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CHALLENGE CORPORATION
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Transcript
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Millennium Challenge Corporation Hosts a Public Outreach Meeting

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Transcript

MCLEAN: All right. Good afternoon, everyone, and welcome to the headquarters of the Millennium Challenge Corporation. We're delighted to have you here with us today.

My name is Matt McLean. I'm vice president for Congressional and Public Affairs here at MCC.

As you know, the MCC's board of directors met this morning and discussed a number of issues. And public meetings like this following that kind of policymaking committee is, I suppose, unusual in government circles, but MCC is committed to be open and transparent with our operations, and such an open and transparent and frank dialogue as this forum allows us to share with you what we're doing and allows you to learn more about us and what we're doing.

So we're pleased you can join us today, and let me share how we will proceed today. First, Ambassador John Danilovich, our chief executive officer, will brief you on progress since our last board meeting in June and go over some of the key decisions reached by our board this morning.

After Ambassador Danilovich speaks, we'll convene a panel of some of the members of our senior staff to go into detail on the topics highlighted by Ambassador Danilovich. And our panelists will be available for question and answer.

One housekeeping matter: We are being taped, so I'd remind you to -- if you have a chance -- if you miss anything, you can catch up with it on our Web site, at least later today, I believe it will be posted.

With that review, let me introduce Ambassador Danilovich. He served as the U.S. ambassador to both Costa Rica and Brazil before joining MCC in November of 2005.

Ambassador Danilovich?

(APPLAUSE)

DANILOVICH: Thank you.

Thanks very much, Matt, for the introduction, and welcome to all of you to the Millennium Challenge Corporation headquarters here in Washington.

I'm very pleased to have the opportunity to update you and brief you on the latest developments relating to MCC's mission of reducing poverty worldwide, sustainable economic growth, particularly following our board meeting today.

First, let me brief you on what has happened since our last board meeting in June, and then I will brief you on the way forward.

First, where we've been since our last board meeting. We've had a busy summer. We signed a \$481 million compact with Burkina Faso in July to invest land security, agriculture, irrigation, roads and primary education. And later in July, we signed our last compact for this fiscal year with Namibia. Namibia's \$304 million MCC compact makes strategic investments in education, tourism and agriculture.

With the funding of these two latest compacts, the MCC now has a total of 18 compacts worldwide, totaling more than \$6.3 billion in grants to help our partner countries overcome their specific barriers to poverty reduction and economic growth.

We've also added to our portfolio of threshold programs over the summer. MCC's board approved a \$25 million threshold agreement with Rwanda designed to help its government strengthen civil participation, promote civil liberties and rights and improve the country's judicial system. MCC's board also approved the stage II threshold program for Albania for \$16.4 million, which would build on the country's already successful first threshold program and would help Albania improve its performance on its corruption -- on its indicator on corruption and the rule of law.

With regards to the August invasion of Georgia, the implementation of MCC's \$295 million compact -- comprised of road rehabilitation, agribusiness, regional development, municipal infrastructure and energy projects -- remains in effect. Georgians have been implementing their five-year poverty reduction compact since April of 2006.

The program is improving basic access to services and markets for hundreds of thousands of Georgians. The compact is designed to reduce poverty and stimulate economic growth in the regions outside of Tbilisi where more than 50 percent of the rural households live below the poverty line. MCC does not have programs in South Ossetia or in Abkhazia.

MCC remains in close contact with other parts of the United States government, as well as with our Georgian counterparts, about how ongoing MCC projects in Georgia can benefit the long-term economic needs of Georgia's poor. In late August, our deputy CEO, Rodney Bent, traveled to Georgia as part of an interagency delegation with USTDA, USTR and OPIC, led by Undersecretary Reuben Jeffery of the State Department, undersecretary for Economic, Energy and Agricultural Affairs, to assess the economic and reconstruction needs of Georgia.

Pending congressional notification of any amendment to Georgia's compact, the MCC board discussed the possibility of MCC providing up to \$100 million of additional funding for projects under the existing compact to be administered in accordance with our assistance model.

Additional MCC assistance will help the people of Georgia build a prosperous and competitive economy and will be directed only toward carefully identified projects showing a direct benefit to Georgia's poor.

The civic projects are still being identified together with our Georgian counterparts, and we will brief you of any amendment to the compact as developments materialize. Rodney will shortly be sharing experiences of his trip to Georgia in August, along with other members of our panel.

Let me turn from Georgia to Mauritania and say a word about developments there.

Mauritania was selected by MCC's board of directors and was eligible to receive MCC threshold program funding in December of 2007. However, as a result of recent events, MCC is no longer legally permitted to work with Mauritania.

MCC and its board of directors are committed to awarding countries that demonstrate a commitment to good governance and democracy, and we are disappointed with the recent overthrow of Mauritania's democratically elected government and the failure to restore constitutional rule there.

MCC's threshold program is designed to support and accelerate ongoing reforms in countries that are close to qualifying for an MCC compact and that have demonstrated a commitment to adopting political, economic and social reforms that will improve their chances to make them compact eligible.

The recent events in Mauritania are inconsistent with these criteria, and MCC has stopped working with the government of Mauritania to develop a threshold program.

Now, looking ahead for the MCC. MCC needs full funding -- needs funding to fulfill its mission in 2009 and beyond. MCC is a flagship development initiative that represents real reform of the foreign aid process, and, as such, needs the appropriate level of funding from Congress to get that job done.

The FY '09 budget request sent to Capitol Hill for just over \$2 billion represented a realistic level of funding for our projected pipeline of countries and reflects the compact development process already underway in Jordan, Moldova, Senegal, Malawi, Philippines and Timor-Leste. Compacts with any four of these six countries would fully utilize the requested level of 2009 funding.

Right now, MCC, and all federal agencies, are preparing for a continuing resolution, which would fund us at the same level as the last financial year, 2008. While this is not ideal, it will allow us to fund agreements with three of the six countries that have moved farthest along the compact development process, in effect, creating a real competition for those funds that we do have available in 2009. The House, in their last draft bill, endorsed this approach and recommended level funding from 2008.

Further reductions, like those proposed by the Senate, would undercut our ability to sign compacts with countries committed to reform and would send very mixed signals about America's commitment to global poverty reduction and to innovating delivery of development assistance.

In addition to ensuring adequate resources for our efforts to reduce poverty, another important legislative priority that I feel strongly about is obtaining the authorities in Congress to enter into concurrent, longer and regional compacts.

As we continue to work with Congress on our own funding, the future of MCC, in light of the upcoming presidential transition, is strong. I was invited to the Democratic National Convention to participate on the panel, along with Madeleine Albright, Jim Wilkinson, former Senators Daschle and Wirth, Congressman Don Payne, Hernando de Soto, Nancy Birdsall of CDG, World Bank vice president, Oby Ezekwesili, and Ben Affleck, to discuss global poverty.

Matt McLean, our vice president for Congressional and Public Affairs, moderated the panel on the future of foreign aid at the Republican National Convention. This is a testament to the bipartisan support MCC continues to received.

MCC has learned several lessons that are now serving us well as we move forward into the next administration.

The first lesson we've learned is that our programs are having an impact on the ground, even at this early state. Our countries are buzzing with implementation activity, and that is accelerating and multiplying every day. More than 50,000 farmers have been trained on more than 3,000 hectares of land, all under production. More than 3,000 kilometers of roads are under design with bulldozers paving roads from Nicaragua to Cape Verde. More than 600 kilometers of irrigation canals are being built.

MCC agricultural programs are resulting in greater productivity, higher prices and expanded market access. Countries are responding to the linkages they see between our assistance and policy performance and are competing for the accolade of being part of the MCC family.

U.S. development assistance through MCC is giving companies that extra encouragement and determination they need to stay the course and invest in good governance in their citizens and in economic freedom.

A second lesson we've learned is that countries can achieve more if we have high expectations of them, treat them as partners and equals and provide them with the resources to help them do it for themselves rather than doing it for them.

A third lesson we've learned is that the time is right -- there is a market, if you will -- for us to look at MCC's model for awarding development assistance as a key element of this country's smart power engagement with the rest of the world. As a results-based model, MCC is smart aid by linking aid to sound policy performance and

empowering countries to build their capacity to drive their own development efforts in consultation with their citizens.

MCC's smart aid is built on accountability. Delivering aid that requires countries to show results for that aid is what American taxpayers rightly expect and deserve. These values are bipartisan American values, and these values -- accountability, aid predictability, aid effectiveness, results -- will continue to define MCC well into the future.

To make sure that MCC's worth around the world is clearly recognized moving ahead, we unveiled a new MCC logo just last week at the suggestion of Congress and our stakeholders. The logo establishes a clear and stronger connection among MCC's programs, the people of the United States and our partner countries worldwide. The new logo is built around a classic star. It contains sweeping stripes of red and white, symbolizing the roads and fields that are at the heart of many MCC programs. It contains three stars for the three principles upon which MCC cooperation is built: Sound policy performance, country ownership and partnership and aid with accountability and results-based assistance -- all essential ingredients for poverty reduction and sustainable economic growth.

With this overview of where we've been and where we're going, I'd like to turn this over to our panel who will provide a greater insight into Georgia, our newest special programs and establish and implementations in select countries.

So now I'd like to turn the program back to you, Matt, and to our panel, and thank you again very much for coming here today.

Thank you.

(APPLAUSE)

Are you going to ask the panel to come up? Good.

MCLEAN: As the ambassador takes his leave to attend -- I think you're up for another meeting -- I'd like to invite our panelists to come up, and while they're coming up, I'll give an introduction.

First, we'll have MCC's deputy chief executive officer, Mr. Rodney Bent, who recently returned from a visit to Georgia as part of the interagency delegation that Ambassador Danilovich mentioned, and he will provide a read out from his trip and field questions regarding Georgia.

Next, we have MCC's vice president for policy and international relations, Maureen Harrington, who will brief us on our new threshold programs and our first stage II threshold program.

And, finally, MCC's vice president for compact implementation, Darius Mans, at the end there, will speak about the status of implementation in select countries that are delivering the results against poverty.

So with that, we'll start with kind of an opening statement, and then we'll open it up for questions.

BENT: My name is Rodney Bent. I went to Georgia as part of a U.S. government-wide delegation. We had the head of OPIC, the head of TDA (ph), we had folks from AID, from the State Department, USTR, Treasury. So it was a very experienced, wide-ranging group.

Our mandate was to look at the Georgian economy, look at what the consequences were of the Russian occupation, if you will, and to try and come back with some meaningful suggestions about what could be done.

It was, frankly, a very impressive day. We flew in from Ramstein Air Base on a C17 that was delivering humanitarian daily rations and tents, so it gave you an immediate sense of the crisis nature that we were dealing with.

We arrived at the airport, we were immediately whisked off to a whole series of meetings, including one at 5 o'clock with the prime minister of Georgia who's a very impressive guy. As he put it, he's a recovering investment banker, and so, of course, that meant we had a 40-page handout with charts and maps and figures about current accounts and foreign direct investment and all the rest of it.

What I can say is that the Georgian economic team, which you see is very talented and young, has looked at the Georgian economy and tried to deal with what had been 10 percent economic growth, annual foreign direct investment of something like \$2 billion, all of which was likely to stop. Georgia is a very small country, 4.6 million people, I think about the size of South Carolina, and it's very much a transit economy, in other words, from Armenia, Azerbaijan, Russia, in terms of natural gas, to the Black Sea, and it is trying to move away from an agriculturally based economy to hydropower to a number of more value-added kinds of products.

Clearly, in looking at the economy, part one was, it has, right now, unemployment of about 15 percent, or 140,000 people, so they are dealing with the consequences of a large number of IDPs, Georgians who are displaced over the last several years from Abkhazia, South Ossetia, a more recent influx, and yet trying to do it in a way that stays true to some of the principles governing justly and investing in people.

What the Georgian government asked us for were signs of support, what is it that we could do to help keep the Georgian economy moving forward so that they could deal with a lot of the problems themselves in terms of the IDPs?

I was, frankly, quite impressed with the Georgian team, I hope that's coming through. We have had a compact in Georgia, \$295 million. It was signed in September of 2005, so we're about halfway through the implementation period. What impressed me was that the Georgian team very much wanted to follow through on the MCC kinds

of principles. They are impressed with country ownership, impressed with the need to do the kinds of long-term infrastructure planning that will allow economic growth, allow them to deal with poverty, and they wanted to do more.

And so what they were proposing, frankly, was a fund that, if you stripped away the labels and you stripped away some of the other glass, would have been the MCC. So what they're trying to get at is, in some sense, what best promotes economic growth. They want to build roads, they want to build hydropower, they want to get transportation started again -- railroad, rolling stock, the airport, any number of things. So we're exploring what we might do as a government.

One of the issues that -- because we've had a compact, because the compact was going well, because Georgia passed 15 out of the 17 indicators, because we have really a very good MCC and an MCG, meaning Millennium Challenge Georgia, team, we explored what we might do by way of amending our compact. What I will say, to just put the issue to rest, is that when energy prices were rising, when the dollar was falling, we rescoped several projects. We did it not only in Georgia but in Mali and in virtually every country around the world.

What we are trying to do in Georgia is to look at those projects for which we had design, engineering, economics, environmental analysis and say, "OK, which of these things could we pick up, obviously, to keep the Georgian economy moving forward, obviously to help them deal with the aftereffects. I will say, I did not see -- although I went to Gori and I saw bombed apartment buildings, I would not describe what the U.S. is trying to do as a reconstruction program. It's really a program to try and help keep the Georgians moving forward.

What we are looking at, and the board discussed it a little bit this morning, is an amendment. They have not yet voted on it, so I won't say what will happen. And after they do vote on it, if they do approve it, it will then go to the Congress for congressional notification. What we are trying to do here, I think, is build on the work that's been done to help a partner country that has a functioning MCG team that meets the criteria. We are in no way going to bend, break or fold, spindle or mutilate any of our principles in going forward with this. I think it's very important to put that right out on the table.

What -- and Maureen may want to talk about this a little bit more when she talks about threshold programs -- the only way we can consider doing this, given what John laid out as a dire funding situation, is that we have three threshold programs that had been proposed. One was in Mauritania where there was a coup, so legally we're not able to follow through on it; second was Yemen; and the third was Zambia where, in fact, the Zambian -- Zambia now handily passes the corruption indicator.

So it's almost a unique confluence of events where we, at the end of the fiscal year, did have some funding, where we've got a functioning program, where we can build on a compact that's been hugely successful, that embodies those three stars up there, if you will, but most particularly country ownership.

Let me -- I've given you sort of a Galloping Gourmet. I'm going to stop and see if there are any questions. Based on my conversations on the Hill and with others, there have been a lot of questions along the way.

Or, Matt, should I -- should we...

MCLEAN: We're going to run through and then we'll...

BENT: Run through. OK.

Maureen?

HARRINGTON: OK. I don't have as interesting of a story to tell, but what I would like to do is to talk to you about the two latest threshold program approvals and also to give you a sense about the threshold pipeline so you can see where we are.

I'll start with Rwanda. It's a three-year \$25 million program that our board approved that will help us support the government's efforts to increase their scores on political rights, civil liberties and voice and accountability.

There are three main components to it. The first is to help strengthen civil society participation, and there's going to be a lot of technical assistance for civil society organizations to increase their capacity to engage meaningfully with the government. There's also going to be technical assistance for local government authorities and to help increase their ability to engage effectively with local citizens. And there will also be some funding to support independent community radio stations to also help with communication between government and civil society at a local level.

The next component is going to reinforce Rwanda's efforts to strengthen their judiciary system. And, again, there's a lot of capacity building for legal practitioners and also technical assistance to support some of the legislative reforms that the government of Rwanda is wanting to move forward.

The third component is meant to support civil rights and liberties by providing training to journalists to increase their professional capacity and also to the Rwanda National Police in an effort to increase their internal investigative ability and also their accountability to the public.

So we're excited about the program. It's a three-year effort, and we're hoping to sign it next month.

On Albania stage II, following our board meeting in December, we made an announcement that the MCC board had agreed to invite several countries to participate in a threshold stage II program. And in order to be considered for that, countries need to meet the -- they have not yet met compact eligibility criteria, they're successfully implementing their threshold programs, and they're continuing a policy reform agenda that they just haven't quite gotten to compact status.

So with Albania's current program ending in November, MCC recommended Albania for stage II threshold program. It's shown consistent, positive performance on the control of corruption indicator over time, and it's also achieved numerous successes under the threshold program itself. The stage II program is focused on improving Albania's performance on MCC's control of corruption and also ruling justly indicators.

And it's going to be building off some of the successes in the first program. So there are six components, which I will tell you very briefly about, and if you have questions, maybe we can talk about it after the session.

But the first component is going to support the creation of an administrative port system. The second is going to help to reorganize the tax administration system. The third is going to establish a national business licensing center to create a one-stop shop. Under the first threshold program, we worked on business registration. Component four will establish a national planning registry to create a national electronic database for development and building permits. The fifth is going to establish special investigative units inside a number of prosecutors' offices throughout the country, outside of Tirana. And then the last component is going to support civil society's efforts to oversee the government's efforts to fight corruption.

So, again, we're hoping to get that program signed in the next month or so, and we're anxious to be moving forward in partnership with Albania.

And, lastly, I'll just give you a sense of the threshold pipeline and, sort of, where we've been and where we're going. Two thousand and eight was a big year for our team. There were seven of our threshold programs that will be or have been completed this year. Four of them, in Burkina Faso, Malawi, the Philippines and Tanzania, have become compact eligible, so we're delighted about that.

A few others are in the state two threshold program, and we're also waiting to get our stage two threshold proposal from Paraguay, so that's still outstanding. We're hoping to be able to move that forward in the coming year.

So, all in all, we're pleased with the success of the threshold program, and one of the things we're working on and we hope to be able to share with you in the coming fiscal year is we've commissioned an independent evaluation of our first six threshold programs to get a sense for what works in terms of fighting corruption and what we can share with the development community about efforts that work and maybe things that we could do better next time around.

So stay tuned. It will take us some time to actually do the evaluation, but once it's done we'll be delighted to share the results.

Thank you.

MANS: Thank you again. I'm Darius Mans. I'm the vice president for compact implementation here at MCC. We have, as you may know, 16 countries with compacts under implementation. I'm very pleased by the performance that I'm seeing pretty much across the board. I'm happy to talk about individual countries, but perhaps the most efficient thing would be to talk about what we're seeing across all of the compact countries as a whole.

Let me take the sector of roads. Many countries have seen significant progress on all of the technical steps that are involved in actually doing road construction, road rehabilitation. For example, our MCAs have signed feasibility and design work contracts totaling more than \$20 million, covering over 3,000 kilometers of roads across the compact. Six countries have already signed contracts for road construction and rehabilitation totaling more than \$200 million and covering over 400 kilometers of road.

In recent months, construction has started on roads in Armenia. In fact, I was in Armenia only a couple of months ago to inaugurate one of the projects which will be completed, in fact, ahead of schedule. We have seen construction at a rapid pace in other countries as well. At Cape Verde, we now have a fully paved road, road four (ph), for those of you who know Cape Verde -- as well as construction in Honduras and in Nicaragua.

In irrigation, another sector where we're also seeing significant progress on the ground, the MCAs have signed over \$10 million in contracts for feasibility and design work on a variety of irrigation systems, including canals, pumping stations. This feasibility and design work covers more than 700 kilometers of canals across three countries. It's almost complete now in Mali. The work on rehabilitation of irrigation systems is well underway in Armenia and is just getting started in Ghana, one of our newer contracts.

The MCAs in Armenia and in Cape Verde have signed contracts now worth more than \$6 million for rehabilitation or construction. And construction of the first 6.5 kilometers of canals in Armenia was completed in August. Construction work on the irrigation systems in Cape Verde is well underway.

In agriculture, as the ambassador mentioned earlier, we are seeing some very good results already. We have trained -- or, rather, the MCAs, with MCC funding, have trained almost 50,000 farmers in developing business plans, improving their financial management, helping them to use new technologies and do a much better job of linking to markets.

The MCA programs have also facilitated the extension of over \$5 million of agricultural credits and now over 3,000 hectares of land are now under production with MCC support.

All of these results that we're seeing, I think, are very exciting, but they're also translating into tangible results for people. Our ultimate goal, as you know, is to raise the income of MCC program beneficiaries, and we're seeing that happen already in a number of countries. For example, just to take Georgia, that household farmers that are receiving agribusiness support saw a substantial increase in net household income -- nearly \$500 per household

in one year. In Nicaragua, sesame seed producers, just to pick one sector, received MCA training and business development support, saw an increase of 130 percent in their income.

Over the next several months, you will see dirt flying across many of our compact countries now that contracts have been signed for construction and rehabilitation. For example, in Georgia, the N1 highway (the) in Ghana, roads in all three Central American countries as well as roads and irrigation in Mali. In addition, you will see, before the end of this calendar year, construction start on the port of Cape Verde. Those are just some examples.

One thing I'd really like to draw everybody's attention to is that at the country level you will find on our Web site every quarter an update, country by country, project by project, which will give you the highlights of progress that's being made on implementation of that compact programs. You will also see, at a glance, exactly where we are on each of these programs during the five years of implementation of a compact. So we'll give you, at a glance, where we stand on all of the activities that are involved in implementation of each of the compact projects and each of the activities under the projects.

Thank you.

MCLEAN: Thank you, Rodney and Maureen and Darius.

We do have some time for some questions, so Amanda Burke will be our roving microphone.

Do we have any questions on this side first? In the middle here, do we have some questions? It's going to be a short meeting if we don't have some questions here.

OK, right there.

GREG (ph): I'm Deanna Greg (ph) with BNA (ph). My question is actually directed to something that Mr. Danilovich mentioned and I thought he was going quite fast. So if I understood correctly, he was saying if you are operating under the continuing resolution, you will be able to fund, was it, three new compacts? And how many -- there are actually six eligible countries that are in the pipeline for...

MCLEAN: Sure. I can address the continuing resolution. Is Darius Mans still -- I'm sorry, Darius Teeter (ph), is he still in? Oh, OK.

Let me take it, and, Rodney, if you want to pitch in if I miss anything.

Because it is unlikely that for the fiscal year 2009 that Congress is going to come up with a budget, we are almost certainly going to operate a continuing resolution, and, typically, they flat line the previous year's budget. We expect that to be the case this year, which would result, I believe, in a budget of \$1.54 billion. Now, that includes not only compacts but threshold operating expenses, 609(g) due diligence and everything.

As we break out a piece of the pie, which is the largest piece of the pie for compacts, we have to scope out how much work we think we can do. I would say that we have probably the six countries that are working most earnestly for next year to get compacts signed, and with that amount of money, as you break out, it's in our congressional budget justification, but that's for the higher amount of the president's request. But as we scale it back, I think we could probably have, give or take, I mean, the numbers haven't come in in terms of the size of the compact and what's in them, but probably about three of those six that are working for a compact next year to be signed, we could fund.

Now, that also means that if there are more than three that are ready, which is entirely possible, we still can only do three. It is a bit of competition for funds. That's the way MCC is designed, but if we receive less money from Congress, obviously, the competition gets a little tighter.

Does that answer your question in terms of -- probably about three out of six. I mean, again, we don't know the size of the compacts in terms of the exact funding, but that's a ballpark at this point.

HARRINGTON: Moldova, Jordan, Senegal, more or less the Philippines and Malawi.

BENT: There are two other countries, Bolivia and Ukraine, that are also eligible, but less likely to have a compact proposal.

MCLEAN: You saved me from the quiz. Thank you.

Questions over here? Over on the right, any questions? Certainly.

ROVERO: Thank you. I have a Georgia-related question for Mr. Bent. I'm Chris Rovero with Winrock International. We're working in Georgia in collaboration with USAID on hydropower development.

As you know, the Georgian government has been very aggressive about privatization in the energy sector and attracting private investment. But for near-term investments, we see a real problem bringing in foreign investment. So we're wondering if MCC is looking at different ways that it might be able to help fill the gap in terms of financing construction of plants for late resale to private investors?

BENT: Not us directly, but I will say that that was clearly a -- the Georgian government right now is an exporter of electricity, both to Turkey and to Russia, and I think they are enthusiastic about the potential of hydropower and very much wanting to go forward with it. We are certainly interested in public-private partnerships, but I think for us, at this stage, we're focusing really on those projects for which we really already had design capability studies of economics. So that's roads, sanitation and possibly some gas storage.

MICHAEL (ph): Thank you. Jim Michael (ph) with BPK Consulting. I also had a Georgia question, a procedural question.

If the amendment to the compact goes to the board and is approved, then what happens? When will we know the content of it? We are working in Georgia on the judicial system, and we'd like to know as soon as possible what the implications of the compact amendment would mean for our operations in the country.

BENT: Sure.

Jim, it's always good to see you.

The -- right now, we're waiting for the proposal from the Georgian government about what they would like to do. Obviously, there's some uncertainty about the numbers, some uncertainty about which specific water and sanitation projects might get (inaudible). When we have that, we had a very good, very wide ranging, very candid, which is diplomatic speak for people really, sort of, wanted to ask lots of questions at the board meeting this morning.

It will probably go for written approval to the board. The board has 10 days to look at it. After the board has approved it, if they approve it, then it will go as a congressional notification to committees on the Hill. They will have 15 days to look at it. After that, if they get to that stage, then the Georgian parliament has to approve the compact amendment.

Our hope, frankly, because we believe that time is of the essence on this, in terms of supporting the Georgian government and continuing that economic momentum going forward, we'd very much like to sign it as soon as possible -- October, November, at that time.

I will also say, because we have, what in our parlance we call an accountable entity, (inaudible) when you challenge Georgia, it will be implemented much more quickly than just signing up a new country and starting from building up the infrastructure, the procurement and all the rest of it. So it will go quickly.

MCLEAN: Do we have a question here?

SLOANE: Harvey Sloan with Eurasia Medical Education Program. Are you thinking of any health initiatives in Georgia to follow up some of the work USAID has done?

BENT: Not directly. Obviously, water and sanitation have major health implications. In some sense, in our conversations with the Georgian government, they're very well aware of the issues of IDPs, how do you then employ them and how do you deal with a fairly large IDP, internally displaced people. How do you deal with some of the health-related questions there?

Directly, no. My sense is that as the overall donor program gets fleshed out, it would not at all surprise me that there are health-related aspects there.

MCLEAN: Other questions over here? Clear as mud? In the middle? On the side?

We have a question here.

PARTICIPANT (ph): Thank you very much. (inaudible).

First of all, it's not a question, sort of comment to one's idea (inaudible) to the U.S. government and MCC for the compact that was signed last year. But I thought maybe you could say something about launch of the implementation tomorrow, actually, and was that not worthy of (inaudible) consideration?

MANS: No, sir, please. Very good news from Lesotho for those of you who've been following the compact. It's a very strong program that's focused on, among other things, the health sector, the entire chain from primary health care clinics through central laboratories, blood banks, capacity building within the health sector, supplementing the efforts that the government is taking to improve tertiary care as well as a big push that the government of Lesotho is making on HIV/AIDS in the country. And the good news, Mr. Ambassador, as just revealed, as that the Lesotho is entering into force, which is when activities actually begin in earnest.

A number of things are already underway, but now we will be accelerating to be sure that all of the activities envisioned under the compact are completed within five years. So it's very good news, indeed.

MCLEAN: Let me just add there -- I'm a little bit ahead of the news cycle, we'll have some kind of statement on this in the next couple of days -- but thank you for your comments, Mr. Ambassador. I mean, this marks a real movement in Lesotho that we move from not just finding a compact and putting things together but actually moving and entering -- having that compact enter into force so that the large disbursements can follow, but not only Lesotho but also Mozambique, Morocco, Tanzania, Lesotho and Mongolia, all before the end of this month will have that same experience where they move from -- or into -- entering into force for the compact, which for financial means, means the funding for that, over \$2.5 billion moves from money that MCC has committed or set aside for our compacts to actually obligating that money.

So, again, we're a little bit ahead -- just a touch ahead of the news cycle, but we'll have some kind of statement on that in the next couple of days.

But that is a major milestone, five milestones, for MCC as we continue to move forward with the compacts that we've already signed and starting to get real progress on the ground. So not only Lisutu but thank you for raising this. This is an important milestone.

Final question? I've got room for one more. Or no more. OK. You're the lucky one. OK. If you could hold for the microphone.

LEE: This is Bronson Lee with Gallup, and I wanted to know how you're leading the way in impact evaluation. I see phenomenal numbers in terms of counting, but how are you -- you've been so innovative upfront. What are you doing on the back end?

BENT: I think all three of us are probably going to comment on that.

We fervently believe that evaluation is essential to talking about accountability. And so what we've tried to do is to build that whole framework into the project design. On our Web site, for example, you're going to find economic rate of return analysis for several -- I think it's dozens countries now?

MCLEAN: I think it's about a dozen, yes.

BENT: For each project component. I'm not aware of any other aid agency that puts those kinds of numbers up. We want people to look at it. We want to have people assess whether or not what we and the country think we're going to do (inaudible).

We are trying to work toward even more refined analysis in which we can talk about the beneficiaries: Are we reaching poor people, how much does their net household income go up, do our projects work? There is, as I've discovered -- I've only been in Washington about 30 years, so I'm pretty new at the game -- but there is a hesitancy, I think, in Washington to take risks. There's a lot of throw the dart and then draw the target around where the dart landed and say, "Great job."

We're doing the unthinkable. We're saying, "This is what we think we can accomplish," we're being very transparent about it, we've built it into the project design, we're spending a ton of money to make sure that we do it in the right way, and hope to God it works.

HARRINGTON: Just to build a little bit on what Rodney just described, you were asking specifically about where there's impact evaluation, and as the next step, following what Rodney mentioned, is determining what the economic rates of return are going to be beforehand, having a very detailed monitoring evaluation plan that we can monitor throughout the course of the project to make sure that things are staying on track. We're also doing rigorous impact evaluation on the tail end of it.

And we are going to be having actually a public session in the next couple of months and releasing a paper and also launching something on our Web site to be able to describe in full where we're doing rigorous impact evaluation, what exactly we're trying to learn. There's going to be a lot more information to share in a lot more detail.

But I think the fundamental philosophy behind what we're trying to do, there's a lot of discussion in donor circles about aid effectiveness, and MCC very strongly adheres to the principles behind the Paris Declaration. We have untied aid, we have five-year money, using country systems when we can, and country ownership is a huge part of

what we do. But a lot of that discussion is around the process of delivering money to folks. What we're trying to focus on with the impact evaluation is, well, what is the actual impact of the money that we're making available?

And so what we're going to try to do through our rigorous impact evaluation is -- you know, unfortunately, you don't get the impact until the program is over, but to be able to share those lessons learned with the development community so when things don't work, we don't keep doing them, or when things do work or have a disproportionate impact on the lives of the poor that we know that those are the kinds of programs that maybe our country partners want to do more of.

So it's something that we actually take very seriously, and we'll need to make sure you get invited to the rollout of all of our materials.

MCLEAN: Darius?

MANS: I'll just add one thing, which is in addition to impact evaluation, we also have in each one of our programs under implementation program milestones that lay out very clearly what are the key indicators of progress along the way that will generate the kind of results, the outputs that we would like to see, the outcomes that are expected. Working backwards, what do we have to do each month in order to achieve those objectives? And, also, looking to see are we on track against that road map? What do we learn during the course of implementation, how do we fine tune design of some of our programs to be sure that we are going to achieve the objectives that the countries have and MCC would certainly like to support?

MCLEAN: Well, first of all, thank you to Ambassador Danilovich for his time, first off, and thank you to our panelists, Rodney, Maureen and Darius, for sharing your thoughts.

Most particularly, thank you for coming. We appreciate your interest in our work at the MCC. I'd like to invite you to visit our Web site, mcc.gov. It is really full with a lot of information and hopefully very easy to navigate around. I found it easy, and if I can do it, really anybody can do it.

Also, I want to remind you that I would hope that you would join us for our next public event where we will have the MCC resident country directors and the deputy resident country directors here for a small panel and open to your questions. These are our presence on the ground in our compact countries. So this is the MCC rep in Georgia or in Madagascar or Honduras. They will be available to talk about their programs, what it's like on the ground. We know what it's like in Washington, but what is it like where the real work is being done out in the field?

Now, we're going to make you get up early, it's 8:30 in the morning on October 1st, but I think it will be worth setting your alarm clock just a little bit early. So we invite you to that. That's October 1st, at 8:30, and thank you again for coming.

(APPLAUSE)

END