



MILLENNIUM  
CHALLENGE CORPORATION  
UNITED STATES OF AMERICA

Transcript

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# Post Board of Directors Meeting Public Outreach Meeting

## Speakers

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Darius Mans,  
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John Hewko,  
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## Transcript

SHERINIAN: Ladies and gentlemen, distinguished members of the diplomatic corps and representatives of the media, my name is Aaron Sherinian. And on behalf of the Department of Congressional and Public Affairs it's a pleasure to welcome you here to the headquarters of the Millennium Challenge Corporation.

As you all know, it's an exciting day for us as we are recently coming back from the first MCC board meeting chaired by Secretary of State, Hillary Rodham Clinton. And in order to give you the most up-to-date information from firsthand sources, we have arranged this meeting so that we can take your questions and give you an update as to progress since the MCC's last board meeting.

I'd like to tell you a little bit about [AUDIO GAP]. First we will hear from MCC's acting CEO, Rodney Bent. Rodney will brief us on progress since the last public outreach meeting held in December, go over key developments from today's board meeting and take your questions at that time.

We will then move to the second phase of our session today, which will be comprised of a panel, including our vice presidents for compact implementation, compact development and for policy and international relations. There will also be time for Q&A following the panel presentation.

So with that, please help me welcome MCC's acting CEO, Rodney Bent.

BENT: Good afternoon. I'm Rodney Bent. I'm the acting CEO of the Millennium Challenge Corporation. It's been my distinct pleasure to have been acting since January 20. And today was a watershed, because we had our first board meeting with the new board. Secretary Clinton chaired it as Aaron said. It was also attended by Secretary Geithner of the Treasury Department, which I consider a singular honor, given that he might have a few other things going on in the world.

But it was a great board meeting. Before I talk about the board meeting, however, I thought I might go over where the MCC stands. I'm sure that people have had questions, particularly in the foreign aid community here in Washington, but also in capitals abroad about what will happen under the Obama administration with foreign aid.

For the MCC, we have now signed 18 compacts. We have done about \$6.4 billion. We have signed threshold programs with 19 countries. We have, I think, obligated something like \$440 million in the threshold program. We have several, eight, countries that are in various stages of negotiations for compacts. I'm going to let my colleague, John Hewko, describe that process a little bit more.

Before actually, speaking of John, before I go on, John has been the vice president — a vice president here at the MCC since almost its inception, I think. And I want to pay public tribute. John has been involved in every single one of the compacts that we've signed.

He is one of — as one of my colleagues here said when I got here — he is very smart. He is talented. He is terrific. He is energetic. He has done more for the MCC than virtually anybody I can think of. And I want to pay tribute to John publicly.

(APPLAUSE)

The board meeting, it was exciting. I can tell you that Secretary Clinton is very much engaged. I have — I have worked for or worked with, I guess I should say, elevating myself slightly since I was (inaudible) GS-7 at the Treasury Department, I think I've worked with about 20 secretaries of state.

And I can say that she is one of the most involved in development assistance, development issues. In fact, at the board meeting, she referenced trips that she'd made to Indonesia in 1995. She is incredibly knowledgeable. It's a very, very impressive board.

I think that the private members of the board are all continuing. And they too are an impressive group. They're finding their voice in some measure. And so the first board meeting that you have, frankly, it was a very candid set of discussions on — on where the MCC stands, both in terms of new compacts and in terms of the issues of implementing compacts and the future of the threshold program. And so it was — it was I think the most free-ranging discussion for two hours that I've had.

Now, I will confess that at the end of it, Secretary Clinton said she wanted to talk for another four hours on development issues. And I'm not quite prepared to — to have that conversation yet. But it gives you, I think, a flavor of what she's — what she's interested in.

Let me talk briefly about the budget situation. For the MCC in the FY '09 budget, the omnibus bill passed, I think, the Senate last night. It will be signed by the president. And it includes \$875 million for the MCC. This is a cut. I cannot pretend that I am happy about the cut. It means that, as we look at new compacts, new compacts going forward, we're going to have to make some tough choices about what programs work, what countries we — we work with.

However, I want to lay aside certain misconceptions. One, it does not affect any compact that has been signed. I will repeat that. It does not affect any compact that has been signed.

Every compact that we have signed has already been funded. It will only touch the compacts that we intend to sign this year. So for those of you who are representatives of countries that have had compacts, relax. You can breathe easily. The U.S. Congress has not done anything to affect your — your compact.

Going forward, for the 2010 budget, I think I'm not at liberty to tell you what the number is. But I can say it's significantly better news. And I think it will be reflective of the Obama administration's support for the MCC and of our work going forward. So when the budget does get released, I think it'll be some time in April, with the details, you'll — you'll see for yourself. And at that point, you can — you can (inaudible) what we can do.

Obviously, more funding allows us to do more work with more countries at a greater level. Less funding means that we have to make tough choices. But since the MCC is about partnership and about finding good quality projects with — with partners, I'm confident that that pain (ph), partnership, transparency, accountability, working with other countries in a — in what I call a smart power way, working with them, is going to be a hallmark, I think of the Obama administration, just as it has been a hallmark of the MCC.

In — in that sense, the conversation this morning was quite comfortable. It was a conversation among friends. It was people who, I think, share the same goals, which are how do you work with the poorest countries of the world? How do you do it in a constructive way? How do you do it in a way that can be made tangible to the American taxpayer and — and particularly to my good friend from the Senate Appropriations Committee, for whom (inaudible) shout out.

The other ticklish issue that we covered was where we are on several of our — our countries. The implementation issues and — and Darius Mans will be speaking shortly and talk in more detail. But we have some countries, Armenia and Nicaragua, just to put them out on the table, where there are issues of good governance, of ruling justly, of making the kind of commitment to democracy, to accountability, to civil rights, the kind that we expect from our partners.

The questions I think for a new administration are how to most constructively engage on those issues. What — what can we do? I think at — at this board meeting, there was a pretty frank exchange of views. I won't tell you what the options were.

What we have decided to do, and I think the administration is probably correct in doing this, is they want to judge for themselves what these countries, what these governments can do to reaffirm their commitment to democracy and to democratic principles.

So the — for the moment, there's no change. I'm not announcing any — anything dramatic here. But I think I can say that they are acutely aware — they meaning the secretary of state and the board — acutely aware of what the issues are, acutely interested in seeing progress and trying to find a constructive way forward.

Obviously, our goal is the same thing, which is that there are tens of thousands of poor beneficiaries in these countries. We want to make sure that — that the beneficiaries are not hurt. The responsibility is entirely with the government to — governments to do the right thing. And we hope frankly to see something more constructive before the next board meeting.

There are probably a number of steps that the secretary will take. But I'm going to leave it at that.

Madagascar, just to — a note in passing. We have, as many of you have I think read the newspapers, we have our staff in Madagascar. We are following the situation. It's not — not good. But that said, our offices are open. The projects are continuing. We are going to see what happens.

I did discuss with some of the board members what is happening, our — our view of the situation on the ground. I think there's no action at the moment. But it is a situation that we want to make sure we — we (inaudible).

I suppose I have a lengthy set of remarks. I'll skip most of them, since it's much more fun taking your questions. But let me stop and say that I think the Obama administration is going to make international assistance a hallmark

of what they do in terms of engagement with the world. I think that they're very interested in how foreign aid agencies, NCC, PEPFAR, AID and other agencies can work together.

I think that a theme that you will hear going forward is smart power and, as I mentioned earlier, transparency and accountability. I think the questions will come. How can we work with AID who had been a terrific partner for us in the threshold program? What is it that we do? How do we specialize? How do we work with other — other donors, other governments and all the rest?

With that, let me stop and — and take any questions. Hopefully they'll be easy questions. I'm only good for softball answer. If you'd — if you'd give your name and organization.

(UNKNOWN): (Inaudible) with FNU (ph) Service Newswire. When you say that there have been no change in — in the — sort of in the — in — in the (inaudible) in Nicaragua, I mean what — what is — what does that mean that the — the program is suspended still? Or can you elaborate on that?

BENT: The program has been suspended since the flawed elections in November. The suspension will continue. We are going to — we have talked, sent a letter I think, to the government of Nicaragua. We are hoping for a positive commitment, meaningful commitment to change.

I want to stress that the responsibility is entirely in the hands of the government of the Nicaragua. It is up to them, I think, to decide how best to move forward and hope they'll do it in a constructive manner.

I — I will say the — the staff in Managua, the MCA staff, the MCC staff here, have wrestled frankly, because the — the projects are, in some cases, very good projects. They do benefit some of the most hardworking deserving people. We want to make sure we don't, in any way, want to punish them.

And so we've — we've got that struggle between what the government has done on the — the political front, and yet good projects. I think that the Obama administration is trying to figure out a constructive way forward. I think they want to gauge for themselves what can be done by the government of Nicaragua. I think they are hopeful. But I think that it's up the government of Nicaragua to show what it can do.

(UNKNOWN): What do they have to do by the next board meeting to prevent, you know, this withdrawal of the aid?

BENT: I — I think...

(UNKNOWN): I — I assume it's an option still.

BENT: It's — what we're looking for is not a checklist. It is, I think, when we look at the electoral process, when we look at elections, we want to see meaningful change where people can express their will in — in a — in a — a regular manner. So that's not a question of they should do one thing or two things, and then we'll step back.

It's more, as — as you look at our indicators, and Sherri can talk at more length about (inaudible) indicators. It's about ruling justly. And it is about a constitutional process. It's about the will of the people. And it's about voice and accountability. And these are all things. It's not if they do this, then we'll do that. It's not a tit-for-tat kind of a situation.

Yes, ma'am. Give — give your name and organization.

(UNKNOWN): Araxie Zan (ph), Voice of America, Armenian, sir. What was the board decision on Armenian — Armenia program? And what issues are facing the government of Armenia?

BENT: The government of Armenia had, I think, a flawed election last year, spring. There were massive demonstrations. People died, 10 people I think, eight civilians. It — we've had an extensive series of conversations with the government of Armenia. I forget. I think probably three or four meetings, two or three phone calls, at least two letters that I'm aware of, the last sent in December.

I had a letter from the minister of foreign affairs of Armenia, in which I think there was an acknowledgment that there hadn't been the kind of progress that we both would have wished for. I think going forward, we've kept the hold on the roads, if you will. We are again trying to not provide a checklist of do this or do that, but really looking for a series of constructive steps that would reaffirm Armenia's commitment to good governance to ruling justly.

Next question. You're a very silent crowd. It is sleepy after lunch? What's — oh, over there. Keep — keep going.

(UNKNOWN): Thank you. Matthew Corso with the U.S. Global Leadership Campaign. Did the secretary give an indication when she (inaudible) or the Obama administration will be appointing a CEO for the MCC?

BENT: No. But I can tell you that's a question that I think about every morning. Other questions. You see — oh, sorry. (Inaudible) We're making our folks with the microphone do a dance.

(UNKNOWN): (Inaudible) Roche. In light of the budget cuts to 2009, can you give more specifics in terms of countries that might be cut that are eligible, only threshold countries that this can...

BENT: The two threshold countries that are eligible are Liberia and Timor-Leste. The countries that we have been working on compacts with are Moldova, Malawi, Senegal, in various stages Jordan. What I would say is that the countries that are furthest along I think are the ones that we hope to sign in 2009. So probably those countries would be most directly affected.

In a couple of cases, there are engineering feasibility studies that still need to be completed. It's not simply a question of taking a low budget and then punishing the countries that just happen to be eligible this year. I think what we're trying to do in terms of smart use of our resources, what's the commitment of the government? What are the other donors doing? How many beneficiaries are involved? What's the extent of the negotiations that we've had so far?

These are all things that are going to have a bearing on what we do. And so John may want to talk a little bit more. He's closer to this than I am. But I think that our goal is to — to help the largest number of poor people possible. And so then the question is well what — what does that mean in terms of what we do this year?

I think it would be a mistake to slip countries down the road in hopes of — of getting future financing. I think a bird in the hand is worth two in the bush. It seems to be it's important for those countries with whom we've had pretty good (inaudible) negotiations to try and finish up.

I think as we go forward, frankly foreign aid is going to have to be competitive with all of the other demands during the time of global financial crisis. And I think that we're going to have to explain to the American people, to the American Congress, what we do with the funding. I think countries have put together good proposals that are very tangible, that are crisp that (inaudible), those are countries that are more likely to get funding.

You know, and so that's — I think that competition frankly is good. It's going to force countries to make choices, make more tangible commitments to the development of the MCC compacts, pay attention to good policy. So it's — it's life. And we move on.

Any other questions? Yes, sir. Just so now everybody else can hear you.

(UNKNOWN): Good afternoon. I'm Tony (inaudible) from Division 12 Media here in Washington, D.C. We're an IT media and broadcast production company. I want to find out what the current status is — maybe a question for your panelists — of the threshold agreement with the (inaudible) is at this time.

BENT: That's a good question for our panelists.

Just one — one last question.

(UNKNOWN): Hi, I'm David Francis of the Global Post. Did the secretary give any indication about whether or not MCC would remain independent or whether there was a possibility that it could be rolled in the State?

BENT: Well, I haven't heard of it being rolled into the State Department. I have heard of merging AID, PEPFAR and — and the MCC. The secretary of state's chairman of our board. The board approves every one of our major policies. They approve every contact proposal. They approve every threshold program going forward.



Another thing country directors, when they're out in the field, they're part of the country team. You know, at a certain point, I'm not sure how much more integration we could possibly do. There — there is, I think, an intention to use all of the instruments of foreign policy. And by that, I mean AID, PEPFAR, programs at State, programs frankly in — in other agencies, Department of Labor, HHS, NASA, Smithsonian. These all have foreign aid programs to a greater or lesser extent.

I think a goal going forward is to make sure that the executive branch or — in this administration or any administration wants to use the right tool for the right job. What are the right tools? For us — for me, the — the MCC is the right tool for economic growth for countries that meet our criteria. It's not the right tool in every case. I think that AID plays a — a huge, huge, huge role. And PEPFAR does pour out the financing thing that (inaudible).

There's a lot of (inaudible). And I think that what I see going forward is a very strong desire to make sure that we're using the tools in the right way.

Any other questions? Great, thank you very much.

(APPLAUSE)

SHERINIAN: Thank you, Rodney.

We'll excuse him to continue his calls and updates from the proceedings as a board meeting. And we'll ask to join us here at the table our panelists, which will begin the second phase of our session today. Joining us here at the podium, we'll begin with Vice President for Compact Implementation, Darius Mans.

After Darius' presentation, he will yield the floor to John Hewko, who will give us a few words in terms of compact development. And we'll end with a presentation by Sherri Kraham, vice president for policy and international relations. Following these three presentations, we'll go ahead and entertain your questions.

So with that, Darius.

MANS: Thank you very much. And good afternoon, ladies and gentlemen. My name again is Darius Mans. I'm the vice president responsible for implementation of our 18 compacts around the world. Thank you for giving me this opportunity just to give you a brief update since our last opportunity to meet about what's happening in our program.

As you know, we have over \$6 billion that's been obligated to 18 countries around the world. Eleven of those countries are in Africa. About 70 percent of our \$6.4 billion that's been obligated is focused on Africa.

For our 18 partner countries, the continuity of support from MCC has been essential in this time of global uncertainty and change between the global economic crisis, the change in the U.S. administration and now our new



board of directors, and ongoing budget deliberations, partner countries may well have been apprehensive. But I hope Rodney Bent assured everyone that, for the countries that currently have compacts with MCC, these changes have no affect whatsoever on them.

Our focus is on making sure that those dollars that have been obligated in these compacts achieve the objectives in each of the compacts. Our compacts are fully funded, as you know, up front. They are five-year programs.

There's a five-year period during implementation after the compacts become effective. That ensures that our programs are not disrupted, whether there's a change of administration or whether there are budgetary issues that are deliberated in country in the United States. Countries can count on MCC's support as they manage their budget and their development priorities during these difficult times.

Now having said that, I want to give everyone the good news about what's actually happening on the ground. In our programs, we are seeing lots of results already. As you know, we have a number of compacts that were approved and now into their third year of implementation, just as we have some compacts that are really just getting started. Even so, we are seeing concrete results in each and every one of our programs. Let me give you just a couple of examples.

In the area of agriculture, which as you know is one of the priority areas from all of the MCA partner countries. Over 74,000 farmers have been trained in new production technologies, gaining access to markets and business planning and management. Over 6,000 hectares of agricultural land already under cultivation with MCC support. And as a result, producers are already seeing higher yields, better prices and increased income.

Over 20,000 rural hectares and 2,000 urban land parcels have already been formalized under the MCC supported property rights project, which are in a number of compacts. This is an essential step in empowering those that live on and work the land to sustainably reap the rewards from their efforts.

We have a number of roads projects that now have already been completed. Not only have they been completed, but we're seeing the impact of those road programs on people's livelihoods. To give you two examples, in Armenia, the first MCC funded road is finished now. The farmers there now can transport larger roads, more quickly from market centers. And traffic volumes are also increasing.

In Cape Verde, paving is complete on two roads, which has already greatly improved access to fishing villages, the access of those villages to market centers. And children have better access to schools.

These results are also translating into an increase in disbursements from MCC funding. To date, MCC has made total disbursements from compact implementation alone of almost \$0.5 billion. We expect that figure to increase to at least \$800 million by the end of this fiscal year.

These disbursements on compact programs are really just a subset of overall program disbursements. If you take into account disbursements on threshold programs, on the programs of support for compacts that are under implementation, we have already seen, by the end of the first quarter of our fiscal year, that means December 31, 2008, that total program disbursements have reached about \$780 million. And we expect that to reach more than \$1 billion before the end of this fiscal year.

If you look at the end of this fiscal year, we also have — expect to see a substantial increase in contract commitments. Those are contracts for work to be done with MCC funding in each of the MCA countries. By the end of the first quarter of fiscal year 2009, that is December 31, 2008, our MCA partners held contract commitments of \$1.3 billion.

Our cumulative target for the end of this fiscal year, that is September 30, 2009, is about \$2 billion contract commitments. That would mean a commitment of 30 percent of total compact funds.

I think one thing is very important for us all to remember. The cornerstone of the MCC model is the importance of country ownership. Another reason that the MCC funded programs have remained steady in the face of change and uncertainty is because they are owned by the partner countries. Part of the responsibility that goes along with that is ensuring that the countries are accountable for the results that we have agreed are the objectives in the compact programs.

Very important as part of that responsibility is that each of the countries roll up their sleeves. And they have to see one of the MCA directors here to take the lead on dealing with implementation challenges. I can tell you countries take this very seriously. There are many examples that I can give. I'll give just a couple.

Last year, as many of you know, many of our country partners faced a tremendous challenge because of changes in exchange rates, because of the rapid increase, unprecedented increase, in oil prices, the global construction boom and the rise of construction prices. We worked hand-in-hand with the affected countries — there were seven in total with about 14 projects — to figure out how to manage this with the limited budget that is available through the compacts.

And I am very happy to say, in every case, the country worked through those issues, which in some cases meant finding parallel and co-financing from other donors and the governments themselves, and also in some cases looking at phasing a program as well as value engineering to get the most mileage out of the resources that are available.

I'll give you just one more example, the government of Ghana. In a tremendous display of ownership and accountability, our counterparts in Ghana worked themselves to take a hard look at where they were on implementing the entire compact program to look at the cost issues that I mentioned, but also to look at the practical challenges of implementation, what's working, what's not.

They put together a very comprehensive program for managing all of these risks, including a strategic reallocation of funds across the compact to focus resources on those areas where they thought they were getting great traction, and where more funding would scale up the results that could be achieved with compact resources.

We supported that initiative and simply endorsed their program. These are just two illustrations. I could give lots more. And if there are questions about this, I'm happy to give more examples to talk about the progresses being made in our implementation countries.

But I just wanted to share with you some of the good news that we are seeing in country after country, whether that's with respect to policy reform, changes that are being made on the legal and regulatory environments, supporting the investments, the efforts that countries are putting in to ensure that the incentive framework is in place for the investments with MCC funding to have an impact and be sustainable, as well as the reality that we have dirt flying across the world in many of these compact programs.

Whether that's in some of the key areas of infrastructure that the countries have prioritized, or with respect to some of the softer sectors where we are providing support, we are seeing real concrete results on the ground.

Thank you.

HEWKO: My name is, again, John Hewko. And I'm the vice president for compact development here at MCC. What I want to do is just take a — a few minutes and walk you through our compact pipeline for the next three — three fiscal years and highlight for you some of the — some of the issues that we are facing in light of the current budget — budget situation.

We currently have eight countries that are in the process of compact development. These countries have a combined population of over 400 million people, of which 200 million live on less than \$2 a day. So the potential to have impact, meaningful impact, on poor people in our eight partner countries is — is really significant.

For fiscal year 2009, the year in which we're in right now, we hope to have Moldova and Senegal to the board for approval later at the end of the summer or the early, early fall. Both of these compacts focus on agricultural development and road — road transportation networks.

We're carrying out detailed feasibility studies, detailed environmental and social assessments, engineering design studies, all of this designed to enable us to hit the ground running, enable Darius and his team to hit the ground running when we sign the compacts.

In the past, we tended to sign at the sort of preliminary feasibility study phase. Going forward, there are new program or new compact development process. We're trying to get as many of these studies finalized and in place prior to signing. Again, in order to enable the implementation team to hit the ground running.

We're also standing up the MCA unit, the units in the country that will be actually implementing these compacts. We're getting them organized and in place prior to compact signing. We're also getting the fiscal agents to terminate (inaudible) assigned, again, all with the goal of making implementation easier and ensure that we can actually get the programs done within the five-year framework and to get the budgeting more — to be more accurate, to be certain that when we sign the compact, we have a very — much higher probability of not having cost overruns and make sure that we get the costing just — just right.

Now for fiscal year 2009, we are — our budget is \$875 million. Take out administrative expenses and threshold costs, we have around a little over \$700 million for — for this fiscal year. Which means that there will be some tough choices that would need to be made with our partner countries going — going forward.

And we're again in the process of engaging in robust discussions with our partner countries to see exactly how we can maximize the bang for our now more limited buck in our — in our partner — in our partner countries. We hope to have a better idea in May or June exactly what the consequences of this, the more limited budget, will be for this — for this fiscal year.

For 2010, fiscal year 2010, we anticipate signing compacts with Jordan, Malawi and the Philippines. We've received solid investment proposals from all three of these countries. Jordan is the most advanced, followed by — by the Philippines and Malawi. Again, we're evaluating all three countries' proposals.

The president's — as Rodney mentioned, the president's 2010 proposed budget number for MCC will soon be made public. It's absolutely imperative that Congress fund MCC at that level. If we receive funding at this year's level, for example, for next year, that is going to require us to postpone at least one of these three 2010 countries, which will in turn have a knock-on effect for the 2011 countries.

So we are really — we'll be facing an enormous train wreck going forward if — if — if the 2010 budget is — is lower than what the president has — has asked for.

With respect to 2011, we had three new countries chosen as eligible last December: Columbia, Indonesia and Zambia. Over the next months, we will be launching introductory visits to these countries to pick off the — the MCC process.

The purpose will be to introduce MCC to the political leadership of the country, the civil society, the private sector. Everybody is on the same page in terms of expectations, high management and what the process will — will — will look like. And again, these three countries, we would hope to be in a position to sign compacts with them in — in 2011.

More perspective in compact development, the budget is a big issue. We want to have meaningful compacts. We want to have compacts that make a difference, that — that really do benefit the poor and stimulate economic

growth at these — in these countries. And — and — and a good part and the big factor in allowing us to do this with our new countries is — is the budget.

We do have some fairly large countries in the pipeline with significant populations. So with that, perhaps I'll — I'll end.

And Sherri, perhaps you can take it from there.

KRAHAM: Good afternoon, everyone. Today we had the opportunity to introduce the threshold program to the new board. And we talked about where we are with the program, what we've achieved, and where we're headed. And so I will just give you a brief sense of what was discussed.

We funded our first threshold program in Burkina Faso in 2006. Since then, we have supported 21 programs in 19 countries. And we have invested approximately \$470 million. We have a robust program with 15 ongoing programs.

This includes the second program in Paraguay, stage two. And we are now working to develop programs with two new countries, as Rodney mentioned, Timor-Leste and Liberia, which was selected by the board in December. We are looking forward to working with these two important countries in close collaboration with our other partner, USAID.

Five programs have success — successfully concluded in 2008. We believe that these programs have yielded and are yielding significant results in helping countries to improve their policy performance on MCC's indicator criteria. With four years of experience in this new initiative and the transition to a new administration, MCC believes now we have the information and at the appropriate time to start to take stock of what we've achieved.

A number of outside stakeholders and Congress and the development community and elsewhere have also expressed interest in knowing more about what we've achieved and have suggested some things just going forward, which we will consider in — in the months ahead.

So first, let me talk about — the board talked about where the threshold program is a strong demonstration of U.S. smart power. We have formed what we believe to be an effective collaboration with our partners at USAID and other agencies, where each agency contributes what it does best to maximize our influence and impact in our relationship with these countries.

We provide tangible support for countries who have committed to the types of policies that we think are critical to their growth. We've expanded and supported the U.S. dialogue with a number of countries about reform using MCC's scorecard which provides a clear, transparent and consistent roadmap. And finally, with the MCC, we have created strong incentive for reform.

The threshold program was designed for countries reform efforts so that it can both improve their policy environment to lay a sound foundation for economic growth and also to qualify for compact assistance. And we have seen countries undertake policy, institutional, regulatory requirements and other steps critical to improving on the MCC criteria. And we have some early results in these programs.

We gave some examples. I'll — I'll just mention a couple here. The threshold program in the Burkina Faso yielded serious results. It targeted a pressing need to improve girls' enrollment and attendance in primary school. We just received some preliminary results from MCC's first impact evaluation there, which indicated the — the program was implemented successfully and resulted in a dramatic impact increasing girls' enrollment by 20 percent and a marked improvement in attendance and test scores.

In Indonesia, the threshold program has focused on reducing corruption and improving children's immunization rates. Its Corruption Eradication Commission is successfully prosecuting high-level government officials. And the immunization program has estimated 83 percent of the over 5 million children targeted for measles and DTP (inaudible).

Both Indonesia and Burkina Faso became compact-eligible. And Burkina Faso is — is working out a compact which continues to invest in girls' education. These are just a few of the many achievements from the seed programs.

Looking ahead over the next few months, we will initiate an in-depth evaluation process. And we will consult with a broad range of stakeholders. And we're looking forward to — to receiving that feedback. We will assess what we've achieved in terms of different congressional mandates to help countries become eligible for compact assistance.

And we'll also take a step back and look at all of the individual results from the individual programs to see how effective these programs have been at reducing corruption, supporting immunizations, helping girls get into schools and addressing other key constraints to the effort in our countries' development.

Based on this evaluation, we'll make some decisions about the best way to proceed. And this will be part of our ongoing discussion with the board about MCC's mission and our results. And I look forward to your questions.

Let me just address the gentleman from — that asked about the Rwanda program. This program was signed in last September, September 2008. It's focused on governance. And (inaudible) judicial (ph) reform. And I think the program is just getting underway. It's being managed by USAID. We are monitoring (inaudible) with all of the partner countries ongoing policy improvements. And — and we are doing so in Rwanda as well, looking at the overall environment there.

SHERINIAN: Can I get the mike actually Michelle?

We've had talks with the embassy of Rwanda and introduced a concept to them that they really like and they've given approval and green lighted for us. I was sent to the couple of workshops that MCC has given, learned a lot, followed up on all of that, reached all the next steps.

We're ready to do a feasibility study now, which means we need to travel to Rwanda. But we're not in touch with anyone at MCC. We — officially we can kind of purposefully navigate to the next step, which means do the things we need to do.

Now, I'm learning a lot now. I know that USAID was the — was the agency that we need to really focus on in terms of Rwanda. But who do I talk to there now?

KRAHAM: I'm delighted that the government of Rwanda would like to pursue advancing media freedom issues. So that's, of course, great news. I — we don't do the procurements for the programs. They're designed to target the policy indicators. I don't know if your idea fits into that context. I would direct you to USAID in the field that oversees the management of the program. And I think you can get that — those points of contact from USAID's Web site. But if that's not accessible to you, I'll give you some — some contacts within (inaudible).

SHERINIAN: I don't see any other pending questions. We have time for a handful of your inquiries, if you could just say your name please and look for Michelle.

(UNKNOWN): It's (inaudible) again with FNU (ph) Service, if I can ask again about Nicaragua. I wonder you could tell us why the program was suspended — suspended originally. What's the basis for their actions? And in that light, what should the government do — what — what kind of change you are looking for in the government, so that you can, you know, resume the operations there.

KRAHAM: Sure. The board suspended Rwanda at the last...

(UNKNOWN): Nicaragua.

KRAHAM: Nicaragua. What did I say?

(UNKNOWN): Rwanda.

KRAHAM: Rwanda, wow. I apologize.

[LAUGHTER]

As you — as you know, MCC partner countries got into the program by performing well on the policy criteria, which emphasizes political rights, civil liberties, recent accountability. And part of that is the electoral process and the ability to conclude an election and — and the freedom of the media.



And so the board, at the last board meeting, expressed concerns about the process and then — following the election. We do not — MCC is — is not an institution that tells countries exactly what they need to do to — to fix — fix their electoral process. We used this — these indicators as our guide.

And so there's a lot of good information in Freedom Health's (ph) assessment of Nicaragua's elections. And the U.S. government has been leading that discussion along with the international community about how the Nicaraguan government can restore legitimacy to its electoral process. So we have communicated that to the government. And we're hoping that they can respond and — and take appropriate steps.

(UNKNOWN): (Inaudible) What are the results of elections. And that would imply that, you know, they will have to review that or — I mean, is that what you — what you're asking for? Or — or you will accept the — the results of this (inaudible)?

KRAHAM: Well, I — I would turn to what the international community has called for and — and look at how the government can address the concerns expressed by the Nicaraguan people about their lack of confidence in the results. And so I can't point out specifically what the government can do at this point. But I think it's largely in their hands to figure out what is appropriate in their context to restore legitimacy with their own population.

(UNKNOWN): Thank you very much. My name is (inaudible). My — my question is directed to the — the vice president for development — compact development. And in your presentation, you mentioned that you to (inaudible) or in the event that funds will not be available in the required months, there are countries which are likely going to be (inaudible). I'm not quoting you directly, but (inaudible). So what sort of criteria are going to be used in determining which countries (inaudible) or not. Thank you.

HEWKO: Yes. As — as I said, the — it's very important for MCC to be fully funded by Congress up to the level that the president will request in fiscal year 2010. If we get significantly less funding in 2010 than is being asked for by the president, then as an institution in our partner countries, we're going to have to face some tough — some tough choices.

We are — we have eight compact development countries. And we are diligently moving forward with all eight. We're not slowing anybody down. We're not giving anyone pick or preference over another. We're taking countries as they come in with their proposals. And we move expeditiously with each country as of when we receive the proposal.

I'm simply saying that if the funding in 2010 is significantly lower, we'll have to sit back with our partner countries and make some — some tough decisions. We have smaller compacts with each of these countries. We take the slowest moving country and move it to the next fiscal year. That, in turn, would have a knock-on effect for the countries coming down the road.

I don't know how it's going to play out. There's too many unknowns yet. We still haven't received proposals from our three 2011 countries. We're still in the process of evaluating the proposals from our 2010 and 2009 countries.

There's a lot of variables out there. And I would not like to speculate exactly what would happen, other than to say that if the president's budget is not fully funded in 2010, budget request is not fully funded, we will have some tough choices to make. And what the results of those choices will be, I think, it's premature at this point to — to speculate about what they would be.

SHERINIAN: Any other questions from the audience?

(UNKNOWN): I'm Lourdes Divera (ph). I'm with BPOM (ph) International. And I do have a question about graft and corruption. You just mentioned that Indonesia has had a successful threshold program. I wonder what's going on with the threshold program in the Philippines. Thank you.

KRAHAM: Thank you. As you may know, the Philippines threshold program was a \$20 million program. It was matched with funds by the government of the Philippines. It addresses corruption and tax, customs risk (inaudible) in three areas. The program is designed to end in May.

We have seen some concrete outcomes from an improvement in the program. As we communicate to all of our partner countries, corruption is a pretty widespread problem. And tackling it through the threshold program is not the only way. Reforms need to be ongoing outside the threshold program in order — in order to — to improve performance. And so that's the conversation that we have ongoing with the — with the government.

The program, from our vantage point, has proceeded well. And it has achieved many of its targets. And I hope to be able to present you some more information after our evaluation over the next few months and — and more concrete results.

(UNKNOWN): (Inaudible) Armenia. And I would like to know the exact status of Armenia's compact today. I mean, is it partly (inaudible), it is delayed? Or what's the exact wording? Thank you.

HEWKO: The Armenia program, as you may know, there is a hold on the roads program. The other activities are continuing to — irrigated agricultural parts, for example. So the road program, which has been on hold since the — that board meeting, that hold (inaudible).

(UNKNOWN): I'm (inaudible). I'd like to actually expand a little on the evaluation. Is it something done internally? And will the — the evaluations available to the public (inaudible)?

KRAHAM: In the threshold program, we are not including funding in each program for monitoring and evaluation. And we have a — a process of creating a results framework within each program. We have invested where

possible an independent, rigorous impact evaluation. And that's what I referred to with the Burkina Faso compact — I mean, threshold investment.

We cannot invest in independent impact evaluation in every program. But we do look at — at all of them to see if it's possible. We also, to the greatest extent possible, we'll do independent evaluations of — of the programs.

So we have a combination of monitoring performance. Is the country meeting the — the benchmarks that are outlined in the program itself; evaluation of those achievements; evaluation of the indicator performance to see how — how the targets that we have outlined in the program are achieved. And where possible, we will invest in rigorous independent impact evaluations.

So we just — we just got our first evaluation on Burkina Faso. It's still a preliminary draft. It was by an independent institution. And I believe they will be making that public when they have a final report. So look forward to our next event on what we've achieved there.

SHERINIAN: (Inaudible) your time, if there's any more questions. We've got two more here. (Inaudible)

(UNKNOWN): Hi, my name's Taryn Bird. I'm with U.S. Chamber of Commerce Business Civic Leadership Center. And last year (inaudible) a few private sector dialogue questions. And my question is simply if you're planning on to continue that this year.

KRAHAM: Yes.

SHERINIAN: Absolutely a fact. I'd be looking for announcements regarding events by the end of March, early April where we have some exciting opportunities in terms of procurements and in the continuous engagement private sector.

KRAHAM: Yes. And I — I can take this opportunity to talk about a new innovation that was integrated into our compact development process in the Philippines, where they actively sought concrete feedback from the private sector on the concepts in their proposals. And so we call that a request for information being published on their Web site. I believe it's also on our Web site.

So this is a way of — for the — making that — that feedback, the process and that engagement more systematic. So we're looking forward to hearing what they — what they get on that.

(UNKNOWN): Yes, my name's Antonio Cansada (ph). I'm with Timonis (ph) International. And in light of the — this budget that's ongoing right now (inaudible), I take it that some countries in their threshold programs, they have a follow-on threshold program. Could you please elaborate a little bit on — on how those follow-on threshold programs are provided or — or come about? And like how you proceed with changes in the budget (inaudible)?

KRAHAM: Sure. We have two stage two threshold programs. This is not something that will be automatic for every country that completes a threshold program and is not compact-eligible. We were — we developed some criteria in consultation with the board, that the board used to make decisions to support Albania and Paraguay in their second program.

They are countries that did not meet the policy criteria but made great progress in the program itself and demonstrated clear improvements on the indicators. Where political will continues and where we think that MCC's investment in the threshold program, and of course collaboration with (inaudible) can have an impact.

So this is — there's no automatic nature to the program. There are other programs that are aspiring. And we will be very selective about — about this as well, and extreme — and more so given the budget constraints. But I think how we go ahead and how — where we go ahead will be something that we'll be thinking about in the context of this review. Where is it appropriate to do a follow-up program.

SHERINIAN: Before we take our final question, one housekeeping matter. The formal press release from today's MCC board meeting under the chairmanship of Secretary Clinton will be available within the next few hours. And a transcript of this meeting will be available within the next two days on our Web site. With that, we'll take a final question right here.

(UNKNOWN): Diego Vaneta (ph) from (inaudible). I would like to know if you could elaborate a little more in which state is Columbia right now. And another thing, I would like to know if you — you — you could tell me how much money the MCC (inaudible) before it close the cooperation with Nicaragua. Thank you.

HEWKO: I'll answer the Columbia question. Darius can — can handle Nicaragua. Columbia was chosen as compact-eligible at the December of 2008 board meeting. We're currently working to come to — put together and introductory senior-level trip to Columbia which we hope will happen soon. And once that trip occurs, then the process of engaging directly with Columbia will — will begin.

So Columbia, Zambia and Indonesia are all in the same boat. They were chosen in December of 2008. And for all three countries, we're currently in the process of arranging introductory visits to kick off the MCC process. As I said, it's anticipated that Zambia, Columbia and Indonesia will have compacts in fiscal year 2011. The funding for their compacts will come out of the 2011 budget.

MANS: (Inaudible) about \$28 million has been (inaudible) by the end of (inaudible).

SHERINIAN: Well, thank you for your participation. We thank our panel.

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