



**MILLENNIUM
CHALLENGE
CORPORATION**
REDUCING POVERTY THROUGH GROWTH

Transcript

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Millennium Challenge Corporation Public Outreach Meeting

June 17, 2008

Speakers

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Transcript

MCLEAN: Good afternoon, and welcome to the headquarters of the Millennium Challenge Corporation. We're delighted you're here. Welcome to our home. And we also appreciate your ongoing interest in the Millennium Challenge Corporation and our activities.

My name is Matt McLean. I'm the vice president for congressional and public affairs. As you know, our board of directors met this morning, and we hold regular outreach meetings following those board of directors meetings to share with you the latest with MCC.

This is our way of continuing our open and transparent and frank dialogue with all of you and others interested in MCC in our work to reduce poverty through sustainable economic growth.

As many of you know, regular public meetings of this kind are frankly not the norm in the U.S. government, but we feel this is really critically important to continue this kind of dialogue and continue this important channel of communication.

It not only gets our message out to you, but that feedback helps us and puts it back into our thinking as we go forth with our business. So we're pleased that you could join us today.

Let me explain how we will proceed today. First of all, we've had an unexpected change. We were expecting MCC board member and former Majority Leader Senator Bill Frist to join us. He unexpectedly has to go to a funeral this afternoon, so we'd like to excuse him, but we'd like to bring him back at a future date, where we can have him share his thoughts with you.

Nevertheless, we are pleased, however, that Mr. Lorne Craner is with us today with us in his capacity also as a private member of the MCC board.

So first we'll have Ambassador John Danilovich, our CEO, brief you on progress made since our last public outreach meeting, following our board meeting in March.

Then Mr. Danilovich will introduce Mr. Craner to share his brief remarks. After both Ambassador Danilovich have had the chance to provide some remarks, then we will take a few of your questions.

I ask you when you do ask your questions, look for Chris Lawson. He'll have the mike. And if you could be brief in your questions, we think we could get more than just a few questions in, and we can move as quickly as possible.

One housekeeping matter -- I remind you that this is being taped and will be replayed on our Web site. So if you miss anything, you can go back and see it there.

With that, let me introduce our CEO, Ambassador John Danilovich.

(APPLAUSE)

DANILOVICH: Thank you, Matt.

And thanks, all of you, for coming around to the MCC headquarters this afternoon to this outreach event. We're very happy to have the opportunity to talk to you about the MCC and also to bring you up to date on what transpired in this morning's board meeting.

I'm very grateful for your interest in the MCC. Thank you for being here. I'm also very happy that my colleague, Lorne Craner, has agreed to be with us this afternoon and share his thoughts with you as well.

Our board of directors met this morning, as we do on a quarterly basis, and I'm very pleased to give you this update of our discussions on how we're moving forward with our mission to reduce poverty through sustainable economic growth in our partner countries throughout the world.

I'd like to brief you on three main issues: first, our newest compact with Burkina Faso; secondly, our implementation progress on the ground; and thirdly, the current state of discussions related to MCC and Congress. Let me say a few words about each of these.

I'm pleased to report that MCC's board of directors approved today a \$481 million compact with Burkina Faso. This means that we now have a total of 17 compacts worldwide, totaling nearly \$6 billion in grants to help our partner countries overcome their specific barriers for poverty reduction and economic growth.

Burkina Faso performed very well on its MCC threshold program to expand access to education to girls, opening 132 girl-friendly schools. When I visited the country, I was able to see these schools firsthand in action and to see young boys and girls learning to read and write. And you can all very well imagine what a joy that was to behold.

While Burkina's compact will expand upon this success by focusing on configuring additional classrooms for thousands of fourth through sixth graders in poor areas, the compact also provides sustainable long-term solutions to Burkina Faso's rural agricultural economy already hit hard by the global food price crisis by investing in land security, agriculture, irrigation and roads.

Darius Teter, our executive vice president in our Department of Compact Development, is on hand to answer any specific questions about MCC's compact with Burkina. Darius is here with us in the first row.

We also have with us Maureen Harrington, the vice president of our Department of Policy and International Relations, and Darius Mans.

Is Maureen here? There's Darius. Good, good.

Sherri Kraham will be representing Maureen Harrington during our question and answer period.

The second matter I'd like to brief you on is implementation. MCC's partner countries continue to work hard on implementing their compacts and on delivering results.

With cumulative commitments now at \$.5 billion -- we want to be at \$1 billion by the end of this fiscal year -- and cumulative disbursements now at \$235 million -- we want to be at \$450 million by the end of this fiscal year -- we have seen these investments become realities on the ground in ushering life-changing improvements for some of the world's poorest countries.

With the steady increase in both disbursements and commitments, we are on track to be within 90 to 120 percent by year-end.

We at MCC are working hard to improve how we communicate our progress to date in one success story after another, which we are posting on our Web site at www.mcc.gov.

If you haven't already seen this new feature, I'd invite you to visit our Web site and visit us often, as we are regularly updating and posting new success stories.

We invite you to learn about farmers in Armenia, Honduras, Nicaragua and Madagascar, taking advantage of opportunities to expand their opportunities. Learn about how the people and businesses of Georgia are benefiting from a more dependable energy supply.

Learn about students benefiting from scholarships in El Salvador. Learn about how the MCC is rehabilitating schools in Ghana to allow children in rural communities to start school in September in even greater numbers.

And learn about how government ministries in Cape Verde are expanding transparency and efficiency to a new procurement system.

To learn from each other and exchange best practices, we were thrilled to welcome over 50 representatives from partner countries worldwide to MCC universities here at our headquarters in June.

As a capacity building exercise, MCC University is a week of intense learning, workshops and peer-to-peer exchanges for these partner countries, providing them with the information, resources and materials they need to return home better equipped to successfully implement their compacts.

In addition to the work partner countries are doing, MCC is joining forces with other partners and signed groundbreaking memoranda of understanding to amplify and maximize results on the ground.

We signed an MOU with the General Electric Company in April to explore areas of cooperation in MCC partner countries in such sectors as energy, health, water, transportation and the environment.

Last week former U.S. Secretary General Kofi Annan joined us here to sign an MOU with a nonprofit organization he now chairs, the Alliance for a Green Revolution in Africa -- AGRA. The MCC-AGRA MOU creates a deeper framework for joint cooperation to promote broad-based agricultural growth and poverty reduction in specific MCC African countries.

We also signed a unique MOU with the Phelps Stokes Fund, Ralph Bunche Societies, to create opportunities for greater minority involvement in the international arena by providing student leadership development opportunities, summer internship experiences, mentoring and speaker exchanges for international education events.

We're hoping to cultivate the next generation of leaders in development, who will play role in the successful implementation of our programs. We are very proud of the MOU with Phelps Stokes as a continuation of our commitment to diversity in the workplace.

These memoranda are relevant and important, because they allow us to deepen our impact by leveraging the expertise and resources of others who believe in MCC's mission. They allow us to stretch and get far more out of each and every U.S. taxpayer dollar we invest in foreign development assistance.

As we proceed with implementation, let me say a word about a few specific countries. The board discussed MCC's ongoing partnership with Armenia. MCC continues to monitor events on the ground in Armenia, and the board is taking an active interest in the situation there.

MCC, as a friend of the Armenian people, wants to help their country succeed as a partner country in economic growth and poverty reduction. However, we also believe strongly that assistance through MCC is earned through the achievement and the maintenance of a good policy environment.

Following the March board meeting, I communicated concerns to the government of Armenia in a warning letter, underscoring our hope that the government would address some of the very troubling matters that occurred around the last election.

Recent events made it necessary to communicate ongoing concerns to the new Armenia president, President Serzh Sargsyan. In my conversations with him and others, I have added MCC's voice to the concerns of the international community over the government's actions with respect to freedom of assembly, the arrests and detentions of opposition supporters, and the need for an independent inquiry into the conduct of the election and post-election events.

These communications are part of a process, and in accordance with MCC's publicly available policy, the government suspension or termination of assistance.

MCC's board will continue to monitor and discuss the situation in Armenia and is expecting that the Armenian government will continue to make appropriate reforms so that our cooperation on poverty reduction programs can continue as fruitfully as it has to date.

In addition to Armenia, let me also say a word about Madagascar. Madagascar, our first compact partner country and the only compact that is four and not five years in length, has requested a one-year extension.

The board voted to grant Madagascar's request, so we are amending the compact to five years to match the length of our other compacts. This does not change the monetary value of the compact. It only gives Madagascar the extra time it needs to complete its design programs.

The third matter I wish to discuss with you is Congress. We were confronted with the unexpected news in late May that the Senate had passed an amendment to the war supplemental bill to cut \$525 million from MCC's current budget.

If enacted, this would, of course, be shortsighted and damaging to U.S. policy interests. But several groups, including the Initiative for Global Development, InterAction, the Center for Global Development, the U.S. Global Leadership Campaign and others -- all of whom have voiced very strong opposition to these cuts.

Presumably, the Senate took this action because they see undisbursed balances in MCC's accounts that they would like to target for other purposes. The notion that MCC has unspent money that isn't committed to fighting poverty is simply wrong.

Signing our compact with Burkina Faso, and an upcoming one with Namibia, will mean that 99 percent of all funds appropriated to MCC will be committed to specific countries and specific projects by the end of this fiscal year.

Having the funds up front and fully committed is one of the defining principles of MCC and gives our country partners the confidence they need to make real reforms and invest their own money into our process.

Reneging on these agreements negotiated in good faith and based on predictable funding, after countries have made substantial political, economic and social reforms to qualify, will seriously damage MCC's ability to incentivize reform and jeopardize U.S. engagement with developing countries.

It sends the wrong signal to them that all their hard work to reform their policies and consult with their citizens and develop results-driven programs for poverty reduction and economic growth will go unrecognized and unrewarded.

We believe in the effectiveness of a predictability. Sixty years of development experience reinforces MCC's practice of setting aside full funding up front so that we do not end up with half-built roads or unfinished agricultural programs at U.S. taxpayer expense.

To ensure accountability and efficient use of U.S. taxpayers' funds, MCC's programs are designed to disburse money predictably over a five-year timeframe. It is unfortunate that some are actively seeking to prevent MCC from using these best practices to maximize the effectiveness of American assistance abroad.

We continue to talk with the White House and our congressional partners about this, and I have met personally with several members of Congress to share our concerns. If partner countries keep their commitments to qualify and remain in the MCC program, we should also honor our commitments to them and make sure that funding is available.

During the last few months, I have received a number of invitations from around the country to educate taxpayers about their investments abroad and share MCC's stories from groups in New York, Indianapolis, Los Angeles, and later this month I will also be in Chicago.

I have met with Salvadoran, Philippine and Armenian Diaspora groups, and I've spoken at universities, with the press, before world affairs councils, U.N. associations and business groups.

There is a great interest in knowing more about the MCC and a great enthusiasm all across the United States amongst so many interested Americans for how we deliver foreign aid with predictability and accountability and focus on results.

At a reception marking the second anniversary of the Georgia compact entering into force, where a major contract to move ahead with road rehabilitation in that country was announced, Georgia's prime minister described MCC best when he said, "This is one of the most important programs implemented in Georgia over the past few years. Georgia has changed its economy, and it has improved dramatically during these two years. MCC is exactly the kind of donor that we like to work with."

Our model is working, and it is working well in partner countries worldwide. And with ongoing support from Congress, we will continue maximizing the effective of American assistance abroad through the Millennium Challenge Corporation to serve our interests, as well as those of partner countries working to create a better life for their citizens.

With this overview, I'd like to stop here and introduce my good friend and colleague on the board of directors of the Millennium Challenge Corporation, Lorne Craner.

Lorne Craner serves as president of the International Republican Institute -- IRI -- a position he has held twice, from 1995 to 2001, and again since 2004. IRI is a nonprofit, nonpartisan organization, whose mission is to advance freedom and democracy worldwide to support good governance, institutions and the rule of law. I think you can see the overlap there with the Millennium Challenge Corporation.

Lorne also served as assistant secretary for democracy, human rights and labor, under Secretary of State Colin Powell, and director of Asian affairs at the National Security Council, under Brent Scowcroft.

He has also served as a foreign policy adviser first to Congressman Jim Kolbe, and later to Senator John McCain.

It's my great pleasure to introduce to you Lorne Craner.

CRANER: Thank you, John.

(APPLAUSE)

Well, John covered a lot of today's board meeting. Let me just talk a little bit about what we did discuss there. Obviously Armenia, and I think John's comments were very, very appropriate. This is a situation that the board has been very, very interested in, very, very involved in.

There you have a government that has been in power for two months. As John noted, letters were sent and warnings were given. In particular, I would note that over the last few weeks, the government has taken action on two issues that were of interest to the Council of Europe, but also to policy-makers here -- public assembly issues, and also an investigation into what happened during the elections there.

This is a situation I want to emphasize again the board has a great interest in. It's going to continue to get our vigilant attention. It is an issue that will continue to come up in board meetings in September and December, and perhaps beyond.

But I should also note that board meetings are not required for the MCC to take action on a compact, should it wish to or should we wish to.

I was particularly, I must say, having now been on the board for a year, particularly proud to see this Burkina Faso compact. Many of you know this is probably the second poorest country on this Earth. And as you look across at the scores that Burkina Faso gets on issues like accountability, on issues like immunization, almost across the board, this is a country doing well.

In my business it is often said that a country has to be wealthy, has to have a middle class to begin to practice political openness. And I think Burkina Faso puts the lie to all of that.

Obviously, this program is aimed at some of the issues that continue to require attention. The better education for girls, I think, was an issue and threshold program. And that will continue to be an issue in the compact itself. Also this roads program, I think, will help bring great economic benefit.

I mentioned at the very beginning that it's now a year since I was confirmed to be on the board. This was actually my fourth board meeting. I have to tell you I have not been in a hybrid organization before. I'd been in government; I'd been outside government. But it's very interesting to see the interaction of private sector members with folks who are in government.

Those of us who are outside do not feel constrained by our government, by any government positions. I will tell you that there have been vigorous -- what we would have called at the State Department "frank and honest" -- discussions in some of these board meetings.

I will also tell you something that I'm particularly proud of. It's a very unpartisan group of private sector board members. There are two Democrats and two Republicans, and obviously some of us have strong feelings about being Republicans, and I know some of the Democrats feel the same way.

But it's very unpartisan, and as a group of private sector board members, very cohesive. And I must say as a way to administer U.S. taxpayer dollars, it's been a great model.

And with that, John, I will take your questions.

DANILOVICH: Thank you.

(APPLAUSE)

MCLEAN: Before we take questions, just to remind you, we also have Darius Teter here, who is the deputy vice president of compact development, if there are particular details regarding the compact that we would like to cover.

But let's -- if you could, when -- there'll be a mike.

Chris, you've got the mike.

If we can start over on this side, and if you could keep your questions brief.

QUESTION: Hi. Araxie Vann, Voice of America Armenian Service.

As Ambassador Danilovich mentioned, MCC has warned the new president of Armenia about the political situation there. I was just wondering whether there is a formula according to which -- the warnings will continue and at what point will MCC decide whether the human rights violations are serious enough.

DANILOVICH: Thank you. Thank you very much.

Our communications with the government of Armenia, both with President Kocharian previously, and with President Sargsyan, were a strong attempt on our part to express our concerns about conduct which we felt was inappropriate on the pathway of democracy. And in particular, we were very disturbed by the results of the past election and its aftermath.

Because of that, I wrote to President Sargsyan and also spoke with him last week on the telephone. All of this is a process of encouraging and incentivizing reforms, making it clear to our partner countries that to be a member of the MCC family, and to remain part of that family, a certain code of conduct is required with regards to political, economic and social standards.

We demand that of all of our countries when they join the MCC, and we demand it of them to remain part of our program. And, hopefully, subsequently -- we haven't quite gotten there yet in the devolution of time and chronology -- when they reach the end of that five-year program, they are still adhering and applying with our indicators and can go on to another compact for further poverty reduction and stimulation of economic growth.

In the case of Armenia, we needed to make it very clear to President Sargsyan that we felt he now had an opportunity as a new president -- he's been in office for just over two months -- to seize the opportunity to make the reforms that are necessary with regards to the rights of public assembly, with regards to the creation of an ad hoc, bipartisan commission to investigate the election, to take certain action with regards to political prisoners, and to continue other areas of reform to take Armenia along the path of democracy.

As you perhaps know, Armenia has made certain reforms -- the Armenian parliament in the last week in that regard. We are very happy to see those reforms be enacted and signed into law. We look forward to seeing their implementation in all respects, and for President Sargsyan and the parliament to continue with their reform efforts along the path of democracy so that our partnership, which we very much believe in, and which we believe the Armenian people believe in, can continue.

Lorne, as you know, is an expert in these areas. He has spent many decades of his life dedicated to democracy and to governmental reforms, and I'd like to ask Lorne to make a few comments on this as well.

CRANER: Well, I think what John says is it's very important to note. There is a new government place. Obviously, Armenia has had issues in the past on democracy. The government now has an opportunity to prove its credentials.

There are many groups -- the Council of Europe in particular I mentioned -- calling for improvements out there. But I think it is a measure of the importance that the government of Armenia attaches to MCC that they've undertaken these two reforms.

Now, having said that they have undertaken the reforms, I mentioned before we're going to be monitoring very, very closely how they are implemented and in what other ways the government of Armenia chooses to move forward on democracy and human rights.

It is not every country that comes up at every board meeting, but I am confident at least the next few board meetings, we're going to be getting reports on how Armenia is doing with respect to these issues.

MCLEAN: Let me go here.

QUESTION: Thank you, everyone. Same subject. (inaudible). You mentioned that you had made a new decision, in terms of Armenia compact at this point, to check on whether the implementation has been impacted in any way. There have been some reports that maybe some of the money has not been coming out in terms of contracts, et cetera, as fast as it's supposed to.

And that, and also on eligibility. So as I understand, there were last year, because Armenians sort of graduated from lower income to lower middle income, a lot of the eligibility criteria had gone into the red, or closer to the

red. How would that be tackled in a way, that the country is becoming a little richer or (inaudible) and at the same time having a greater difficulty meeting the criteria, compared to its peers? (inaudible).

DANILOVICH: Thank you.

There is a difficulty which we are encountering with countries that graduate out of the lower income category, which is the precise definition of per capita annual income, into -- if you want to refer to it this way -- a richer category of a lower middle income country.

What inevitably happens in this process of graduation, which is actually a success story, is if I graduate into a higher category, the standards of performance on the indicators become more onerous, and therefore countries have a more difficult time performing well.

What we are doing in this particular area is having a policy improvement program -- what we call PIIP -- with these countries to find out ways that we can target various aspects of their institutional functioning, of various government departments, of various indicator performance, to try and improve that performance on an annual basis, when the cards come out.

The indicators are not perfect. They sometimes suffer from a time lag, sometimes from inaccurate information, sometimes by an improvement information that is split into making the indicators what they are. And therefore, there will always be a certain degree of fluidity with regards to the indicators themselves.

But we have this policy improvement program so that we can enter into not only those countries that have graduated from LIC to LMIC, but also those countries that are still in the lower income category who, for one reason or another, have started to slip a little bit with regards to their indicator performance, that indicator performance that originally allowed them to become a member of the MCC family in the first place.

Again, it's all part of an ongoing process to incentivize reform, to keep reform moving along in the political, economic and social categories we have. It's a matter of helping countries, that don't perhaps have a strong institutional foundation in these particular areas, to establish that foundation and to make it broader and deeper as time goes on, so that it becomes self-sustaining as time goes forward.

With regards to the other part of your question on the implementation of the program itself in Armenia, we are very pleased with the implementation of many parts of the program, and implementation is continuing on various aspects of the program.

With regards to the report that you had mentioned, we have put a hold on some of the negotiations with regards to the road programs. We are considering our position on that as we go forward, and we'll be making some decisions in that regard in the coming weeks.

QUESTION: Is that politically related?

DANILOVICH: We wanted to express our concern to the government that although we were implementing many parts of the program, we had the possibility with regards to these particular negotiations to say, "Let's just wait a minute until we can get a clear picture of where we're going with regards to other aspects of the country's performance on indicators on the new government, to allow President Sargsyan to come into office, to undertake some reforms, and to move forward in that regard."

MCLEAN: Over here?

CRANER: Just to be clear on this graduation issue, graduating from lower income to lower middle income does not affect your compact status. If you graduate into lower middle income, we would love to see your performance across the board continue to improve, but it does not affect compact status.

It is not the issue in Armenia. The issue in Armenia is, again, surrounding the election. There are other lower middle income and also lower income countries in places like Latin America and Africa that have not had these problems.

QUESTION: Hi. My name is (inaudible). I represent Voice of America Ukrainian Service, so my question is going to be about the project you started in Ukraine more than a year ago.

So as far as I know, this is the implied corruption monitoring project, and my question is are you satisfied with the outcome of this project and whether you plan to switch from the monitoring to real anti-corruption program staff? Thank you.

DANILOVICH: I wonder if I might ask Darius to comment on...

Sherri, would you like to comment on where we are on the threshold program in Armenia -- on the Ukraine?

KRAHAM: Sure. As I understand it, the Ukraine anti-corruption program continues, and we're working closely with USAID, which is our implementer in that country. But we have representatives from USAID here, as well as Maria Launchy (ph), who manages that program.

But as I understand it, the program continues, and we're looking forward to continued progress.

MCLEAN: On the other side of the room? Do you have one back there?

QUESTION: Thank you. I'm Nikki Challengie (ph), from Mathematica (ph) Policy Research. I was wondering whether you're going to be announcing a new group of countries that would be eligible for compacts next year. I know you have them from Namibia, but for next year are you going to be announcing a new group?

DANILOVICH: With reference to Namibia, we are hoping to sign the compact with Namibia. Negotiations are ongoing. We are very near the end with them by the end of July this summer.

Burkina will also -- now that we have the approval of the board -- we hope to sign that in mid-July.

With regards to the new selection of countries, we will have that matter addressed at the board meeting at the end of the year, when we will select countries for future consideration.

At the moment we have a number of countries in the pipeline that may in fact develop compacts in the financial year '09 -- the Philippines, Malawi, Senegal, Jordan, several other countries.

MCLEAN: Only to add, that's an annual process that takes place every December.

On this side? Last chance. Let's go back over here. OK.

QUESTION: My question is should the present political climate continue with the existing government of Mozambique, will the compact in place be imperiled for discontinuation?

DANILOVICH: We, as you know, have a strong compact with Mozambique that was signed a while back. It is in the process of being implemented. We expect it to have significant impact in the country, and we have every desire and willingness to continue with that compact at the present time.

MCLEAN: Someone over here? This middle section? Questions? We've got one back here.

QUESTION: Hello. My name is Ken Johnson, the principal of Defcon (ph) International Development Firm. Do you have any plans to address the non-Arabian countries of Sierra Leone, Liberia and Guinea? And I know that two of them are emerging from post-conflict era and are in dire need of help, so can you please address those? Thank you.

DANILOVICH: They are certainly countries that we take an interest in and that we keep an eye on. Unfortunately, at this time, despite the dire need and the desires, perhaps, on MCC's part to keep an eye on them, we are unable to engage with them because of their indicator performance. They simply aren't up to the levels that are needed.

But as time progresses, hopefully, that situation will improve, and we can engage with them. But at the moment, that's not possible.

MCLEAN: I would only add that the rest of the U.S. government has a pretty robust foreign aid presence in that region, and at this time that's the appropriate instrument for that.

Anything else over here? We've got great questions. There we go. We've got great answers to great questions.

QUESTION: I'm not a member of the press. My name is Nancy Donaldson. I work with Dutko Worldwide.

My observation, working with private sector companies that look at investing in some of these countries around the world that you're working with, is that the countries take -- even if they're pre-threshold -- the (inaudible) problem very seriously and use it as a tool to sell themselves to countries and to companies.

And so I understand achievement, even way before you get to compact, how important it can be to countries and why they take it seriously in terms of pitching and factoring.

My impression of the Congress' support of this program was that it was mixed, mainly because things seemed to be moving so slowly in the beginning in terms of actual implementation. I have the impression now that you have so many things in the pipeline -- and there's a lot going on -- that that issue is no longer true.

So to the extent that you could comment on it, it would be helpful for those of us who work with Congress to know where your challenges are now, because I think, like many multilateral agencies, in which are not exactly -- a lot of times people don't really understand what you do.

DANILOVICH: I very much appreciate your comment and your analysis. It's important to bear in mind that this organization has been in existence for just over four years, and four years is an extremely short period of time practically for anything.

Literally, it started by turning on the light switch and getting a paper and a pencil and trying to figure out how do we do this. And the fact that we are now at our 17th compact approval, that we have the billions of dollars committed that we have committed, that we're moving forward with the threshold program, that we've incentivized reform worldwide, that even our compacts are now beginning to prove results, particularly in agricultural areas throughout the world, whether it's in Central America or in Madagascar, is frankly a gigantic accomplishment.

Yes, there was a sever amount of criticism in the beginning, because the organization seemed to be getting off the ground slowly. But it was a startup. Startups are always slow. It's not easy.

In the last two, three years, we have ramped up considerably with regards to generation of actually signed compacts, through the negotiating process that goes on with those countries, with regards to making the world aware of what the MCC is all about and increasing the competition, in fact, amongst countries for MCC grants.

MCC grants aren't just the money. Yes, that's most of it. But it's also about being part of the MCC, which means you get the grant, but you also get sort of a subliminal Good Housekeeping Seal of Approval for a country that is being a good country.

That was the discussion we had earlier about indicators -- countries conforming and complying with our political, economic and social indicators. Other programs don't have that. They have need, they have humanitarian requirements -- all of which are very important.

But in our program, that's not what we're about. We're about having a good government that has their own solutions to the reduction of poverty and sustainable economic growth. That's what makes our model different. The model is working. The model is already producing results.

Congress, somewhat disingenuously from time to time, purports not to understand that we are multi-year money, that we rely upon aid predictability, that our countries have to be secure in their guarantee that in these programs, the programs are going to begin, they're going to be implemented, and they're going to be completed.

If we didn't have multi-year money, if the money wasn't committed up front, there would not be that security, there not be that not only mental ability, but physical ability to go forward on a month-by-month, year-by-year basis.

We aren't one-year programs. Congress works on a one-year budget. We're multi-year programs. We're five-year programs. And the more that Congress understands that, to further answer your question, by our constant outreach to Congress at all levels of our organization -- we are meeting with members of the House of Representatives and Senate on a daily, regular basis.

Not only internally with MCC colleagues, but also members of our board -- Mr. Craner, Mr. Patricof, Mr. Frist, Mr. Hackett and others -- are constantly meeting with Congress to get the point across, to educate Congress about why aid predictability is so important, why up front money is so important, why this unique indicator aspect of the MCC is causing ripples throughout the development community.

There's a lot of interest throughout the world from the Brits, from the British, from the French, from others, into how we're doing this aid with accountability. How are countries stepping up to the plate? How are they changing their legislation, their regulations, their constitution in some cases, to come into line with fairly basic political and economic and social standards?

If you have the institutional framework, the belief is that the ability to reduce poverty and to sustain that economic growth will be more viable. And that's really what's unique about the MCC model.

I have really strong reason to believe that Congress now has faith in this program. And we also are assured by both possible presidents -- Senator McCain and Senator Obama -- that there is a place in their future development foreign aid programs for the MCC, and we're very encouraged by that.

MCLEAN: Questions over here?

QUESTION: (inaudible) with USAID. This is a question for Mr. Craner. Presently, anti-corruption is the hard hurdle that all countries must pass. Would you care to give your views on whether or not there should be a democracy hurdle?

MCLEAN: Who let him in?

(LAUGHTER)

CRANER: Yes, exactly. It was going to come to this place, why a lot of people don't back that idea, and the reason is because I think, first of all, corruption should be a hard hurdle, because you don't want U.S. taxpayer funds wasted.

But my belief is that if you had democracy as a hard hurdle, every other group that has an interest in immunization or girls' education would say we ought to be a hard hurdle, too, and you would end up with 15 or 16 hard hurdles.

And while I think democracy is very important -- it's very important to development -- I think all these other indicators are important, too. So as a democracy guy, I actually don't think it's a great idea.

MCLEAN: Do I have a question on Burkina Faso? Brilliant compact. Heard that. OK. Good. All right. Good. Other questions before we wrap up? This side -- let's go here, and then in the back there.

QUESTION: Hi. Robert Krause for the Ad Marketing Development Institute in Kiev. We've had a question on Ukrainian threshold, but what about the compact? Is there any movement there? And also, how will this budget situation affect Moldova? Thank you.

DANILOVICH: The compact with the Ukraine remains to be seen. There are certain impediments to moving forward with the Ukraine, but we hope that those can be overcome in the not too distant future.

I was hoping you would ask the question. When I saw your ID, you were on the Ukraine. We still have the same dilemmas that we had the last time we met.

With regards to Moldova, we hope that our FY '09 budget appropriation will be large enough to include Moldova in that process. They're moving along very strongly towards completion, and hopefully, that will come to pass in FY '09. It depends on the amount of money. They are certainly viable within our pipeline for '09 countries.

QUESTION: Hello. I'm Gabby Hill from the Canadian embassy. Last week the independent devaluation (ph) group from the World Bank presented its evaluation on doing business indicators at the World Bank. And as I understand, you're using these indicators to produce your own indicators.

There was quite some criticism from the independent group on the indicators. I'm not quite sure to what extent they're used in your indicators and if you're going to do something with the criticism.

DANILOVICH: Excellent question. I was aware of the meeting up in Canada last week, and during the indicator discussion. We use indicators from a number of sources, particularly with regards to economic performance and business from the World Bank.

We don't then make our own indicators. We simply use those indicators themselves.

But, Sherri, if you'd like to -- Sherri's the expert on the indicators -- if you can elaborate a little about that...

KRAHAM: Thank you. We do use four of the doing business indicators in our package -- the days and costs to register property, as part of our land rights and access indicator; and days and costs to register a business, as part of our business startup indicator. So we are currently using four of their sub-components.

There was a very thoughtful and constructive discussion that the World Bank held about the quality of the indicators, and we're very excited to participate in those types of discussions. All of our indicators have some challenges and weaknesses and sometimes measurement errors.

And so we are excited to see that the IFC is considering how they would constantly improve their indicators. They're evaluating the quality of the indicators. We look at the democracy, and all of the indicators regularly, to ensure that we have the best data available.

And if alternative indicators were available or better measures, we'd certainly consider adopting them. And we've made some changes to our process. So far, we added a girls' primary education as an indicator two years ago. And that data was improved and became available.

So we're certainly open to improving all of the indicators. We're watching the indicator institutions improve their indicators so that we can use them.

MCLEAN: This side still? Is there one? You -- hang on. Anybody else? This side? All right. You win.

QUESTION: (inaudible). A question on the subject of just some of the roads program. Could you qualify when that happened exactly? And was that made public? I just don't remember seeing it in the press or anything. One more thing -- is that just part of the compact?

DANILOVICH: We have not suspended the road program. We are holding back the commencement of negotiations on a package of the road programs. So it is not suspended.

Secondly, there are other parts of the components -- water to market, the number of irrigation training programs, all of which are continuing in Armenia. All other aspects of the compact are continuing at this time.

QUESTION: When was this (inaudible)?

DANILOVICH: Francis, was it about a month ago, would you say? Yes, yes.

MCLEAN: One last question. Anyone? This side? All right.

Well, let me go ahead and thank you for attending our outreach meeting today. We appreciate your time you spend here with us in our headquarters. We appreciate your ongoing interest in MCC.

I also invite you to visit our Web site. There's a lot of material there. And in particular, with 16, going on 17, going on 18 compacts now in implementation, we have a lot of success stories that are rolling in, and we invite you to take a look at those as we continue to move further and further into implementation of MCC programs.

So, again, first of all, thank you Ambassador Danilovich.

And thank you, Lorne, for coming and sharing your thoughts with us.

And we look forward to seeing you again after our next board meeting. Thank you.

(APPLAUSE)

END