in four years. Have other countries -- I mean, entered your system of giving? And also, who determines how much each country gets and what are -- can you outline some of the few who are success stories, especially on the African continent for us?

AMBASSADOR DANILOVICH: The first one was on --

QUESTION: On the other countries --

AMBASSADOR DANILOVICH: Countries following the model.

QUESTION: Right.

AMBASSADOR DANILOVICH: And the last one was success. And the second was?

QUESTION: The second one was, I'm sorry, was who determines --

AMBASSADOR DANILOVICH: How much the size of the compact, right. We are very happy that the donor community at large is now concentrating on cooperation and coordination of their activities. We see this happening throughout the world and we are very much part of that effort to coordinate activities. It would -- specifically, the MCC has signed an agreement with DFID, the UK Foreign Investment Department, three weeks ago in fact, to coordinate and bring together our efforts in Africa. There are three countries -- five countries specifically that we intend to cooperate on to coordinate our programs to bring them into some type of harmony, so that we can all benefit from what each of us are doing individually to make them more dynamic and more robust and to achieve more results.

It's all about achieving results in these countries. How we do that, we think is by having greater and increased donor cooperation. So with DFID in the UK we have seen a very tangible example of that cooperation in the agreement that we signed with them in February. We also are doing cooperation with other U.S. Government agencies. For example, OPIC, the private investment corporation -- overseas private investment corporation. We are working with them in a number of areas, most specifically in Central America. Also with PEPFAR, the HIV/AIDS initiative. We are working with them in a number of areas. One specifically comes to mind in our \$363 million Compact in Lesotho, where we are building a number of health clinics and cooperating there with PEPFAR. We also hope to have an agreement with AGRA, the Green Revolution, hopefully in the almost im-

mediate future -- before the summer we hope to sign an agreement with AGRA so that we can work together in a number of African countries.

We've also met with the Rockefeller Foundation, with the Gates Foundation and others; one, to fully make them aware of what we are doing, in what countries we are operating and what our specific programs are, in an absolutely transparent manner, so that they will know what we are doing so that they can understand what they might be able to do to augment our programs, to enhance them, to enlarge them, to build on them and to make their own efforts more successful in the countries in which we are operating.

The size of the Compact, in the initial stages, they were smaller than they are today. I mentioned Madagascar at a \$110 million, Cape Verde \$110 million, Nicaragua \$175 million, Tanzania just under 700, Morocco just under 700, Ghana 500 -- almost 550 million in Ghana. So the sizes are increasing. The determining factor is our ability to do due diligence on the proposals that are given to us and to make sure that we have a proposal from a country which can be implemented, which is viable, that makes sense, which is coherent, which is comprehensive, that doesn't have perhaps too many moving parts which make it difficult to coordinate. And we are learning as we go forward to achieve that compact integrity, let's call it. And therefore the compacts are increasing in size.

We have more or less created a mandatory mark, let's say at 700, because we want to make sure that we can work with a country for that implementation and to make sure that a country can take on that really significant burden of responsibility to implement a large compact. There's no point in making a commitment to give a country a lot of money if they cannot, in fact, absorb it in a coherent and viable way.

As you perhaps know the MCC does not disburse money unless certain benchmarks are met with regard to the project implementation. So if a country does "A" they get "B." If they do "B" they get "C", if they do "C" they get "D", et cetera, et cetera. It's not just -- Tanzania you have 699 million, here it is. They have to do -- it's really tough. They have -- countries, all of our countries have to reach certain benchmarks before the money is forthcoming. That gives us accountability to the American taxpayer and it also holds the country accountable for implementing a good program in a very responsible way. It is an expression of that country ownership, that they are buying into the program.

So the size of the compact has increased over time. To a certain extent, some of our earlier countries complain, you know, they had the honor of being an early country but they were disadvantaged because the amount of the grants are smaller. We hope to be able to address that situation by having the right -- which we don't have, but we hope Congress will give the MCC the right to have a concurrent compact, which means that not just now, as we now have the ability to have a consecutive compact at the end of the five years, we hope that Congress will give us the right to have a concurrent compact, a simultaneous compact if a country is doing well on their performance with regards to implementation and policy, to give them in year two or three an additional grant based on that good performance.

QUESTION: And the last question was about the success stories.

AMBASSADOR DANILOVICH: The success stories are now, much to our great joy, I must say, and pride, in a number of countries. And I mean, referring to our first country, Madagascar, for example, we've disbursed a number of land titles there which are extremely important for land ownership, for eventual leveraging of that land ownership into micro-financing. We have geranium farmers there who we have supported in a number of cooperatives who are now with the national evolution of agricultural projects of planting good seed, irrigation, tending the crop, planting sunrise, et cetera, are now producing new geranium harvest which are producing a very good quality oil which is used in soap and perfume, for which there is an increased market. In Central America, I mentioned the agricultural projects which are coming on stream there which are showing very nice results.

Also in Central America we have disbursed -- President Ortega and I both disbursed, or rather handed out, a number of land titles which are the beginning several hundreds of what will eventually be 40,000 new land titles for land ownership. There's tremendous pride in this, people being able to own their own land, to show that they have legal title of their land and to use this for micro-finance in a number of countries in Africa and elsewhere. For the first time, women are owning their own land. This is a matter of great integrity, of great empowerment, of security in old age. In fact, in Lesotho and all of our countries, to comply with our indicators, countries have had to change their laws, legislation, regulatory entities. In a number of cases, they've had to change their constitution to comply with the MCC indicators of good government. This was also the case specifically in Lesotho, where women no longer have to have a man sign for their ownership; they can own land in their own right.

There should be in the pamphlets you've received a number of cases where results are now showing in many countries of MCC success stories.

QUESTION: Halil Mula from Kosovo RTV₂₁ TV station. Kosovo that is being recognized recently, can it be considered? What do they have to do to apply? And again, thanks for recognizing Kosovo's independence.

AMBASSADOR DANILOVICH: More or less, land of my ancestors. My family is from Montenegro.

QUESTION: Oh.

AMBASSADOR DANILOVICH: In any case, at the moment, Kosovo doesn't have a government, or it doesn't have a government that can be assessed with regards to our indicators, so there's a certain time lag involved. I'm sure -- I have no doubt the U.S. Government and the international community at large will make the necessary effort to strengthen Kosovo. And whether it's Kosovo or many other countries throughout the world who are in somewhat the same position, we would hope that eventually that their body of government, their electoral system, their economic system, their social system, et cetera, is able to be assessed. At the moment, because it's

a newly formed government, there's no way to make an assessment through our indicators of Kosovo. We have the same problem with Serbia-Montenegro when they separated; we didn't have the ability to make an assessment of the two countries separately.

QUESTION: Can I follow up?

AMBASSADOR DANILOVICH: Yes.

QUESTION: How long will it take approximately for --

AMBASSADOR DANILOVICH: You know, it --

QUESTION: From your experience --

AMBASSADOR DANILOVICH: Sure. It's hard to say because we have been dealing with countries that have been in existence, so even with those countries that we've had which have been in existence, they were struggling to get governments into shape. They were governments that already existed. (Inaudible) has just been born, so how long it takes depends on Kosovo.

QUESTION: Because there is --

AMBASSADOR DANILOVICH: It could be maybe -- I would say -- I would say three to five years.

QUESTION: Because unemployment is huge, power --

AMBASSADOR DANILOVICH: The problem is great. I know, I know. But the MCC has this indicator performance where we must be able to assess a country on this. So there are other areas of the U.S. Government which will, I have no doubt, provide assistance to Kosovo.

QUESTION: Thank you, sir.

AMBASSADOR DANILOVICH: Pleasure.

QUESTION: I'd just like to have an idea what determines the amount of money that (inaudible) a given year?

AMBASSADOR DANILOVICH: The U.S. Congress. I was just before Congress on Tuesday pleading -- some say begging -- for my FY09, which starts in October, my 2009 appropriation. The process works like this: The President makes a request for the Millennium Challenge Corporation. His request, just to give you the outline, for example, his request for 2009 is \$2.225 billion. We worked in conjunction with the Executive Branch of the Government to determine this figure. We believe that we have enough countries in the pipeline that are (inaudible) have presented proposals, that we've done due diligence on, that we believe, we hope we can sign agreements with. It's a competition, so we don't know who's going to get there first. Moldova happens to be one

of them. Jordan is another. There are a number of countries which are possibilities for FY09. We believe that the 2.225 figure reflects a fair and accurate and honest figure of what we can use to fulfill compact agreements with those countries that become available for FY09.

The U.S. Congress -- and my hearing was before the House Subcommittee on Appropriations -- they will now consider what has to be done. That will happen probably in April. The Senate will then come out with its figure, then the two of them will meet together later on in September and come out with the figure for FY09. So in short, it's the U.S. taxpayer whose money is allocated by Congress, appropriated by Congress to us to spend on their behalf.

QUESTION: How much was appropriated in '08?

AMBASSADOR DANILOVICH: '08, 1.57, let's say, 1.57. So the request for this year for -- request of this year -- request for '09 is \$600 million more than what was given to us in '08.

QUESTION: One question. In the countries that you currently work with in Africa, for instance, does MCC work with the private sector or do you go through the government? How does that --

AMBASSADOR DANILOVICH: We really very strongly believe that sustainable economic growth is achieved not only through our programs but by incorporation of the private sector into and on top of and alongside of and in cooperation and coordination with our MCC body of work. We very much want to encourage the private sector in-country to be involved in our programs. We have an open, transparent bidding operation. When there is something which is in the agreement which needs to be bid upon by contractors, we put it up on the website. It's a free and open bidding competition. We spread the knowledge on what is required to make a bid for this, how you do it, you know, the business forms that have to be completed. We very much want in-country companies to bid on these projects to encourage their capacity, to encourage their commitment to be involved in our programs. And so whether it's Ghana or Tanzania or Benin or whatever country it may be, we want the private sector to be involved in this. And in an odd sort of way we want to be successful and leave a country with the private sector taking over and sustaining this growth on a gradual basis, as we go out, for them to assume the responsibility for it.

QUESTION: So do you continue to work with private sector directly or do you go through the government to access the --

AMBASSADOR DANILOVICH: We work with the private sector. We don't go through the government. We go through the private sector directly. We advertise what we're doing. We make it open, very open in newspapers, et cetera, bidding documents, tenders, et cetera, so that the private sector become involved. In many of our countries, in almost all of our countries, the MCC is a big deal. There's a lot of coverage about it in the newspapers. They're very much aware of what the MCC is doing. We undertake training programs in-country with journalists such as yourselves to explain to them what we're doing in each country, what the programs are, so

that they will then publish in the newspapers this is what the MCC is trying to do, we're looking for involvement, we're looking for participation. And this is not just financial private sector commercial involvement. We're looking for civil society involvement in our programs. We want civil society to be aware of what we're doing, to comment upon what we're doing, to criticize to help us to do a better job. And so we're very open, very open in this whole process.

MODERATOR: Last question. We're trying to keep the Ambassador on schedule.

AMBASSADOR DANILOVICH: But let me ask you -- you haven't asked a question, then I'll come back.

QUESTION: (Inaudible.) By any chance, is your program tied to the Millennium program?

AMBASSADOR DANILOVICH: That's the United Nations program.

QUESTION: (Inaudible.)

AMBASSADOR DANILOVICH: I mean, UNDP, UN Development Goals we're very much aware of. We meet with the United Nations to discuss this. And in fact, our programs have a synergy with the United Nations Development Goals, as does the U.S. Government programs. There is a certain synergy. But we are, as I hope I've been able to define for you, a different tool of American foreign development assistance that is based upon the three factors that I mentioned: policy, ownership and results. And in insisting upon those policies and ownership and results, we are, in fact, working along with United Nations Development Goals as well and indirectly achieving those same goals.

MODERATOR: One last question.

QUESTION: (Inaudible) where a country was -- didn't qualify (inaudible) for the income, you know, criteria and yet it had an MCC compact?

AMBASSADOR DANILOVICH: No.

QUESTION: There's none, okay.

QUESTION: Two other Balkan countries, Macedonia and --

AMBASSADOR DANILOVICH: Albania is the only one that participates in the threshold program with us. The Albanians are focused on corruption, tax and other areas. They have had a very good threshold program with us. They've made a big effort. There's a lot of political will. We are exploring the possibility of having a second threshold program with them.

The threshold program is not something that continues indefinitely. In fact, our original intention with our threshold program was to have a threshold program for two years in the hopes that it would have an impact and

they would become a compact country. In Albania, in Paraguay and in Zambia -- all threshold countries -- it has not pushed them over the brink to become compact-eligible. So in fact, we will seek to have a second compact with those three countries -- Paraguay, Albania and Zambia -- in the hope that after the second one they will become compact-eligible. But if they don't, I think we would give serious consideration to not having further engagement. If they can't make it after we've already doubled it, so to speak, then they're not ready.

QUESTION: Macedonia is --

AMBASSADOR DANILOVICH: Macedonia hasn't applied, so it's not part of the program.

QUESTION: Thank you, sir.

AMBASSADOR DANILOVICH: All right. Thank you.