

# MCC Forum on Global Development: The Power of Partnerships

## Speakers:

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George Washington University

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Former U.S. Secretary Of State

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(BEGIN VIDEO CLIP)

VIEW: <http://www.mcc.gov/pages/press/video/video-043013-this-is-mcc>

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MODERATOR: Ladies and gentlemen, the director of the School of Media and Public Affairs and George Washington University and former CNN Washington Bureau chief and White House correspondent, Frank Sesno.

(APPLAUSE)

SESNO: Well, thank you very much. And good morning, and welcome to the Millennium Challenge Corporation's 2013 Forum on Global Development celebrating the power of partnership to achieve sustainable development. It is truly my pleasure and privilege.

And, Daniel, thank you for inviting me to be here with you today to emcee this conversation, this event, these awardees, and engage in some discussion, which we will be doing over the course of the morning up here on stage.

Well, as we all know, these are very tough economic times. Money is tight. Politics are a little strange. The U.S. government is faced with finding ways to do more with less.

Yet the burden of poverty persists for so many men, women, and children around the world. So we're challenged with finding creative ways of working together and seeking solutions, of forging partnerships—important and strategic partnerships—so that we can deliver the change that the world's poor deserve.

The Obama administration has recognized the power of partnerships to lift people out of poverty, and we'll be talking today some about the return on investment that this involves. Forging partnerships with countries, businesses, and others to advance sustainable development is at the heart of the U.S. global development policy.

So we see it. We see it at work in the State Department's Global Partnerships Initiative that works to promote public-private partnerships to strengthen foreign policy, maximize foreign aid impact—that's that ROI I mentioned—and enhance collaboration to solve problems.

One example is wPOWER, supported by the State Department, USAID, the MacArthur Foundation, and the Global Alliance for Clean Cookstoves. This innovative partnership unlocks women's capacity to increase energy access across India, East Africa, and Nigeria, by empowering more than 7,000 women to launch small businesses around small-scale energy technologies including solar lanterns and clean cookstoves.

At MCC, partnerships come in many forms.

In Jordan, where clean water is scarce but vital for economic growth, MCC and the private sector are partnering to expand a major waste water treatment plant. In Indonesia MCC and USAID are partnering to tackle such critical issues as nutrition and sanitation that have contributed to a serious stunting issue among Indonesian children, affecting more than 30 percent of children under the age of five. In Cape Verde MCC and the Coca-Cola Africa Foundation have partnered to expand access to water for up to 20,000 low-income households, many headed by women.

Partnerships like these explain why we're here today, demonstrate that working together is making a difference in the lives of the world's poor. As someone who has been in the—in the media world in the past, these are the stories that I wish we knew more about; these are stories that I wish the public knew more about, because these truly are our tax dollars at work around the world.

While I'm talking about partnerships I just have to thank Daniel Yohannes again for a partnership that we have entered into with the Millennium Challenge Corporation at a project I started at the George Washington University called "Planet Forward." This year we are doing an initiative called "Feeding the Planet: Innovations in Food Production," and we have entered into a relationship with them and several others to understand and highlight the innovations around the planet that are making such a difference, and I'm looking forward to working further with MCC as we go forward.

So it's now my great pleasure to introduce a friend and a leader who has made partnership-building a key priority of his tenure at MCC, recognizing the leverage that it delivers. Born in Ethiopia, he came to the United States at the age of 17—that's about 10 years ago, right?—in pursuit of the American dream. He found it.

He built a successful career in banking. He answered the call to public service when President Obama asked him to lead MCC. It's a position he has held since 2009.

He travels the world bringing his intellect, his passion, and his imagination to every moment of his work and his life. So please join me in welcoming to the podium the chief executive officer of the Millennium Challenge Corporation, Mr. Daniel Yohannes.

(APPLAUSE)

YOHANNES: Thank you, Frank, for that kind introduction and also for agreeing to moderate today's event. It's always great to see you.

And many thanks to Chevron and the United Nations Foundation for partnering with us to make this event possible.

Distinguished guests and friends of MCC, thank you for joining us for the Millennium Challenge Corporation's 2013 Forum on Global Development. You work every day to make a difference in the lives of the world's poor. When President Barack Obama said "progress in the most impoverished parts of our world enriches us all," I thought of you and how your efforts are making progress possible.

MCC, too, plays a part. Earlier this month I was in Tanzania and Senegal, two countries that are benefiting tremendously from MCC's investments. I saw the progress we are making to lift families and communities out of poverty toward prosperity.

What impresses me most is how we do this. A huge factor in delivering sustainable growth is forging partnerships with civil society, government, and the private sector.

Partnerships, when applied to our most pressing development challenges, generate far-reaching change that matters to the poor. We recognize that our development resources alone can only do so much in the fight against global poverty. Yet, leveraging those limited resources through effective, results-driven partnerships can maximize the good that we seek to do and sustain our efforts.

Sustainability is key. Our funding simply cannot be open-ended, particularly in these challenging economic times. That's why we work to forge enduring partnerships that can build upon our efforts, carry them forward in ways that are locally driven and managed, and ensure that the impact is meaningful and long-lasting.

Today's forum is a celebration of the power of partnerships to achieve sustainable development. Mutual accountability and shared responsibility, at the heart of genuine partnerships, deliver results for the world's poor.

Today's speakers, as well as the recipients of MCC's Country Commitment Award, Corporate Award, and Next Generation Award, demonstrate what is possible when we partner. Let us turn now to their insights and stories, beginning with our keynote speaker who needs no introduction.

Through her service at the highest levels of government, she built partnerships around the world to further U.S. interests and advance shared values. She is known for her rigorous intellect, strong analytical skills, and love for academia and, of course, the piano.

A distinguished Stanford University professor and provost, the first woman to serve as national security advisor, and the first African-American woman to serve as U.S. Secretary of State, she was instrumental in creating the Millennium Challenge Corporation.

She brought together the right minds to work on our innovative design. She explained the strategic significance of MCC's new approach to foreign assistance based on partnership, not patronage, and grounded in good governance, democracy, economic freedom, and liberty. And she recruited advocates for MCC's path-breaking approach. We count Bono, for instance, among the many MCC friends because of her.

In her latest book, "No Higher Honor," she writes how "MCC garnered bipartisan support and remains to this day a successful innovation in the delivery of foreign assistance."

Ladies and gentlemen, it is my privilege to introduce and welcome to the podium a true partner in the fight against global poverty: former U.S. Secretary of State Dr. Condoleezza Rice.

(APPLAUSE)

RICE: Thank you. Thank you very much. Thank you.

Thank you very much. It's a delight to join you here for the Forum on Global Development sponsored by the Millennium Challenge Corporation.

I want to thank you, Daniel—Mr. Yohannes—for your terrific leadership of this organization. From Paul Applegarth, the first CEO of the MCC, through John Danilovich, and now to you, we have had superb leadership.

And I want to just say one other thing. We've had superb people working in the trenches here in Washington and across the world to make this dream a reality. And so thank you, also, to all of you who have worked for and with MCC.

I've always thought that American foreign policy—indeed, America—is at its best in the world when our interests and our values come together. And I can think of no better example of our interests and our values coming together than MCC.

We know that we have an interest in a world that is peaceful. We know that we have an interest in a world that can, indeed, provide for its people—even the poorest of its people. We know that those two are linked, that very often conflict and disease are the harbingers of much, much worse to come. Here in the United States perhaps we had to be reminded again of what the void of hopelessness can do when we experienced the terrible attacks of September 11th. We know that a more peaceful world is in our interest.

But it is our values that tell us that that more peaceful world will come from the better angels of our values—that, in fact, development and democracy, good governance, a place for every citizen, children who are educated, women who are cared for, people who are healthy and well-served, will be people who contribute to that peaceful, developed world.

And so MCC brings together our interests in a more peaceful world of stable, responsible sovereigns, and of values that no man, woman, or child should have to live in tyranny, poverty, and fear. That was the reason for the creation of MCC.

But when we thought about how to express that connection between our interests and our values we, frankly, faced a bit of a dilemma. There was a kind of urban legend about foreign assistance that it was often wasted in places that were corrupt, in places where you would never see the benefits, where you would never get a return on the investment of the American people. Where did all of that foreign assistance go over the many years that we provided it?

Well, of course, urban legends are just that. American foreign assistance has lifted people up from all over the world for many, many decades.

But in order to reenergize the American people, the American Congress, in the cause of foreign assistance, we thought that a new model was, indeed, a welcome addition to what we had been doing in foreign assistance. And therefore, the MCC was born.

It was born, as President Bush put it, as an effort to help people help themselves. The United States would not play a role patronizing those who were trying to develop, but it would be a full partner with those who wished to develop and to put in the hard work that it takes to develop.

And so, as Frank Sesno has said and as Daniel has said, MCC became about a key word: partnership—partnership first and foremost within the countries that were MCC recipients. It was awfully important that the country take the lead.

The people of these countries know better than those of us in Washington or even those of us in the field what, indeed, their dreams and their aspirations are and what the impediments are to reaching those dreams and aspirations. And so the compacts are, indeed, first and foremost a partnership within countries—with government, with grassroots organizations, nongovernmental organizations, and with citizens. And the compact process in and of itself allows a building of trust between governments and their people.

That's awfully important because when there is no longer foreign assistance there must be an infrastructure of trust between a government and its people. And that infrastructure of trust can then help those governments in building open economies that can attract foreign direct investment.

MCC was never meant to be a permanent condition; it was meant to be a bridge in countries that needed to find a way to build trust between their governments and their people.

It was secondly, of course, a partnership between the people of the United States and the people of developing countries. The compact encouraged these countries to negotiate within their societies an idea, a plan,

benchmarks and metrics, and then for the United States to say, “That’s good. We can support that,” and to make, frankly, fairly large bets on countries that were trying to govern wisely, fight corruption, invest in their people, invest in their people both men and women, educate their children, and make their populations healthy.

That encouragement for good governance was our side of the partnership and remains our part of the partnership. And it has, by the way, engendered partnership within the U.S. government through the work of USAID, the State Department, and especially multiple nongovernmental organizations—civil society within the United States that makes all of this work.

This is about accountability, as well—accountability of governments to their people, accountability of governments to the United States of America.

Finally, it’s been a partnership between developing countries. We talk about the “MCC effect”—the fact that when other countries see the progress that is being made by MCC compact countries they want to do that too.

I can tell you that in many, many meetings that I had with—as secretary of state people would actually come—heads of state, foreign ministers—with their glossy about why they, too, would be a good MCC country. There is an MCC effect. It is carried out and institutionalized through MCC University, where best practices are shared on all aspects of development.

And so the key word for MCC has been partnership—partnership within these countries between governments and their people, partnership with these governments between the United States and the developing country, and partnerships between developing countries as they share best practices.

And as we move toward the 10-year anniversary of MCC it is, therefore, a story of shared success. It’s a story of shared success that I think stands as the model of what happens when people work together toward a common goal when interests and values come together.

I want to thank, too, the United States government and, in particular, the Congress, because this program has had bipartisan support, and heaven knows we could use more of that. I want to thank President Obama, Secretary Clinton, and now Secretary Kerry for continuing MCC, embracing it. We in the United States of America have a great success story. It was more than 45 years that it took before freedom could come to that part of Europe which had been dominated by the Soviet Union.

There is one characteristic that got us to that marvelous day when Europe was whole, free, and at peace. It was the sustainment of a policy from administration to administration across the aisle. That sustainment allowed us to ultimately triumph over communism in Europe.

Sustainment will also ultimately help us to triumph over poverty, disease, and despair. And so I’m most proud to be here to represent the administration that started MCC, but I am really proud to be here to see that it has been continued, embraced, and continues to show tremendous success.

I want to thank you very much for all that each and every one of you have done to make this dream come true. I look forward to celebrating 10 years, when we will once again celebrate what it means when democracy and development triumph, when there are responsible sovereigns to help commit to peace and prosperity, and when once again we affirm that America is at its best when the world knows not that we pursue just our interests but that we pursue our values—universal values of human dignity and well-being.

Thank you very much.

(APPLAUSE)

MODERATOR: Please welcome Dr. Rice and Mr. Sesno to our discussion area on stage.

SESNO: Thank you very much. It's awfully nice of you, great of you, supportive of you to be here today.

Let me follow up on the return on investment that you mentioned, because that is what so many people look to when they think about development and their tax dollars at work and when they hear that word. So in the case of Millennium Challenge Corporation and this kind of work, define "return on investment."

RICE: Well first of all, let me just emphasize what people in this room know, which is that MCC has very specific indicators that it follows, and it enforces them rigorously. It means that sometimes countries, when they fall back, have to be taken off the path for a while and perhaps they can get back on the path. And so this was a system built on accountability, on metrics, on the ability to measure what you're doing.

But return on investment—we have to think of it in two parts. We can think of the numbers that you saw—the amount—the number of miles of road that we've installed, the—the land titling work that we've done, the farmers that we've trained, and obviously you're getting a return on investment because those people are going to be contributors to the economic well-being of their countries, and their countries are eventually then going to be contributors to prosperity worldwide.

But return on investment also has to have a longer-term look. History has a long arc, not a short one. And I would guess if we were sitting here 30 years from now, should we be so fortunate, that you will see that MCC has lifted many, many countries from what seemed to be oppressive circumstances, they seemed to have no chance, and they're now contributing members of the international community.

For the United States that means less need for emergency humanitarian assistance. For the United States that means less effort to go in and help break up conflicts. For the United States that means people who are contributing to worldwide development.

So I would like us to think of the short term—we're seeing that return. But in the long run it's going to be increasing the number of responsible sovereigns who can deliver for their people democratically and in prosperity...

SESNO: That's accountability and pressure from the bottom and the top...

RICE: And from the top, yes, because just to say—when people elect their governments they expect more of them, and so accountability comes both from what the United States insists on and the fact that these governments have made a pledge to their people.

SESNO: I do have some questions that we've gotten via Twitter, for they are, therefore, a short question, which I will ask you in a—in a few minutes. They may not have short answers, but they are short questions.

But we also are fortunate enough today to have C-SPAN here, so we have a national audience. And let me ask a question that I know you are asked a lot and that I ask a lot.

I am from someplace in the Midwest of this country. My family has had a great deal of economic hardship. Maybe I've been out of a job. Maybe I'm having trouble paying my mortgage.

And I hear all these stories about sequester in Washington and the tight budget, and all these stories about foreign assistance. In the short term, why should I support more of that when I am having so much difficulty myself?

RICE: Well, as I said, it is in our interest because the world would be less conflictful and more prosperous if there are more countries that are on this path. But we as Americans have always been a generous people. We've always believed that to those to whom much is given much is expected.

And I know that there are people in this country who are suffering. But I'll tell you, when you go to some of the countries around the world and you will realize that there's a child who is going to die of dysentery because there's not clean water, when you realize that there is a woman who's going to die in childbirth because she received no neonatal care, when you go to a place and you see that a mosquito net would have prevented the death of hundreds of children, with all of our problems we still have so much.

And I've always believed that when you ask not, "Why don't I have?" but, "Why don't I—why do I have so much?" you are a better person and you're rewarded for it. And that's true for countries, too.

And so I would say to the American people, yes, we need to deal with our problems here at home. But just look at what's going on around the world. Just look at all the preventable disease. Just look at all of the children who could be saved. You'll want to have American foreign assistance be a part of that story.

SESNO: Key role of Millennium Challenge Corporation in that story?

RICE: The key role in that story is that our assistance is not just a handout; in fact, it's not a handout at all. It is a government that has said, "We're going to govern wisely. We're going to fight corruption. We're going to invest in our people. We're going to govern democratically, and we need your help. And here is how we need your help."

I was very surprised when I was secretary and chair at the—the board that very often at some point something as simple as land titling so that these small agricultural plots for which there is no title can be amassed into something that's actually more than subsistence farming, so sometimes it's really grassroots technical. So the MCC is an—an on-the-ground, let's go after this problem together, you identify the problem, you work with your people.

This isn't going to the—the government, to the finance ministry; it's going to—you're going to be held accountable because this compact has been developed with your NGOs, with your farmers, with your labor unions. All stakeholders have been at the table. So that's MCC's role in this...

SESNO: Tell us a place you've been, a person you've met, a project you've seen that most impressed you, that just stays with you wherever you go.

RICE: Well, I will never forget, I was in Tanzania and it was just at the time that the compact had been agreed and so we got to meet some of the people who were involved in putting together the compact, and what sticks in my mind—because I've seen actual highways that we've built, I've seen actual land titling centers that we—what sticks in your mind is the commitment of these people to the joint venture of putting this project together. It's saying that the governments are having to actually deal with their citizens in a way that we very often take for granted in democracy, and so that's my fondest memory is meeting actually with the compact stakeholders who had helped put this together for a more than \$800 million project for Tanzania.

SESNO: Before I go to the Twitter questions, biggest challenge in—in getting to this objective: values plus interest equals ROI? RICE: Well, obviously, this is not a perfect science even though we've tried to have metrics and to make it as scientific as possible. You're going to have some setbacks.

And occasionally countries aren't able to stay on the path. And I just hope that when they are not that two things will happen: first of all, that they can get back on the path, and that sometimes happens; but also that people won't give up because there's so many success stories, and...

SESNO: That's the problem, isn't it, because the—the stories become the setback.

RICE: The stories become the setbacks.

SESNO: That's what becomes...

RICE: That's what people—those become headlines.

SESNO: Right.

RICE: That's why I've been so gratified to see the support in Congress, the support across administrations, because people recognize that it's not always going to go smoothly. This is a human institution. Development is a very tough business. When you consider how long some of these countries have been under water, when you look at the conflict that some of them have gone through, when you look at just the basic difficulty of raising the level of education or health, it's going to take some time and we have to be patient.

SESNO: OK. I've always wanted to say this to a former secretary of state: Let's go to the lightning round. And let's do it with some of the—some of the questions that have come in from around the country and around the world and around the U.S. government via Twitter.

What do you consider to be the most pressing challenges facing U.S. international development efforts in the coming decade?

RICE: Governance. If you can solve the governance problem you will begin to solve a lot of the development issues.

SESNO: How has your perspective on foreign policy changed since your time in Washington?

RICE: Well...

SESNO: Short question, we can go with a little longer answer...

(CROSSTALK) RICE: Well, I get up and read the newspaper and I think, "Isn't that interesting," because I no longer have responsibility for what's in the newspaper. That's the main change that it...

SESNO: Are you still reading the newspaper?

RICE: I do still read the newspaper from time to time.

I think that the—the biggest challenge for the United States is that the—the world's been through a lot of big shots out there, and figuring out how democratic development, or people seizing freedom, which we're seeing in so many places, how that's going to become institutionalized into democratic institutions, because that's a big part transition from the seizure of freedom to democracy is very tough.

If I can just say one thing here, you know, we—we very quickly lose patience with people who are trying to build democratic institutions. I always remind people that when the founding fathers said, "We the people," my ancestors were three-fifths of a man in the Constitution and it was 1952 before my father could vote in Birmingham, Alabama, so let's be a little bit more patient with these people who are making the very difficult transition from freedom to democracy.

SESNO: I think that's a very important point, and I think that—all due respect to Twitter and the cable universe and all of that—our attention span has been reduced...

RICE: Yes.

SESNO: ... to the nanosecond...

RICE: Yes.

SESNO: ... and human development takes years and decades and sometimes longer. And we are seeing remarkable things around the world. It's easy to lose sight of that.

What's the importance of private sector development for poverty reduction and security? How should it fit in wider development policies?

RICE: Private sector development is the key to development. The MCC is premised on the idea that we will help to remove impediments to countries being economies that can attract private investment.

There is not enough foreign assistance in the world to help countries develop. You really have to become a part of the international economy. You have to find your place in the international economy.

Together with microloans, which has been another major, I think, innovation of giving even small villages the way to make a product that can be sold, governments like ours, foreign assistance providers, should be thinking of ways that we propel countries from recipient of aid to contributor in the international economy. Foreign assistance should not be a permanent station in life.

It's a little bit like the Welfare state; you don't want people to stay on Welfare forever. You want to give them a chance to create infrastructure so that they can be self-sufficient.

SESNO: But that does presume good governance...

RICE: Absolutely.

SESNO: ... because it's not going to happen by itself or out of good intentions.

RICE: And the reason, I think, that MCC has put such an emphasis on governance—I can remember some of our discussions and the—the one thing that would always get people's eye is that the country had big problems with corruption, because it's been said by the World Bank, it's been said by AID—USAID—corruption is a tax on the poor, and if you can't trust a government to govern wisely, honestly, and transparently, no amount of development assistance is going to propel that country forward.

SESNO: Let me go back to some—a couple of my questions and then I'll come back to the Twitter questions again.

You've talked about partnerships. You talked about countries that are having success and partnerships between countries. How do those partnerships, as we see new countries—excuse me—expanding their influence throughout the developing world, offer an opportunity for the United States or for businesses to expand their partnerships and radiate out?

RICE: Right. Well, let me just say a word about the private sector in this regard, because one of the most important lead elements of the U.S. role in the world is how global American companies represent themselves around the world.

Remember that very often the only American that somebody will meet may be with a—a corporation, and I have seen some marvelous work by corporations in helping in the development process. Yes, it's good business to—to

do these things, but it also shows the heart of America. And so we shouldn't forget that the corporate sector is, in many ways, doing its part, as well.

But my favorite stories are the ones where countries other than the United States take some of the responsibility—other than developed countries take some of the responsibility for development. It's maybe not understood, but when they are not well-known—when the United Nations produced—or developed an—a democracy fund, the first contributor to it was India, a great, multiethnic, multi-religious democracy with a billion people that somehow manages to have successful elections every few years. I don't know how they do it; it's a miracle. But they were one of the—they were the first contributor to the democracy fund.

Hungary has had a very effective Transitions to Democracy Center that they bring others through because Hungary has made that transition to democracy.

And MCC, through MCC University, has brought countries like Jordan to the fore to help others to understand how to make these compacts, how to make the trust grow between governments and their people. And so I—I think the—the best is when it's not really the United States government that's doing this. We've somehow...

SESNO: It's leverage.

RICE: It's leverage. It's leverage.

SESNO: It's leverage.

Twitter question: How does sustainable development enhance security—security of developing countries?

RICE: Well, we know that environmental stewardship is an extremely important part of—of stability, the management of resources, whether it is water resources and clean water, whether it is clean air. In some of the places that one goes you—you worry about health because people are—are breathing dirty air. And so the ability to make development rapid but with environmental stewardship so that you have sustainable development is a part of—a very important part of the picture.

And look, we've learned some tough lessons in some parts of the world. I think the Chinese would tell you today that they have been very rapidly development but—developing but they've paid a price in environmental degradation, and they are now trying to come to terms with this. So helping countries not to go down the road of development at all costs is—is money well spent.

SESNO: And that—that retrofit in China is going to be phenomenally expensive...

RICE: Phenomenally expensive.

SESNO: ... so if we can avoid that and (inaudible) at the front end...

RICE: At the front end.

SESNO: There is no way this is a Twitter question but it's so good I'm asking it anyway, because it's more than 140 characters.

In many developing countries rapid urbanization is a prominent phenomenon in the development landscape, leading to new economic opportunities but also general hazards to sustainable, broad-based growth. In what ways can urban development become a distinctive focus of U.S. foreign assistance?

RICE: Well, urban development is—will be a—a focus because people are—as they become more prosperous they very often leave the land, they come into the city for different kinds of—of opportunities. And so we have to be—we have to be attentive to that. And most developing countries are, frankly, having a very hard time managing urban development, whether it's infrastructure—you go to any developing country in the world and get stuck in a traffic jam and you know that they're having trouble with urban development.

It's also very often that you create a class of people: the urban poor. And this—this is something that we really need to pay attention to. You look at some of the countries around the world and the urban poor need to be more of a focus.

These are people who come into the cities and don't even get primary education...

SESNO: What is the role of the Millennium Challenge Corporation...

RICE: Well, the Millennium Challenge Corporation, when a country presents this as a problem—remember, the identification of problems comes from the country—but I think in conversation with these countries the—it—much has been about rural development because that is the key to unlocking so much economic potential, but I think you will see countries beginning to concern themselves more and more with the urban poor, and there is much that MCC can do in that regard in terms of education, health, and the like.

SESNO: Another Twitter question: If development is supposed to advance security and counter the spread of extremist tendencies how do you explain Mali?

RICE: Well, Mali stepped back. I have to say, it was one of—for me, one of the real disappointments. We held the Community of Democracies in Mali just the last year that I was secretary. It was—seemed to be on a—a good path.

But it's a reminder that these are fragile societies, as well. And Mali, of course, was affected by the neighborhood.

And very often we have to recognize that countries that are trying to build security forces that can protect their borders—you know, terrorism, gun running, human trafficking, these tend to take place in places which have weak controls over borders, that really their borders are porous. And perhaps paying more attention to the security piece of the development equation is going to be necessary, too, because Mali is really an object lesson and a warning that these are very fragile countries even when they look like they're on the right course.

SESNO: It's not a straight line.

Dr. Rice, I'm a—I'm an investor. I'm a taxpayer. I'm a business. I'm working with the Millennium Challenge Corporation and I'm watching this guy, Daniel Yohannes, really closely.

What parts of the world should I be watching? Where should I expect success? Where will the surprise come in the next 10 years? RICE: I think many of the surprises are coming in Africa. We always had this view that Africa was a place that was always trying to reach its potential.

Africa's beginning to reach its potential as a continent and it's becoming—it's doing that because there are really well-governed states in many parts of Africa now: Tanzania, Ghana, Lesotho, which we will honor today, Botswana—I can go on and name them. And they are countries that are governing democratically, investing in their people, and beginning to attract foreign direct investment because people are saying, "Well, you know, that looks like a rule of law, stable place to invest." And so my guess is that a lot of the surprises are going to come in Africa because we've so long thought it wasn't possible in Africa.

Now, there are some very good stories in Latin America, as well. And I would hope that as the Middle East goes through the very difficult circumstances that it's going through we'll have more Jordans, we'll have more places where the basic governance infrastructure is there but they need a lot of help in reaching out from the capital into the East Bank, into places where people feel disaffected. So the Middle East is another place that I would watch very carefully and hope that MCC will have a role.

SESNO: We only have a couple minutes. Let me ask you a couple of more personal questions.

I first met you when you were a criminologist working in the Kremlinologist working in the Reagan Administration. You have seen the fall of the wall, you've seen the war in Iraq, you've seen the issues of development, conversations we're now having.

What's been the most surprising thing in human experience and global issues you've encountered?

RICE: What's most surprising to me is how quickly something that you thought was immutable changes. I was, indeed, a Soviet specialist—you're dating me, Frank; thank you very much. If an...

SESNO: I don't want to alarm you, but my students are now born after Bill Clinton was elected.

RICE: Yes. Yes, yes. I know. I know. I asked some of my students the other day, "How old were you when the—when the Soviet Union collapsed?"

SESNO: They said, "What Soviet Union?"

RICE: They were one or two years old, so I—I understand this.

But if you had told me in 1989 or—or 1990—maybe even the first part of 1991, "Here's what's going to happen: Soviet Union, a country with 30,000 nuclear weapons, 5 million men under arms, 12 different time zones, is—on December 25th, 1991 they're going to take the hammer and sickle down from the Kremlin, 75 years of communism never mind, a shot won't be fired, Soviet Union will collapse," I would have told you you were crazy.

But it's a reminder that actually what is happening is underneath the kindling is growing and it's dry and something can spark it. We knew that the kindling in the Middle East was dry. We knew that authoritarians in places like Egypt and Tunisia had long run their course.

We tried, through the freedom agenda, to say, "Reform before your people are in the streets." They didn't. You would not have known that it would be a man self-immolating in Tunisia that would spark the Arab Spring.

So for those of us who want to see development I would say the following: Be patient. Pay attention to the infrastructure. Pay attention to what's going on underneath. Take the time to lay a good foundation and you might be surprised how quickly we begin to make the turn for some of these countries from recipient of aid and permanent basket case to fully functioning, responsible sovereign in the international system.

History has a way of making what seemed impossible seem inevitable in retrospect. But it was never inevitable. It took good policies, it took leadership, it took courage, and it took innovation. And one reason that I'm so proud to be here today is that MCC is one of those innovations that I think is going to matter.

SESNO: I think we're going to end on that note because that is brilliant.

I want to thank you for taking time to be here today.

Let us have a round of applause, please, for our special guest, Condoleezza Rice.

(APPLAUSE)

I know you have to leave but before you do I'd like to invite you—I'd like to invite you to present the first award of the morning, MCC's 2013 Country Commitment Award, so let me let you do that.

RICE: Thank you for a great job, wonderful conversations. Good to see you.

Nearly six years ago I presided over the signing of Lesotho's \$362 million MCC compact at the State Department. It's a day I'll never forget because these were such hopeful days.

Very often hopes are frustrated, but when hopes are realized it's such a wonderful moment. And today it is, therefore, especially meaningful for me to be able to present the MCC's Country Commitment Award for 2013 to CEO Sophia Mohapi of the Millennium Challenge Account Lesotho.

Through her extremely capable leadership Sophia has played an instrumental role in facilitating her government's commitment to contributing approximately \$100 million for the unanticipated costs of the compact. That shows you what partnership is really all about.

This has been a project that has effectively informed and guided the government in developing a number of additional actions that are helping it to ensure the sustainability of the facilities and systems created under the compact, including connecting rural communities to water and building health clinics. These actions include commitments to use its own funds to extend MCA through the completion of all compact projects and to provide an additional \$52.7 million for project completion beyond the compact date.

Ms. Mohapi also helped address operational issues related to the compact, such as creating new nursing positions to ensure that all health clinics renovated by MCC are adequately staffed.

Please join me in welcoming a real MCC warrior, Ms. Sophia Mohapi.

(APPLAUSE)

MOHAPI: Dr. Rice, Mr. Yohannes, excellencies, fellow award recipients, distinguished guests, I bring you greetings from the mountain kingdom of Lesotho. I find it really incredible that today Dr. Rice, who signed the Lesotho compact as you had with my government in 2007, is here to present Lesotho with an award for having demonstrated true partnership and country ownership.

On behalf of Lesotho, my government, and my staff, I wish to say thank you so much for the recognition. It means a lot to us.

Today is, indeed, a blessed day which I wish I could be witnessed with my government and the rest of my team back home. I wish to thank the Millennium Challenge Corporation for putting together this gracious event on global development.

I'm really humbled by your kindness of honoring me for something that I consider as simply part of my job. When I was appointed as the chief executive officer of MCA Lesotho in 2008 I understood my role very, very clearly. That role was to work for my government and to achieve results while at the same time being a good partner and—to a country and the agency that has been so generous to Lesotho.

The projects and activities that make up the Lesotho compact were proposed by my government in its desire to improve the lives of Lesotho. As I stand here today I'm still overwhelmed by the developments that have been brought about by the American taxpayers' money to my country. The developments on health sector, water sector, and private sector development, which have been achieved in almost five years, are outstanding.

I want to testify that with the health sector interventions my country will be able to strengthen the health care system and mitigate the negative economic impacts of HIV and AIDS, tuberculosis, poor maternal health, and other diseases.

Inadequate and under-level water supply is one of the key constraints for business growth and expansion in Lesotho. The Lesotho compact for the water sector project has contributed significantly to increased access to clean and (inaudible) water for both urban and rural communities in Lesotho.

I do not have appropriate words, ladies and gentlemen, to express my personal gratitude as a citizen of Lesotho for the generous support of the American taxpayers. Ladies and gentlemen, Lesotho is a transformed country today.

Men and women get land titles faster. Commercial disputes are resolved quicker in a specialized commercial court. The country is ready for a credit bureau, which will boost the credit market.

Even more importantly, women have greater access to equal rights in so many areas, and thanks to legal changes and capacity-building linked to the compact. I'll give you an example of one woman living in the town of Maseru who always wanted to open a guest house.

She had asked her husband, the one who was able and eligible to have the land registered in his name, to apply for a lease. It took many years to be issued.

After the establishment of the Land Administration Authority in 2010, which is one of the activities under the compact, her lease was written in both her husband's name and her own and it was issued within 30 days. She then used her lease as collateral to get a loan from a bank to build her guest house. Today the guest house is about to be completed and she anticipates to generate income from that business.

Indeed, being a married woman in Lesotho is no longer a hindrance that it used to be before the enactment of the Married Persons Capacity Act. The act has removed the minority status of women. The law has also enabled women to access loans from banks in their own right without their husband's consent.

Women can now be directors of companies. Indeed, lives have been remarkably changed for Lesotho women.

We embrace MCC's model of country ownership. That ownership has been demonstrated by my government's commitment and support throughout implementation of the compact. Country commitment has been at the forefront of our minds since compact development.

Inspired by challenges we have faced in implementation, we fight every day at M.C. Lesotho to implement the full scope of the compact.

I keep saying "we" because while I am here to receive the award, I am really here on behalf of my team at MCA Lesotho and my government. I'm also here on behalf of every Lesotho who has benefitted and will benefit from the compact. While we are talking in big terms like "country commitment," the fact is that lives have changed and will continue to change.

Once again, I'm glad to thank you for this honor which I am receiving on behalf of my dedicated staff back home, my government, and the people of Lesotho. It is a great motivation to me. I believe it will also revive my staff to keep the energy levels high as we prepare to close the compact in September of this year.

I want to tell you, ladies and gentlemen, that we have watched the U.S.—how it has struggled with the challenges of a downturned economy. We know that individual Americans have contributed their hard-earned tax dollars to help our people. And for that we are very grateful.

The remarkable story here is not my government's commitment to improve the lives of Lesotho, but further, the commitment of the American people to help Lesotho. We're grateful to have you as partners. We undertake to continue to demonstrate our commitment to this partnership through completion of compact projects and ensuring their sustainability.

Thank you very much for your attention.

(APPLAUSE)

(BEGIN VIDEO CLIP)

VIEW: <http://www.youtube.com/watch?v=Bi8-wLWqJp8>

(END VIDEO CLIP)

MODERATOR: Ladies and gentlemen, please welcome Mr. Aaron Sherinian, the vice president of communications and public relations at the United Nations Foundation.

(APPLAUSE)

SHERINIAN: Good morning. As someone who believes in the promise of development and in innovation it's great to see this room of people, and as part of the MCC family or alumni it's great to see people who are not just asking the right questions but that are moving forward the right solutions. That's why we at the United Nations Foundation have been so pleased to partner with the MCC for the 2013 Next Generation Award.

And it brings me particular pleasure to introduce the man who will present this award because he is somebody who understands the context that Dr. Rice talked to us about today. Dr. Rice admonished us to be thinking about what's going on in the background, in the context, and if you all know that today in a world of 7 billion people—7 billion people—over 40 percent of them are under the age of 25. That means that focusing on young people for us at the United Nations Foundation, focusing on young people for all of us who care about development, isn't just a smart thing to do, it's them imperative. And when we're thinking about problems like clean energy and sustainable energy and sustainable development, the man who I'm going to introduce has helped us all realize that we're all playing on the field.

Dwayne De Rosario is someone whose title you'll know about because he is a multi-time champion. He's a champion for a number of things. He's a professional soccer player who as part of the D.C. United has brought honor to that team, to this city, and to a sport; but more importantly, he's a champion of issues and of issues that matter to our world.

We've been proud to have Dwayne join us at the U.N. Foundation to travel to Mali to see the Nothing but Nets campaign in action, to talk to young people, to think about the connection between diseases like malaria, innovation, issues like energy, and how all of this comes together in one broad context where we're thinking about the next generation—partnering with the next generation and empowering them to have a bright future.

Help me in welcoming to the stage to present the award Dwayne De Rosario.

(APPLAUSE)

DE ROSARIO: Good morning, ladies and gentlemen, and thank you for such kind words. It is definitely a humbling and an honor to—to be here to present this Next Generation Award.

Before I acknowledge these beautiful recipients I would like to share my personal experience with the power of partnership as well as awareness. I've been very blessed in my career to travel the world and play soccer all over the world, and—and have had a lot of success doing so. But nothing was more gratifying than having the opportunity in 2007 to go to Mali, Africa as an ambassador for Nothing but Nets along as—with the United Nations to distribute bed nets and to go through—go to health clinics to see firsthand malaria's cause and devastating effect it had both locally as well as globally.

This particular campaign was the largest health campaign in Africa, which focused on five interventions: polio and measles vaccination for children under five, vitamin A supplements, albendazole for deworming, AIDS awareness, and distribution of long- lasting ITNs bed nets. It was through this experience that I truly understood the power of partnership and the importance on unifying for a greater good towards local and global issues as there is truly strength in numbers.

So healthy partnerships and forums towards global development is vital to today's generation as we aim towards a unified tomorrow. Currently, I am still at the forefront of fighting and—as well as spreading the awareness for Nothing but Nets as well as I've started my own foundation to provide free soccer clinics to our inner city youth across North America focusing on life skills, the importance of health and wellness through healthy diet and activity as well as partnered with D.C. United's foundation United for D.C. to provide kids in challenging environments as well as sick kids hospital around Maryland, Virginia, and D.C. area to have them—to have the opportunity to come to a D.C. United game.

Now, imagine every time we played with a soccer ball that generated energy for children and families to have the power to cook, clean, and have light to do homework, et cetera. Well, these two amazing individuals, Jessica and Julia, have made that thought a reality by connecting sports and development to generate power through their SOCKET ball, which is a soccer ball that doubles as an eco- friendly portable generator, and being soccer as the world and global sport, imagine how much power we could generate in this world.

Now, I am pleased to present the second award of the morning which looks to the future. MCC's Next Generation Award recognizes the enormous creativity of partnering with today's youth to change tomorrow's world for the better. The dynamic team of Jessica Matthews and Julia Silverman fits the bill.

Jessica and Julia founded Uncharted Play to distribute their groundbreaking invention. The company works with major corporations worldwide to sponsor orders of SOCKETs that make their way to communities in need. Their partners include Western Union, State Farm, Music for Relief, and the Boys and Girls Club, and the company is active in MCC partner countries like Benin, Honduras, El Salvador, and Jordan.

For showing the world that doing good and doing good business are not mutually exclusive and that partnerships can light the way to prosperity for the poor, please join me in congratulating Jessica Matthews and Julia Silverman as this year's recipients of the MCC's Next Generation Award.

(APPLAUSE)

MATTHEWS: Hi everyone. My name is Jessica Matthews and I'm the cofounder and CEO of Uncharted Play.

This is unbelievably humbling. Thank you so much. I couldn't be more surprised at the fact that you would care so much about what Julia and I have been doing since we were in college, never really attempting to do anything more than believe, I guess, in—in doing something interesting.

Very quickly, I guess, just a—a few remarks. As a dual citizen of Nigeria and the United States I have been fortunate enough to see the joys and the struggles of what may seem to be two very different worlds, but what I have found to actually be very similar when it comes to human nature.

I've found, at least over my short 25 years—I think I have much more to see—but that the world is extremely complicated and the problems are becoming ever more complex. And these are issues that no one person or company or organization can solve. But I do believe that a whole generation, a whole society working together can. If they're able to come together and kind of operate under the same framework we can begin to actually address these very large issues.

And, of course, maybe this is just coming from a college perspective, but the easiest way to get a lot of people to come to a party is to make it fun, and that's—that's what we're really trying to do with Uncharted Play. The idea, at least for me as the CEO, is to create a company that inspires people to amplify their existing behavior to make it easier for them to do good and live happier and healthier lives, and for my peers, those in my age generation, to actually see that social entrepreneurship has a lot of opportunities for them and it's a way of conducting themselves as adults and of being successful that's really viable.

We've been fortunate enough in our—in our travels to see people across the world, young and old, in Nigeria, in Benin, in—in, goodness, Mexico actually change because of play. They are inspired to be curious; they're inspired to think about how the world—their world, their communities—could be, and to actually think that maybe they can change it, as well, if anything just because we told them that a—a ball could generate power and that that was the beginning of kind of changing everything they thought was possible and what was impossible.

In my opinion, this is—this is the first step to sparking a generation, sparking a society to try to come together and start addressing these issues, and I look forward to dedicating my life to helping to build a global society where people are willing and very excited about playing together. Thank you.

(APPLAUSE)

SILVERMAN: Thank you. I'm Julia Silverman. I'm the cofounder of Uncharted Play and the chief social officer, which I hope is a title that becomes increasingly more prevalent as I—as I get older, and to pick up the thread in the name of the award itself, which we are so thankful and honored and humbled to receive, the next generation.

So I guess Jess and I are here not only as representatives of the next generation but also on behalf of the next generation in terms of advocacy. At Uncharted Play we have a mantra that's "Play, Empower, and Give," Which serves both as kind of a guiding—guiding values but also as a—a call to action.

We challenge ourselves to play every day, and I think it's—it's hard in the—I used to work at the World Back. We hear a lot in the development community about—about doom and gloom, but we need to remember also to play and to be thankful and happy. And some of the happiest people I have ever seen have been during my work in resource—resource-challenged communities.

And so I think it's—it would be remiss to say that—that happiness is not a right or deserved by anyone and everyone regardless of their situation, so we try to remember to play and make play a platform for our company.

Secondly, empowerment—empowering ourselves to change and positively impact the lives of others, empowering others to impact and change their own lives and create positive change for their own communities.

And finally, to give. I think that's so important. And again, for our generation, which has often been pegged as not caring, I'd like—I'd like to challenge that notion. I like to think that we are—we're a generation that will give and will contribute and encourage others to—to give back to their own communities, as well.

So thank you so much for the opportunity to be here. It's been, as I said, humbling to be not only amongst so many leaders but so many powerful women I think has been really inspirational, as well. So thank you very much, and we are, I think, going to show you the—the ball. Yes. So a product demonstration, we'll have a little—a little Vanna White action here.

MATTHEWS: I'm in heels, but I've gotten good at playing with this thing in heels, as you can imagine.

(APPLAUSE)

So 30 minutes of—of play with the ball can give you over three hours of clean, eco-friendly LED light, as we just demonstrated here.

(APPLAUSE)

Even more exciting, which unfortunately we didn't bring today, is our portable lamp, which can be distributed amongst children in a classroom in a school, and so when you have kids playing with the ball they can actually share the power by simply plugging in the portable lamp for 30 seconds, 45 seconds, and then taking hours of light home with them, whether it's walking home in the darkness from school to their homes and then actually using the—the lamp as a lantern for their whole family to enjoy the power and the light.

And, of course, if anyone's interested in anything else other than soccer—not everyone plays soccer—as well, we're actually—I actually have with me prototypes for the jump rope and the American football, if anyone wants to play around after this. Why not, right?

But again, thank you so much for—for everything and for just shedding light on what we believe to be a very important issue. Thank you.

(APPLAUSE)

MODERATOR: Please welcome Mr. Michael Froman, assistant to President Barack Obama and deputy national security advisor for international economic affairs.

(APPLAUSE) FROMAN: You know, when I looked at the program this morning I thought following former Secretary of State Condoleezza Rice might be a hard act to follow, but it's nothing compared to Jessica and Julia, so this is really a—a tremendous honor to—to be here and to share at this program with such a distinguished group including, very much, the—the awardees.

First of all, I just want to thank Dr. Rice—and we had a moment in the green room after she spoke—for her efforts, the efforts of the Bush administration to—to launch the MCC. It really is such a terrific legacy of that administration and one that we welcome and look forward to continuing to support and to be part of.

I'd like to thank Senator Leahy, who I understand will be here a little bit later, for his continuing support of MCC.

And I'd really like to thank Daniel, who's been such a terrific leader of the organization and such an important contributor to the administration more generally.

So thank you very much, Daniel.

(APPLAUSE)

Thanks to all the—and congratulations to all the awardees and to MCC for having this second forum on—on global development.

I wanted to take just a few minutes this morning to talk about the MCC, its work around the world, and its contribution both in and of itself but how it's contributed more broadly to our development policy across the administration.

Now, the development gains we've seen around the world over the last decade or so are impressive and the progress we're now seeing in Sub-Saharan Africa is—is nothing short of remarkable. The region is set to grow, as many of you know, by more than 5 percent this year, and six out of 10 of the fastest-growing economies in the world are found in that region.

Investment is up—way up—and private flows of capital now substantially exceed flows of foreign aid. Poverty is down and incomes are up. The percentage of extreme poverty found in Africa in 1980 was 94 percent; today it's just under 50 percent. And average income has increased significantly, in some cases by up to 30 percent.

MCC's experience has been enormously helpful as we've worked to make our assistance more effective, including by leveraging public sector reform and private sector capital flows. And one of the lessons of the MCC is the power of example and the importance of incentives.

We've all benefited enormously from the MCC model and from working with the very talented MCC team and they've been a critical input to the administration's development policy since the first days of the administration. For example, the Partnership for Growth, which builds on the MCC's constraints analysis analysis—under that Partnership for Growth we've conducted rigorous joint analysis on defining constraints for growth with four partner countries: El Salvador, the Philippines, Ghana, and Tanzania. And from that we developed joint action plans with the four countries to address their constraints.

These governments are already acting on the various reforms and steps that were identified in—in those joint plans, and just last week—or a couple weeks ago now—we sat down here in Washington with the four governments to discuss how we can make the Partnership for Growth work even better and take it forward.

One of the ways we can make our development efforts more better is to enhance the concerted effort we put in to integrate the capabilities of all of our agencies, including the MCC. That means making sure that the policy reforms we advocate and the technical assistance we provide is consistent across the MCC, USAID, Treasury, and State.

It means using the broad range of U.S. government tools to drive trade and investment, including looking to OPEC, Treasury, and USAID to mobilize risk mitigation tools as well as financing to leverage private sector investment. It means looking to Ex-Im and SBA to be even more creative in providing trade finance; USTDA to fund feasibility studies; and USTR, Commerce, USDA, and DHS to lead efforts to facilitate trade, promote regional integration, and eliminate barriers at the borders.

From the planning of development programs, to their coordination with other donors, to their implementation, and through the data-driven evaluation of their effectiveness, we recognize we have to do more with less. But we also recognize we have to do—be better from beginning to end.

For example, at the Camp David Summit with African heads of state, corporate, and—corporate CEOs and G8 leaders, President Obama announced the New Alliance for Food Security and Nutrition, which is a shared commitment to achieve sustained and inclusive agricultural growth and raise 50 million people out of poverty over the next 10 years.

The New Alliance is based on the proverbial three-legged stool. It works by generating commitments by African leaders to drive effective country plans and policies for food security. It works by aligning G8 assistance behind

this country plan. And very importantly, it works by leveraging commitments of the private sector to increase investments where the conditions are right.

Already we're seeing concrete results. Ethiopia has ratified a new seed policy and created one-stop shop to assist domestic and foreign agricultural investors to secure access to land. Ghana has launched an agricultural production survey.

Tanzania has dedicated 9.3 percent of its budget toward agricultural plans and plans to hit the cadup target of 10 percent by the end of this year. They've also repudiated export bans, which exacerbated the food price prices of 2008, 2009. And we've already seen the demonstration effect. At UNGA last year the New Alliance announced the expansion to three new countries: Burkina Faso, Cote d'Ivoire, and Mozambique. And we expect not only progress in these six countries but new countries to be added under the U.K.'s presidency of the G8 this year.

The private sector has committed \$3.5 billion to—to invest in agriculture in the New Alliance countries, and already several companies—AdCo , UPL , Cargill, DuPont, Netafim, Rabobank, Syngenta, Unilever—they're already working in these New Alliance countries to find investments.

And civil society has come to the table. Last year InterAction, which is an alliance of 198 U.S.-based civil society organizations, pledged over \$1 billion in private, nongovernmental funds over the next three years to promote agricultural productivity in—around the world.

The New Alliance is an example of the kind of modern development enterprise the administration is pursuing. We're backing reforms with credible and country-led plans. We're aligning donors behind these country-led plans and we're bringing the private sector on board.

And this is just further testament that if an enabling environment is created the private sector will play a meaningful role. Companies are no longer looking at this simply as philanthropy or corporate social responsibility. Rather, these are largely commercially-driven, market-based, risk-adjusted return oriented investments. In that regard they're sustainable over time.

Let me just conclude by talking briefly about one area where this approach could be critically important. As many of you know, one of the most critical constraints on growth in Africa is the lack of affordable access to reliable electricity. Today 70 percent of the population in Sub-Saharan Africa is without electricity—85 percent in the rural areas. And yet, the region is discovering vast reserves of oil and gas as well as significant potential to develop geothermal, hydro, wind, and solar energy.

To address this challenge we recognize that our efforts to date, including those by MCC, have laid a good foundation but have not gone far enough. We need to partner with governments and the private sector to bring investment that can truly be transformative, and I think we've seen one of those investments right before this with the—with the SOCKET ball.

We need to be the enablers of investment by helping to achieve the political and economic reforms that will attract private sector activity. And the game-changer here is governments—governments led by leaders who've decided to put political skin in the game, governments that are committed to governing well by fighting against corruption, by promoting transparency, by elevating the rule of law, by providing their citizens with unrestricted access to the tools they need and empowering them to change their lives and build their economies. Collectively, we—governments, the private sector, innovators—could not have gotten here today without working together and tapping into the evidence we have on what works and the creativity we know will foster the change we want.

In that spirit, let me again congratulate the award winners, congratulate the MCC. We've come a long way but we have much further to go, and we'll get there thanks in large measure to the dedication and creativity embodied in the MCC and what it represents.

Thanks very much.

(APPLAUSE)

MODERATOR: Ladies and gentlemen, please welcome Mr. Michael Froman to our discussion area, joined by Mr. Dennis Fleming from Chevron Corporation, this year's event sponsor, and Mr. Brian Kelley, the CEO of Green Mountain Coffee Roasters, for a conversation moderated by Mr. Frank Sesno.

(APPLAUSE)

SESNO: We are going to have a brief conversation because next parts of the program—the third award and Senator Patrick Leahy—are all in the wings.

So Michael Froman, let me ask you and throw this up as a—a jump ball for everybody, is to how the administration and—and private corporate partners can work together and are working together to bring these partnerships into new markets?

FROMAN: Well, first of all, we try to take an approach that melds our trade policy as well as our development policy, so we're working, whether it's through the Trans-Pacific Partnership or other trade initiatives, to open new markets for the private sector to—to be able to engage it. But we recognize, particularly with regard to emerging economies in least developed countries, that it's an extremely important—it's extremely important to have both sides at the table working on things like trade facilitation, eliminating barriers at the border, creating an atmosphere that promotes investment...

SESNO: At the table from the very beginning.

FROMAN: From the very beginning. And that's what we did with the New Alliance, that's what we're working on with regard to energy, it's what we're working on with regard to trade in—in East Africa.

SESNO: Is that a departure from the way things have been done?

FROMAN: Well, I think it—it builds on some of the very good work that—that the MCC and our other agencies have done over the years. It takes learnings from over the last few years and tries to take them to the next level.

SESNO: Chevron, Green Mountain Coffee Roasters, very different companies but both—corporations but both with sort of this global presence. What do you look for from the administration? What do you look for in terms of your own investments in these new and emerging markets?

FLEMING: Well, I think one thing that Chevron looks for is, again, partnerships, but looking at partnerships that are beyond just the—the financial resources, but looking at what we can all bring to the table to generate more development, looking at what resources that we have in terms of our networks of organizations and partners that we work with, particularly in some of the far-flung areas where, you know, resources are limited and—and presence is limited to be able to generate development.

SESNO: So what are those most important things that you're looking for for support from the administration, for example?

FLEMING: Well, we—we look...

SESNO: In that partnership.

FLEMING: Well, I think we—we look for the ability to be able to do advocacy with the host country government, to be able to kind of look for that shared interest and the shared messages that we're trying to get across in—in terms of good governance and economic development and policies that create more of an enabling environment for growth.

KELLEY: It would be very similar for us at Green Mountain to what you experience at Chevron. We source coffee from 30 countries around the world and some of the most challenged countries, and some of the things we look for first would be clarity of purpose, making sure that our purpose is shared both locally in the community as well as with the NGO or the governmental agency we're working with.

We also want to ensure that there's engagement—local engagement, buy-in to the process, buy-in to what it is we're investing in. We heard Dr. Rice talk about the intersection of interest and values, and that's what we look for, and if we can get it in all three parties—ourselves, the agency we're working with, and the local community—we know it works.

SESNO: We know that in—in 2010 a few years president announced his global development policy. This is the—the one that put investment at the core of all of this.

What progress, what change have you seen in the way we collectively—these public-private partnerships—are doing business?

FROMAN: I think we've seen—I think we've seen some good initial progress but we have—we have further to go. I think we've demonstrated, coming out of that process, that we were willing to be selective, focus on key countries where we think reformers are in place, we're willing to engage in those reforms. That means actually closing down programs...

SESNO: Examples?

FROMAN: Well, in the—in the—in the selectivity the PFG countries, the poorer countries—I think there are eight countries in—well now six countries in the—in the New Alliance, there are about 19 countries in Feed the Future, so really trying to focus our resources where we think they can have the biggest impact because we know resources are limited, and trying to make sure that there are—are counterparts in those countries who are willing to engage in reforms, including the reforms necessary to attract private sector flows of capital.

The New Alliance, I think, is really a bit of a—a whole shift—game-changer in terms of how we go about that. And I think it's a good model potentially for other sectors, in terms of being able to bring together governments, donors, and the private sector, as you said, from the start to help design the program and ensure that it's effective.

SESNO: Dennis?

FLEMING: Yes. I think that the partnerships and—and the opportunities to—to try and—and, you know, establish new approaches of—of doing these kind of things are—are something that we're definitely exploring in—in Nigeria at the moment with our Niger Delta Partnership Initiative, where we create what we call a corporate social enterprise and—and recognize that the way that we work with donors, the way that we partner with—with everyone—government entities, foreign aid donors, as well as civil society organizations—is—is kind of due for a new model, a new approach.

And so we try to—to reach out in ways where we can take much more of a business-led approach, much more of a private sector development kind of approach that looks at how do you get more economic development to the poor in particular, and what are the constraints that are there, just like what the MCC does in terms of looking at constraints at a country level. We look at it very much at a local level as how can we work with the other partners to try and remove some of those constraints.

KELLEY: We've seen real improvement in many parts of the world mostly because the monitoring and evaluation is stronger and stronger. The M&E work that's going on that we are participating in, that many of you are participating in, is getting much more rigorous than it ever was, and I think that gives confidence to the companies like us to continue to invest. We get to see the results. We see the results both locally and for our business, and so it works.

FROMAN: And let me, if I can, let me just give you one specific example...

SESNO: Please.

FROMAN: ... one of my favorites from MCC: In Tanzania under an MCC compact MCC was able to bring in a U.S. power company, Symbion Power. It was their first exposure to Africa. They had a positive experience and now they're working around the continent on their own, outside of any development programs, looking for investment opportunities. They're doing work now in—in Nigeria as—as well as elsewhere.

So it just shows that these programs can have a leveraging effect to bring the private sector in and have a positive impact.

SESNO: Let me ask the private sector, if I could, because we're—we're—we're talking about you a lot today, what your experience has been working with civil society—NGOs, CBOs, and others—in the countries in which you do business, what your takeaways have been from this experience.

KELLEY: I would say that we've—we're continuing to learn. We're learning a lot as we do this. We...

SESNO: What are you learning?

KELLEY: We're mostly learning the fact that—I mentioned up front, the—the purpose and objectives up front are very important because when you come together and your objectives are not aligned it's very hard to make it work. And if your objectives aren't aligned with what the local community needs it doesn't—it doesn't work well either.

I would say we're also learning that the values matter. We see it—our Green Mountain brand or our Keurig brand, for instance, people buy values today as much as they buy our product. They buy the values of the company. And when we can actually go into a country like Nicaragua, Guatemala, or Kenya, or Ethiopia, or Vietnam, where we're sourcing our coffees and we are working with them locally to define projects with them that they need and they're beneficial to them, it helps us—consumers love that we're participating in it and so it's good for us, it's good for the company, it's good for the local country, and it's—it's very good for the NGO or the governmental agency that's working with us...

SESNO: So this engagement actually enhances your brand...

KELLEY: It does.

SESNO: ... in the marketplace.

KELLEY: It does.

SESNO: And you do that very deliberately.

KELLEY: In fact, we believe more and more today particularly young consumers—they don't buy products anymore; they buy the values of a brand. And it's very important that a brand reflects the values of the consumer, and we know what's critical to consumers today.

SESNO: Very different company, very different brand, same experience or very different?

FLEMING: Well, different in—in many ways. Our corporate social enterprise that we—we do in the Niger Delta is very focused on kind of creating growth and—and promoting stability in the region where we operate. And so it gets us the flexibility to work across a broad range of sectors and we—we look very heavily at what's going to create jobs and create growth.

And so we work very closely with local civil society partners there, and building local capacity is something that we try to mainstream in—in everything that we do, recognizing that a lot of times there's gaps in capacity that we need to fill with international NGO partners and—and others coming in, but layering it in such approach that we—we build local capacity, because we really feel that it's not just enough to fund good projects but you need to—to build the capacity to do more good projects in the future, and so that local capacity-building is—is one of the strongest emphases.

SESNO: All right.

Let me wrap us up, because Daniel and Senator Leahy are, as I mentioned, waiting in the wings, with a very quick question and a very quick response from each of you if I could: Pull out the scorecard, all right? You're in the room, you're wherever else, you've been hearing his conversation, Millennium Challenge Corporation coming up on its 10th year. We're now five years down the line. Progress has continued. We're pleased with what we see.

What are some of the specifics where we've moved the ball? What are some things that are happening that demonstrate that this approach, this return on investment, is actually working? Scorecard.

FLEMING: Well, I—I think that this whole idea of tying it to governance and—and making sure that there's some incentive there is—is really critical, and I think that that's kind of a new approach and - and something that we're seeing results of in a number of countries, and so yes, I think the score is (inaudible).

SESNO: Michael Froman?

FROMAN: I think it's all about outcomes. On health we want to see more healthy people turning the—the curve on AIDS and—and other major diseases. Agriculture, we want to see fewer and fewer people suffering from food insecurity. And on energy, we'd like to see more people enjoying electricity and all the benefits that that...

SESNO: More of those SOCKET balls.

FROMAN: More of those SOCKET balls.

SESNO: Brian?

KELLEY: We look for actually three very specific things that we—we look for. Coffee farmers grow our product, and so we want a sustainable farmer who can earn money to then invest in other things to have a sustainable living all throughout the year to make sure that they can invest in education and health, so sustainable farmers is the most important thing to us.

The second thing is we look at the growth of fair trade. We believe that fair trade coffee is the right thing; it pays a premium for farmers.

And the third thing is we think, we'll build capability around the world. We'll see less coffee disease. We'll see less disease in agriculture because we'll—we'll bring expertise and we'll bring knowledge to farms around the world.

SESNO: My last question today: How many cups of coffee a day do you drink?

KELLEY: Not enough. We serve about 10 million cups a day.

SESNO: And you don't drink half of those.

KELLEY: No.

SESNO: I see. OK. Just checking.

I want to thank you all for a very, very fruitful conversation.

And it's now my great pleasure to begin the presentation of our third and final award with the showing of this video that captures the importance of the work that's being done by Green Mountain Coffee Roasters. And we'll turn it over to Daniel Yohannes and Senator Leahy from there. Thank you.

(APPLAUSE)

(BEGIN VIDEO CLIP)

VIEW: <http://www.youtube.com/watch?v=wiKNiWosUCQ>

(END VIDEO CLIP)

MODERATOR: Please welcome to the podium MCC CEO Daniel Yohannes and Senator Patrick Leahy.

(APPLAUSE)

YOHANNES: Friends, we are truly honored to be joined this morning by a leader who has shaped U.S. foreign assistance, including the passage of the legislation that established the Millennium Challenge Corporation. He has served his state of Vermont and our country for nearly four decades with great distinction.

He's the chairman of the Senate Judiciary Committee. He's the most senior member of the Appropriations and Agriculture Committees.

As chairman of the Appropriations Subcommittee on State Department and Foreign Operations he follows our work at MCC with great interest, which we deeply appreciate. And we continue to benefit from his wise oversight and advice.

Ladies and gentlemen, to present MCC's corporate award, please welcome United States Senator Patrick Leahy of Vermont.

(APPLAUSE)

LEAHY: Thank you.

Daniel, thank you very much, and I want to thank the MCC for inviting me to introduce and congratulate Vermont's own Green Mountain Coffee Roasters.

The video you just saw probably says it far better than I, but I wanted to be here, and Nicole Mannel from my office is here. She'll be able to stay after I leave to go back to a meeting at the Smithsonian. But I'm so proud of Green Mountain Coffee. We sort of think of it as being the best of Vermont—the best traits of us. It's hard-working, people there, they're socially and environmentally responsible, they engage in helping people in need not only here in the United States but abroad. You know, what's not to like?

That's why when you selected them as this year's recipient of the MCC Corporate Award a lot of cheers went up in my office. I think anyone who knows Green Mountain Coffee knows that they are committed to the power of partnership to reduce poverty and create economic growth, as you say in the award.

They were recognized in 2011 as the world's largest purchaser of fair trade coffee—not just something to stamp on their coffee, but something to stand for no matter what it costs them, no matter how hard they had to do it. This year they plan to have 35 percent of their coffee they sell be fair trade certified and to convert their top-selling Nantucket blend variety to fair trade certified.

They've also experienced today growth and production sales of Rainforest Alliance certified coffee and they place 5 percent of their pretax earnings toward the initiatives in social and environmental causes. They put their money where their corporate mind is, and I appreciate that.

They've shared with you the experience of working with the chronically poor in Tanzania, El Salvador, Honduras. Daniel and I were talking about that earlier before we came in here. They've picked projects that will help people in the short term, but then to address the underlying causes of food and security and poverty in the long term.

I'll give you an example: Tanzania, where you've just traveled, Daniel—Green Mountain Coffee collaborated with the Jane Goodall Institute to stop deforestation and what remains of endangered chimpanzee habitat. Have you ever met with Jane Goodall? She'll make a convert of you.

I met with her. It was going to be a fairly short meeting in my office. She made sure my wife was there too and we were not allowed out of the office until we committed to help her.

Green Mountain Coffee is already helping. It's a boon to both humans and chimps. (inaudible) attract the chimps with a food source, but the coffee bushes form a barrier between the chimpanzees and local farmers who can turn to harvesting coffee within the trees the chimps need.

And if you haven't tasted Green Mountain's Special Edition Columbia Reserve coffee, try it. It's worthwhile. It really is. And I'm not a paid spokesperson for Green Mountain Coffee.

And I want to mention what they do to mentor and evaluate their international projects and these have a great impact on what we're doing. You know, I have to fight every year in the Senate and the Congress to get money for foreign aid. It's not the most popular thing to ask for, although it's one of the most important things in a great a good country like ours, and I'll keep fighting for it.

(APPLAUSE)

LEAHY: And what we have to do is focus on what we get for the money—not just spending more money, but what do we get for it? And we've had too little evaluations on the impact of foreign aid programs on government institutions, so I commend MCC for working on that. We have to make sure we're getting the direct feedback

from the intended beneficiaries—not just giving the money but find out, does this work or does it not work? That's how it should be for all of us.

So without saying more, I just wanted to let you know I'm here for two reasons: one, to compliment you, and we did fight for the money, as you know, and did get it; but to compliment Green Mountain Coffee. And I understand that we're now going to have the CEO, Brian Kelley, come up here to...

(APPLAUSE)

(UNKNOWN): (inaudible)

KELLEY: Thank you very much.

And thank you, Senator, for the warm Vermont welcome. We were just together in our offices a few weeks back, so it's very nice to see you here this morning and nice to be here with everyone this morning, as well.

I am here to graciously accept this award on behalf of the thousands of employees at Green Mountain and Keurig, our companies that are located and headquartered in Vermont. We also have a large presence across the country. And as we mentioned earlier, we source coffee from 30 countries around the world and we sell it and we market it here to American consumers who love it.

Actually, having joined Green Mountain Coffee fairly recently in the last six months, it's—it's a particular pleasure for me to be here because I can boast a little bit about the company because I had nothing to do with all of the great work that they've been doing for years, and I say that because Dr. Rice earlier this morning said that history has a long arc; we know that companies and businesses have a long arc, as well, and GMCR, our company, has had a long and proud history of partnering with farmers and partnering with growers and customers around the world to ensure that we have high-quality coffee that our consumers love.

Now, a significant portion of our business and the success of our business is reliant upon these small-scale coffee farmers in many of the most challenged economic environments in the world. And they face tremendous risk and tremendous challenge as they go about their daily lives.

They face risks like coffee rust disease; they face a changing climate; they face a volatile coffee market that they don't control. And too often they lack access to health care; they lack access to education for their children; they lack, most important, a very, very pressing need, food in the lean months, as we talked about in the video.

And there are over 25 million small coffee producers in the world, that are producing coffee for us and many of the others, who believe they deserve a fair price—and we agree—for their incredibly labor intensive crop—a price that doesn't just cover the cost of production but also allows them to live lives of dignity, to provide education for their children, a chance to feed their family, to send their children to school.

And back in 2001, when certified coffees and fair trade began, we signed on and we signed on with Fair Trade USA. By 2011 we became the largest fair trade purchaser in the world of fair trade coffee, and as Senator just mentioned, we—we expect to do over 30 percent of our coffee as fair trade coffee, where we pay a significant premium for these farmers and we get a higher-quality coffee and they get a higher price for their coffee.

But paying farming families a fair trade is only one thing we do to ensure that we support our partners. In 2007 through today we've worked with the International Center for Tropical Agriculture to survey small-scale farmers throughout Mexico and Guatemala and Nicaragua, and as you saw in the video, we learned that two-thirds experience extreme food security during those eight months of the year that are lean.

And we responded to this unsettling information by raising awareness of food insecurity, and we supported projects across the coffee industry, as many other of our partners in the coffee industry did, to help farmers diversify and grow their own food. Today over 300,000 people have benefitted from food security programs that we were funded and that we funded at GMCR, Green Mountain, and executed by skilled partners and NGOs around the world.

We do this kind of work because coffee farmers are our business partners. It's very clear and it's in the most fundamental sense a partnership of business and of common good.

Without a healthy, resilient supply chain our business is at risk, and if farmers have to worry about putting food on their table they won't be concentrating on growing high-quality coffee. If they can't make a living growing coffee they'll turn elsewhere, and as a business we can't afford that, and we can't afford to ignore the challenges they face.

And so we mentioned earlier and we've been talking all morning about interests and values aligning, and we see this as a very, very, very clever way of having interests and values align on something that's important to all of us.

So our mission as a company is powerful but simple. It's to create the ultimate beverage experience in every life we touch from tree to cup, transforming the way the world understands business. And on behalf of the more than 6,000 employees at Green Mountain, I am honored to accept this award that recognizes our collective responsibility to reduce global poverty through economic growth.

Thank you very much.

(APPLAUSE)

SESNO: While they are posing for their picture let me return to thank all of you for being here today.

Let me pay special—because I can't let this moment pass—special thanks to Senator Leahy and to Mr. Kelley from the Green Mountain Coffee Roasters. Having my own roots in the great state of Vermont, we can refer to ourselves as the Green Mountain boys here today. I heartily commend you to the state to go there and spend your many dollars, buy a lot of Green Mountain coffee, and help both Vermont and the world.

I also want to thank, very briefly, Senator Leahy, because my first job was in a little radio station in Vermont when he was a little senator from a little state—a long time ago. We were freshmen together.

But let me tell you this: Pat Leahy has brought to his job from the very first day he took it a commitment to agriculture, to food, and to feeding the planet, and he's brought that commitment in spades through his career, and I just want to thank you for that. Great to see you...

LEAHY: We still consider Frank as part of—part of Vermont. We get him up there every time we can.

SESNO: Thanks very much, Senator.

This has been an absolutely wonderful, fascinating, invigorating, and inspiring conversation. What the Millennium Challenge Corporation has done and is doing is a game-changer and I think we've heard that through the partnerships that we've discussed and learned about and through some of the examples that have been shared.

I, in the work that I'm doing at the university now with our young people and through this Planet Forward project, am focused on innovation, because I believe that it is these innovations—new ways of doing things large and small, from changing models of business to changing hours of business so that women across Africa and across

the world—around the world can participate more fully—have phenomenal capacity to lift not just some but hundreds of millions and, over time, billions of people into a new life.

We need to know about this, though. These stories need to be shared so that best practices can be replicated, so that practitioners can learn from one another, and so that investors and taxpayers alike know that they are making a wise investment and something truly that is going to have return on investment over time.

I also would like to pay special thanks to two people here today: Paul Applegarth, former CEO of Millennium Challenge Corporation. Paul, where are you?

(APPLAUSE)

SESNO: And board member Mark Green, former member of Congress. Mark?

(APPLAUSE)

SESNO: And finally and once again, to Daniel Yohannes. Daniel, your leadership and the example you set is truly inspiring.

(APPLAUSE)

That concludes the morning's events. Thank you to all of the award winners.

END