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YOHANNES: Good morning. Welcome to the Millennium Challenge Corporation.

And very special welcome to our friends from the diplomatic community.

I'm Daniel Yohannes, CEO of the Millennium Challenge Corporation. And thank you so much for your support and interest on what we do around the world.

I know some of you may be surprised to see me here again today after I said goodbye to you, maybe, last December. All I could tell you is I'm still waiting for Senate confirmation to be the next ambassador to OECD, so if you see me again in June please don't be surprised. The process is taking a very long time.

But I'm excited to be here and we've got a lot of good things taking place here at MCC. So I am very happy to be a part of the whole processes.

In a few minutes Paul Weinberger, our vice president for congressional and public affairs will moderate a discussion with our panel. And before I give the podium to Paul let me start by touching on some key developments since we last met in December.

The big news is, of course, our budget. And the president submitted a request of $1 billion for 2015 fiscal year, and that is 11 percent increase over 2014 and we are extremely excited, given today's very tight budget environment. The administration is also proposing another $350 million for MCC as part of the president's Opportunity, Growth, and Security Initiative.

Of course, our congressional budget justification is posted on our web site, and for those that are interested to see how we plan to spend the money, please do so.

And of course, we certainly welcome and appreciate the strong support for MCC, given the tight budget environment. It certainly shows that MCC's model is respected and valued. It also sends a very powerful message to our partners and to those who want to be our partners that MCC is a key player in the Obama administration's efforts to reduce poverty and advance the U.S. global development priorities, and priorities like Power Africa.

And Kamran Khan, our vice president for operation, will be speaking about Power Africa in a few minutes. Stay tuned.

And the increase in funding is also an endorsement of MCC's approach to aid effectiveness. For the last 10 years we have pushed the envelope on key principles and values defined in how and why MCC works.

Our rigorous, data-driven approach to fighting poverty treats foreign assistance like a business and hold partner countries accountable for results. We use data how we select countries; we use data to make investment decisions and to monitor and evaluate the performance and impact of our partnerships. And we do all this with accountability and transparency.

And like a business, we want to find ways to do our work even better. Though I am extremely proud that MCC was ranked number one in the world on the last Publish What You Fund Aid Transparency Index, we need to continue pushing the importance of transparency in our work.

I want to continue with our effectiveness. We've been looking at such creative financing model as cash-on-delivery and pay-for-performance to further tie our resources to results on the ground that make a lasting difference.

Speaking of results on the ground, last week I signed an agreement with the Office of the Global AIDS Coordinator, also known as OGAC—there are a lot of acronyms that we use here—which manages the President's Emergency Plan for AIDS Relief, better known as PEPFAR. Through this agreement MCC will partner with OGAC in a new business model for planning the country ownership of PEPFAR resources. Of course, you know, MCC is an expert in country ownership; we've done it for the last 10 years; we've done a lot so we're very capable, looking forward to be able to work with OGAC.

When the panel convenes, Chris Broughton of MCC and Mamadi, who's sitting here, are going to be talking about the entire process. Eric Goosby and I began this process about a year and a half ago, so I am very thrilled and very happy and very thankful to the team that made this possible.

And now let me turn to Wednesday's board meeting. First we discussed MCC's efforts to measure and combat corruption. As you all know, MCC works hard to pick partner countries that share our commitment in fighting corruption. We use the best data available to measure this commitment but we're always looking to make it better.

Ladies and gentlemen, it's not easy—in fact, it's very difficult to measure corruption. But we're going to be reaching out to the expert to brainstorm, to find better tools and better sources so we could provide our board with better-informed decisions as we measure this very difficult area. And we're going to be reaching out to a lot of our stakeholders in the next couple months so we will report back to you with our findings.

Second, the board was briefed on the policy reforms under way in Benin, Liberia, Morocco, Sierra Leone, and Tanzania. You know, the board expressed concerns about these countries last December.

Four of the five failed the scorecards but we provided the board with actions these countries have taken to address our concerns and those concerns of our constituencies. So I am very pleased with where we are and we hope that all this work that are being undertaken by our partner countries will result to a better scorecard.

Third, we presented the lessons we have learned from 10 years of implementing major infrastructure projects. Sixty to 65 percent of our investments are being primarily concentrated in infrastructure-related projects. We're building roads, bridges, ports, waters, and energy in our partner countries, and this is not by design but this is based on evidence.

And we've also learned a lot in the last 10 years from our operations, and as such, we've made a lot of adjustment to how we do constraints analysis, how we design, implement our programs. We'll continue to do that to make sure that we're getting the best return for American taxpayers.

And we also have learned that, you know, it's best to get the private sector involved right from the beginning, so we've made a lot of adjustments in the last four or five years. In fact, many of the compacts that have been signed in the last four or five years include some kind of participation with the private sector.

So today I know Kumar, who is sitting here, is going to talk about one of our projects in Zambia, where we have concentrated primarily in the water and sanitation projects.

So a lot of good things are happening and I will stop here to get your comments or questions before I invite Paul Weinberger to come to the podium. So I'll stop here. Any questions or comments?

Yes, sir?

QUESTION: (OFF-MIKE) I wanted to ask in terms of outreach to all stakeholders, and we're very proud of the great work that MCC has done over the last 10 years—are we also looking at going outside Washington as we are reaching out and informing greater America of this great work that is being done? And how do you plan to do that, and how can we be of assistance in making sure that we go outside of Washington to accomplish that? Thank you.

YOHANNES: Thank you, sir. The outreach is going to be conducted by our policy and evaluation group, which is headed by Sheila Herrling, and, you know, we plan not only to reach out to our stakeholders here at home but globally. We're looking for the best minds, the best brains in this important topic, so I commit to you that we're going to be very aggressive in terms of reaching out to all of our constituencies globally.

Thank you.

Well, thank you very much. Have a great discussion.

Paul, it's all yours, all right? Thank you. All right.

(APPLAUSE)

WEINBERGER: Thank you, Daniel.

And thank you all for being here today. I'm going to start by introducing the panel.

Today we'll be joined by Himesh Dhungel, who is our senior director and practice lead for MCC's energy portfolio, and he'll be taking the place of Kamran Khan in talking about our—MCC's involvement in Power Africa.

Himesh, thank you.

And then we'll hear from Kumar Ranganathan, who is our senior director and practice lead for our water portfolio. And Kumar will give an update on the water and sanitation project in Zambia.

And finally, we are joined by Chris Broughton, our development policy adviser at MCC; and Mamadi Yilla, who is a director in OGAC, the Office of the Global AIDS Coordinator for the Department of State.

Great to have you here, Mamadi. Thank you.

And they'll be talking about what Daniel just talked about, which is our new partnership with PEPFAR.

We've got a lot going on, so as soon as you're seated I will ask Himesh to get started. Thank you.

DHUNGEL: (OFF-MIKE) OK. Can you hear me? OK.

I'm happy to be here to be talking about Power Africa, and as you...

(AUDIO GAP)

DHUNGEL: ... President Obama announced that...

(AUDIO GAP)

DHUNGEL: ... and the—really the fundamental reason behind that was that, as you see, the energy poverty in Africa is—it's very striking. And I don't know if you all have seen this picture of the globe taken at night, which basically show the continent, really, being the only continent that's almost entirely dark.

And so the initiative really was put forward to bring all of the U.S. government agencies together to see how we can help increase access in the African continent. So consequently, all of the U.S. agencies have banded together to bring our individual expertise and also to reach out to the private sector to come up with a more coherent approach to increasing access.

Now, that requires, I would say, two sort of streams. One is really focusing on how to get some of these near-term business opportunities, what we call transactions, happen, because there's a lot of capacity gap on the other side when private developers are trying to strike a deal that the governments tend to have a lack of capacity in negotiating sophisticated transactions. So there's a focus on pushing these transactions forward.

And then the other one is really about building more of a longer-term sort of the enabling environment for the private sector to be able to do this without a lot of interventions from anybody, that the governments are and the markets structures are so that there is a demand pull rather than some kind of a push for these transactions to happen—so—but with the goal, again, being putting more generation, transmission, distribution in the continent so that you are expanding access more rapidly.

And again, it's all about, you know, touching the beneficiaries, ultimately. And I would just leave there at this time by just saying that there are a number of events that are going to be taking place around the one-year anniversary of this initiative, starting with an energy ministerial—Africa energy ministerial meeting in Addis in early June. And then there's going to be an African leaders summit that has been organized in August in D.C.

And as part of this, obviously, as you know, the six—out of the six countries, MCC is active in three countries: Liberia, Ghana, and Tanzania. And in the last, I think, town hall meeting somebody had asked, you know, what about Malawi, and I think we're still in the process of seeing whether Malawi can be part of that initiative.

So with that, I'll just stop.

WEINBERGER: Himesh, thank you. I wanted to ask just a few—for a few practical details, and I'm wondering if you can tell the audience where MCC may be making its investments.

And also, I know we have a number of private sector representatives in the audience and they might want to hear more about some opportunities for them, and particularly when they might be seeing procurement opportunities?

DHUNGEL: So as I mentioned, there are three countries where the three countries, part of the six Power Africa—Liberia, Ghana, and Tanzania—are our partner countries. And Ghana—amongst the three, Ghana is the more advanced in terms of compact development, and that is also a compact where 100 percent of our effort is going to go into energy.

In terms of Liberia and Tanzania, both countries have prepared their—what we call the constraints to economic growth analysis, and in both countries what we discovered or what the country discovered in—you know, in partnership with us is that power and transport, particularly the roads, were constraints to economic growth. So consequently, the Tanzanian and Liberian compacts will have some combination of energy and transport.

And in terms of sort of business opportunities, at this time I think that we will—Ghana would be probably the first one to come in terms of what might be available once the compact has been signed. For Tanzania and Liberia it's really not from the MCA end but more from the MCC end, where we will be requiring additional resources for—technical resources and expertise for due diligence work. So that's sort of what's coming up.

WEINBERGER: Thanks so much. Actually, one last question.

You talked about that striking image of how Africa looks from space and—and how that really represents quite powerfully the lack of adequate access to power in the continent. I just wondered if you could talk a bit more about the beneficiaries you see from MCC's work and how this fits back to MCC's basic role of fighting poverty through economic growth.

DHUNGEL: Thank you, Paul, for that question.

As I mentioned that we start our analysis from constraints to economic growth sort of analysis and study, and the approach that we take is that it's all about getting access to reliable and affordable electricity to the ultimate beneficiaries, whether they are businesses or they are rural consumers, urban consumers, peri-urban consumers.

So our approach has some kind of a balance between investing in infrastructure itself so that there's a—a direct sort of impact, because true power investment in power lines or substations or what—you know, other set of hardware. But really the goal for us is to create an environment where the private sector can pick this up and contribute to the goal of increasing access.

What we've found, in order to do that there are some certain building blocks in terms of the policy regulatory environment that's needed. And we spend a lot of time in analyzing all of that work and recommending to the countries, you know, what the road map for a reform sector should look like or might look like, and then we will have milestones throughout our compact implementation period to monitor progress towards, you know, reaching that sort of environment where the power sector can perform on its own in terms of attracting the private sector—and again, the goal being bringing more generation, more investment so that access can be expanded.

Thank you.

WEINBERGER: Thanks so much.

And I'll ask members of the audience to hold their questions to the end and we'll have a Q&A for all the panelists at the end, if that's OK.

Next we'll turn to Kumar?

RANGANATHAN: Thank you, Paul.

Somewhere there's a clicker I think. Thank you.

Good morning, ladies and gentlemen. As we observe the World Water Day we find it appropriate to share with you an important compact or partnership that we have with Zambia which is focused on a single sector, which is water and sanitation. So my presentation is just to give you an overview of our engagement and our partnership with the country on this compact.

The compact objective, obviously, as all of you know, the objective of MCC compacts is to reduce poverty through economic growth. In the case of Zambia, the way we are trying to achieve this is by providing clean water and sanitation access to the people in Lusaka, which is the capital city of Zambia, in order to achieve favorable health outcomes, which would result in employability as well as labor productivity by reducing the losses of days lost in—in Lusaka, and thereby contributing to both poverty reduction as well as economic growth.

So in a nutshell, this is the logic behind our compact.

One of the interesting things that we did was we found as we engaged with the country early on during compact development days a lot of studies—useful studies—done by many donors—27 donors, to be precise—in Lusaka on various aspects. However, what was missing was a comprehensive approach to the sector in order to identify or to understand what are the drivers behind the population and the dynamics and the contributors for the sector in terms of water and sanitation services, what are the pressure points, and therefore, what are the focal and priorities that we need to consider as we move into providing meaningful assistance to improve the objectives that we—that I outlined.

So one of the first things that we did in conjunction with the government as well as other development partners is to do an investment master plan using MCC funds to understand the scope of assistance that we need to provide for the sector as well as to understand what are the priority investments that are meaningful for MCC investments, that if we do do that there is a bigger bang for the buck, so to speak.

So as a result of the investment master plan we understood that the Lusaka water sanitation sector need hard investments of about in the order of $2.9 billion in order to achieve the water access as well as the sanitation services to the population of Lusaka. Of that, we are addressing about $270 million of hard investments, which are—which we consider as priority, which went through that master plan exercise. So this is just to give you a context as to what is the challenge and what we are addressing.

The compact overview, the compact grant agreement was signed in May 2012. The compact entered into force in 2013. That brings us to a compact end in November 2018, so this is the timeframe within which we are trying to achieve this quite a formidable task of providing the prioritized investments to Lusaka to achieve those objectives.

So let us look at some of the challenges that we have. Here is a summary of challenges that we are trying to address through the compact in water supply.

There is an expanding population in Lusaka. People from the rural area are coming into, for economic opportunities, coming and crowding into Lusaka, which creates the urbanization pressure.

It's not just the population, but also Lusaka's geographical area is increasing, which puts further pressure in terms of the network expansion that needs to reach to those people as they crowd in the peri-urban areas.

Right now 30 percent of Lusaka has no access to piped water—clean water. Of the limited network that accesses people in Lusaka, about 40 percent of the water is lost through the system. The system has intermittent supply, in addition to that.

There is chronic underinvestment in the network, which means those numbers are getting worse and worse every year. As a result, people are resorting to groundwater extraction. They drill wells illegally, of course, and try to get water because—simply because there is no other alternatives, which creates a health problem because of the contamination. During rainy season, through the flooding there is a drainage issue in Lusaka, which adds health issues and exacerbates the problem.

So these are the challenges that we are trying to face and the balance that we are trying to achieve in terms of doing it in a comprehensive way so that our investments are sustainable.

On the sanitation is a similar scenario: 80 percent of the Lusaka people do not have access to sanitation and this is a challenge that we are facing in that sector, as well.

So what is the compact doing in terms of hard investments? In the water network rehabilitation and expansion these are some of the example investments that we are providing, which forms the priority investment that I was talking about under the investments master plan: 16 kilometers of transmission line, 300 kilometers of distribution network, nine distribution centers, 27,000 new metered connections in order to make sure that revenues are being collected. So these are some of the examples in the water network component of our compact.

On the sewage network and rehabilitation we are planning to put in 82 kilometers of sewer lines and 9,600 new connections in Lusaka. And in the drainage improvement, which is part and parcel of the water sector issue because if drainage is not taken care of it contributes to flooding; flooding contributes to the seepage of some of the sewer networks, which contaminates the wells and the—and the water supply. So they are—all of them are connected.

We are providing 30 kilometers of storm water drains to address some of the partial issues facing the drainage issue in Lusaka.

In addition to this, there are important other softer issues that need to make sure that sustainability is instilled in—as part and parcel of our investments. So we are providing assistance particularly on institutional development for Lusaka Water Company to act on commercial terms to be able to collect its revenues through system—enhancements of their systems and capabilities within the institution, and also to be able to—hopefully, down the road—able to increase their borrowing capacity so they can become independent in terms of raising funds for their own development.

So in summary, we are providing about 56 percent of our funds go to water sector, of which most of it is rehabilitation; 28 percent for drainage; and another 16 percent for sanitation.

Expected results, or why we are doing this: We—as you know, economic rate of return is an important indicator for our project success, and we are estimating about 13—about 14 percent of economic rate of return over a 20-year period through this assistance. 1.2 million people, we hope to touch in Lusaka through this project.

Importantly, financial stability is expected to be brought into Lusaka Water and Sewage Company, which is the incumbent or the operator that is providing these services, through arresting the water leakages and thereby increasing that revenue base for their company, and putting meters in so that they can now bill and collect, and also to raise their commercial capacity so they can act as a company as opposed to a government department.

We are also helping them for them to be able to manage their assets as a private sector, and also we are providing assistance to their Lusaka city council, who are to manage the drainage portion, by giving them capacity training.

So in a nutshell, ladies and gentlemen, that is the engagement that we have in partnership with Zambia, and I would be happy to receive questions at the end of it.

WEINBERGER: Thank you, Kumar. And actually, before we move on I just wanted to ask a couple questions. Can you talk a bit about how MCC is leveraging external resources to—to advance that work here in Zambia?

RANGANATHAN: Yes. Thank you, Paul.

MCC worked in partnership right from the beginning. So for example, as I mentioned, you know, there are several donors who have been engaged in Lusaka for a number of years—not just donors, but also NGOs. There's a wealth of knowledge that was already there.

So one of the efforts that we put in is to bring all of those partners to the same table so that we can understand from them, we can learn from them as to their experiences what the priorities are, and their work guided us in terms of the investment master plan. The investment master plan itself was a collaborative effort in terms of bringing those people in, getting their buy-in, and for them to sort of certify that this is an official plan.

The reason why that is important is that once the investment master plan is done this is sort of the—the banking document, so to speak, for Lusaka to go out not just get MCC funds but also to get other donor funds. So it is important for us to have that engagement with other donors because we would like Lusaka to use that MCC-funded master plan to go and secure more funding beyond MCC funding.

WEINBERGER: Wonderful. Can you also talk for just a bit about how this fits into MCC's broader water and sanitation work?

RANGANATHAN: Yes. MCC has $2.13 billion of water projects over the last six, seven years.

This is an important compact because it's focused—for the water portfolio because it's single-sector-focused. It is one of the largest compact that we have in our portfolio, certainly the largest water portfolio that we have in Africa.

But more importantly, I think being a single sector it gives us opportunities to look at it in a very holistic way in providing that support, and that's why, you know, we did the investment master plan and moving toward reaching out to hopefully catalyzing capital flow into Lusaka sector through our engagement.

WEINBERGER: Thank you, Kumar.

We'll now turn to Chris and Mamadi for our last presentation today?

YILLA: OK, so I will start us off, and just want to begin by saying what an honor it is to join our colleagues here at MCC to talk about this partnership. I like to tell people that we spent many months courting MCC and are really pleased that we actually got to where we've gotten.

So PEPFAR and MCC have been in a conversation around country ownership. MCC was very instrumental in helping us shape our ideas, which were published in June of 2012 in a paper on country ownership for the U.S. government health programs.

And when that paper was published a lot of people wanted to know, "Well, how are you going to operationalize this and how are you going to measure it?" And I think that MCC has really helped us a lot in our thinking around how PEPFAR can move from a program that was designed to be an emergency response to a program that can be sustainable, still buffeted by the United States but led and gradually owned by our country local partners, their civil societies, and their governments.

Some of you may not be very familiar with the shared history that PEPFAR and MCC have. We were both efforts born out of the Bush administration and further enforced and supported by the Obama administration.

We have flourished under bipartisan oversight, interest, and definitely funding. And for that reason, PEPFAR has achieved some remarkable results and made an impact in its mission in the quest for an AIDS-free generation. We have provided lifesaving therapy to close to 7 million people globally and have succeeded in a very ambitious agenda to prevent babies being born and infected with HIV.

So two very successful programs. It was just a matter of time that we would find a need for each other.

PEPFAR published a blueprint under former Secretary of State Hillary Clinton that laid out why achieving an AIDS-free generation was not going to be possible without a shared-responsibility agenda, and that is where our work around country ownership and sustainability fit, and that we and our country partners need to be mutually responsible for the decision-making around what evidence-based interventions are conducted by PEPFAR, that we want joint accountability and transparency for results and financing that our ministries of health and to be able to make their case to their ministries of planning, to their treasury for support for this epidemic, predictability in financing over the life of medium-term expenditure frameworks in country, financial management, procurements. Those are some of the key elements that have been a part of our dialogue with our country partners around country ownership.

So a lot of people have asked, "Well, why MCC?"

MCC's unique experience and track record in designing and managing country-owned assistance programs, including ensuring that congressionally mandated authorities are embedded in that governance, operational and execution structures that they've designed for their partnership make MCC a very appealing player for PEPFAR to learn from, to innovate with, and to evolve our relationships with country partners that we actually often share in common.

The fact that MCC is not an implementer or has any financial or organizational stake in PEPFAR make them a very appealing partner to us and we have really been pleased with all the conversations that we've had in designing this partnership, which I know a lot of people are very interested in and I'm going to turn to Chris to talk a little bit about that.

BROUGHTON: Thank you, Mamadi.

And I'm going to say that on behalf of MCC—well first of all, good morning, everyone. Ladies and gentlemen, thank you for joining us here.

We're extremely proud to enter into this partnership with the State Department. I want to thank Mamadi specifically for your leadership on this issue, and we are very confident moving forward that this is going to be an extraordinarily productive interagency partnership.

What I'm going to do is just give you a few minutes on what this is and what this isn't.

And so first what this is. This is an interagency partnership.

So within the United States government one of the elusive bulls (ph) has been whole-of-government effort in unison, and I think this is going to be an example of how United States government agencies can come together to leverage each other's capabilities, knowledge, and expertise for the greater good. Secondly, it's an opportunity for MCC to apply some of the principles and practices around country ownership to an entirely new policy space.

And I would just reference the principles in the practice paper that we have—I promise this is the only prop for today—on country ownership. This paper, drafted back in 2011, crystallized and embodies the agency's learning and experience around country ownership and what it means.

And so how are we applying some of these lessons and some of these practices? One, you have to actually give countries authority and responsibility to lead, and so country ownership can't just be a talking point; it has to be real.

Countries have to be trusted and you have to actually have mutual respect and mutual partnership. So that's one very, very important principle.

Two, countries need to be accountable. So there has to be a mutual accountability, and it's not carte blanche, and there have to be requirements and clear expectations from our side as to what we expect as we enter into these partnerships.

When we talk about country ownership we're also not just talking about governments. We're talking about civil society; we're talking about the opposition parties; we're talking about the legislatures; we're talking about local governments; we're talking about the private sector.

And so one of the things, I think, that MCC has been proud of is that when we've developed our compact programs—we talk about whole-of-government, these compacts have been whole-of-nation programs where we've had transfers of power from one party to another. And those investment programs, because they align with national priorities, are sustained; political commitment to them are sustained. Political commitment for policy reforms, for public investments are sustained.

So that's another lesson.

A related one is clear planning parameters, and so we need to be clear about what our expectations are up front and there has to be mutual accountability. And Mamadi mentioned congressionally mandated authority. In the context of PEPFAR, the role of science if very important and the experience—the really broad experience that you've had going after this epidemic over the past decade is extremely important.

And so while we need to make sure that we have homegrown solutions, those homegrown solutions need to be informed by science and need to be informed by what we've learned over the past decade-plus of efforts.

And—the final two (inaudible) that I'll mention is data-driven planning and making sure—one of the ways that you depoliticize decision-making is to have a common base of data, common base of knowledge, and a shared planning process. And that's been very important for us.

And then finally, countries oftentimes can't do everything themselves. They oftentimes do need help, whether that's oversight from our side to ensure that our standards are met; technical assistance capacity building from the private sector, from other actors, to ensure that they're successful.

The United States government certainly needs help, and that's why we have such a large body of contractors, right, that assist us in executing our mission. So I think other governments should not be ashamed of doing the same.

So that's what this is.

What this isn't. This is not an MCC compact, so we're not simply taking the MCC compact model and all the business processes and standards and economic rates of return and applying it to PEPFAR. That's not the case here.

We are providing a service, providing a partnership to Office of Global AIDS Coordinator and the PEPFAR family broader, but we're not simply going to enter into this as a compact.

This is about planning. This is about the planning of PEPFAR resources, not the implementation at this point.

And this is not about MCC programming PEPFAR funding. We need to be very, very, very clear about that, and we are looking—that's a whole separate conversation.

This is not about the MCC scorecard. So the MCC scorecard is one of the fundamental parts of our business model, but it doesn't apply to the PEPFAR policy space, where you have people on lifesaving treatment in a whole range of different country, including those that MCC doesn't work in.

And this is also not about conditionality. MCC has been willing, as you've seen in Nicaragua, as you've seen in Mali, as you've seen in Madagascar, as you've seen in Armenia, to hold our partner governments accountable for their political and democratic performance. That simply is—this is a different policy space and so the—the types of conditionality, perhaps, that MCC applies are different. It's a different policy challenge and so we go into that, you know, aware of that.

So with that, I'll end and turn it over to Paul.

WEINBERGER: Thank you. Thank you, Chris and Mamadi. And I just wanted to ask a couple quick questions before we open this up for the audience.

I'm wondering—this is an exciting partnership I know for MCC for all of us who've been working on this for some time—how will we measure success? How will we know if we've achieved what we wanted both from MCC's perspective but also from PEPFAR's perspective, as well?

YILLA: So from PEPFAR's perspective, three things—this is not definitely everything that we'll be measuring, but we are keen to see increased investment of national resources, including financing for controlling the epidemic, that should emerge out of this process; we want to be able—we want the country to be able to see a change in U.S. government practices of engagement that it deems valuable and value-add; and third, a measurable growth of local capacities in critical areas of public administration. Those are three things that are really important that would be deemed as us having had a successful engagement.

WEINBERGER: Chris?

BROUGHTON: MCC concurs.

WEINBERGER: Thank you.

One last question from me, and if you spend much time at MCC you'll hear talk about us being a learning organization so, Chris, I'm going to put you on the spot. Are we applying any lessons learned to our partnership here? And I hope the answer is yes.

BROUGHTON: Yes. So, I mean, several cases—I've touched on a few of them.

One is really this point about mutual accountability. Early on—and the principles in the practice paper, I think, articulate this—early on MCC was, I think, uncertain about what its real requirements were, and its requirements and its understanding of what is a good business decision for MCC has changed over time, and we've gotten better at articulating, and instead of entering into a partnership and then midcourse changing the goalpost, as it were.

So we want to be sure, as we work with PEPFAR, that we're very clear up front, as we enter into dialogues with these countries, about what the expectations are. And I mentioned those previously, you know, whether they're based on statute, or whether they've based on science, or whether they're based on best practice.

A second is around this issue of oversight, so the countries are leading and the countries are empowered, but at the same time that does to mean that we give up our fiduciary responsibility, our programmatic responsibility, or our ethical responsibility to stay involved as partners. This is a partnership, which means that there's give and take and that we're going to be involved.

And so that's been a lesson, and I think it's a—it's still a matter of debate and dialogue here within MCC. This morning, in fact, we had a conversation about a particular instance of this very topic.

The third is, I think, transparency and concentration, and the importance that we've put as an organization on transparency around decision-making, around what information is being used, and then the consultation, as—as I've mentioned, at a national level, different levels of government, across party lines, including civil society.

And so those are lessons that we'll be looking to apply in this partnership moving forward.

WEINBERGER: Thank you.

We've covered a lot today, and with this I'd like to open us up to questions from the audience. If you don't mind raising your hand, we'll have someone come over and bring a microphone. And if you could just introduce yourself and your organization that'd be great. Thank you.

QUESTION: Thank you so much. My name's Elise Young and I head the policy team at Women Thrive Worldwide.

Really helpful information. Thank you all. And I have a comment and a question.

First, I just want to congratulate MCC on the important work it's done on gender integration throughout the years and gender analysis. You really have been a leading agency in the government and it's been exciting to watch how that's evolved.

And so to that effect, I had a question for Mr. Dhungel on MCC's work with Power Africa. How are you going to take that gender lens and that commitment to gender integration into that work?

We all know that obviously it's going to have a lot of implications for women around the world who will hopefully have better access to electricity and roads, and yet there are certain, you know, risks along with anything new that you create like that. Where electricity is it will draw jobs, and if there's not sufficient safety standards or roads in place women can sometimes be at increased risk of violence.

And how do you also look at which businesses get electricity? How do you prioritize women entrepreneurs in the mix?

So maybe you could speak a little bit about that.

DHUNGEL: OK. Thank you. It sounds like you may have been listening to our conversation maybe last week at our internal meeting.

As you know that MCC, in our compact we have a gender sort of guidelines, but when it comes to electricity, you know, it comes down to access, and how do we ensure that the vulnerable part of society—women, the household issues—obviously we're also dealing with, you know, centuries-old practices so things cannot be changed overnight or in a five-year program.

But certainly what we try to do is when we are developing our programs, whether it's Power Africa or, you know, just our MCC compacts, is to look at analysis and ability and willingness to pay—sort of a survey to understand the landscape first. And then, more importantly, it's a balancing act of trying to on the one hand say that you're trying to strengthen the utilities that are financially weak, at the same time saying, well you've got to subsidize certain parts of the population.

So we try to strike that balance by providing the government with a lot of tools. So just give you an example of what one could be is, for example, when we do willingness and ability to pay analysis we also go through what is called cost of service analysis—for example, the utility—how much does it cost to provide service to every customer in the—in the country—that marginal customer. And then through that, what is called rate design, you know, that once the tariffs have been designed you go down to say, "OK, you know, if there are consumers at the 25-units-per-month category," which are basically a proxy to sort of really poor households, saying, "OK, for the first 25 perhaps it should be really subsidized."

But society as a whole needs to pay for that, so you make sure that the rest of the tariff will capture that sort of a subsidy. So there is some kind of implicit cost subsidy between tariff classes. And this is one way of getting at, you know, this issue of how do we ensure that the poor are able to consumer.

And then, you know, there's another question that is often discussed in this sort of area, which is, you know, the initial cost of connecting. And the way that we are approaching is that perhaps utilities need to design their connection program in a way that for the first 10 meters of line and the meter that's installed should already be baked into your tariff, so that again, society at large is paying for it rather than having this immense financial burden for even connecting for the first time, because it can cost, you know, $200, $300, and that's not the kind of money that, you know, a lot of the households have.

So we are looking at those aspects as we look at sort of how to design our programs, and obviously our gender experts are always there to guide us in the program. So that's just an example of how we deal with it. Thank you.

WEINBERGER: Thank you, Himesh.

And while we wait for the next question I just wanted to say thank you to Women Thrive because they've been a great partner with MCC since the early years and, in fact, helped us put together our gender policy to make sure we take gender considerations into account in all the work we do. So we appreciate that.

QUESTION: Hello. I'm Brian Bartle from USDA Foreign Agricultural Service, and as a follow-up to the previous question, I was just wondering at this initial stage working with Power Africa focus compacts, is the focus right now on—when you're talking about increasing and improving access to electricity primarily on megawatts and geographic indicators, or is there a complementary component focusing on facilitating the utilization of this new access to electricity on, say, key points in value chains?

DHUNGEL: OK. It's an excellent question.

Again, as you know, Power Africa is a U.S. government-wide program, and it gives different U.S. entities a platform to work off of. So with the goal that we have to increase access, and how do you increase access has, you know, different elements.

In countries where there are already programs to increase generation, they are—a lot of these projects are stuck in the transaction level, so our partner—you know, U.S. agency partner, such as USAID or OPEC or EX-IM, are now focusing on, OK, how do we unblock this—this problem, or open this pipeline for projects and add more generation?

If you look at MCC, our focus has been, at least in the limited number of countries that we have been operating in, you know, we've addressed it in two ways. One is looking at the downstream in the value chain, which is transmission and distribution. Again, remember that because of our five-year mandate we do have a little bit of a challenge trying to put a PPA in a generation project, so our focus typically has been in transmission distribution. So we do look at that.

And there are other U.S. and—agencies, such as U.S. Africa Development Foundation, looking at off-grid approach to increasing access. So it really depends—goes down to, you know, comes down to which U.S. agency and what their expertise and focus has been, and we we all come together as Power Africa to exchange notes.

And then I forgot to add that finally, you know, again, the general theme is that this sector needs to really move from state control and public to private, because the amount of capital needed in Africa is, as, you know, often quoted, $40 billion a year, and in fact, it may be even more than that because this is based on a dated sort of a 2010 report from the World Bank.

Only one-third gets financed, which means that the capital really has to come from the private sector, and the key is how do we mobilize the private sector to be more interested? And there's the focus on some of the structural issues of the power market.

Thank you.

QUESTION: Thank you very much. My name is Ashim Kumar (ph) from S.A. Towers (ph), and we are obviously one of the largest (inaudible) power transmission distribution and currently work in 16, 17 countries in Africa.

So I have two questions, one related to Power Africa, another one in the water sector, because we have been working in both these sectors. In relation to the Power Africa program, my question is in regard to the common (ph) policy of MCC, because we have been participating for long in the MCC-funded projects and we know that compact policy of the common (ph) policy, as applied onto the individual country's specific compacts.

My question is for the Power Africa program, the projects which have been (ph) funded by MCC, will there be any departure from the standard policy—government (ph) policy of MCC for other projects funded by MCC on the Power Africa program?

And second, my question (inaudible) water. And this is critical (ph) to supply of water. Like we have in the electricity sector, we have the mitigate (ph) concept for supplying electricity to the remote rural areas in Africa, but that we have the same kind of concept in the water supply system that we can for rural areas in Africa because there are solutions available, both in India as well as elsewhere, where you—you have the computerized sanitation (ph)—you know, water purification system, which can be stored in villages and you can supply the water locally within the small village.

(inaudible) because of water distribution by (ph). Thank you.

DHUNGEL: That's a good question, whether there will be a dependence on our sort of approach to procurement, and the answer is no because Power Africa is a, you know, if you can call it, it's a brand, it's an idea. And it's really bringing all of our U.S. government resources together to attack a problem, which is, you know, lack of access to affordable and reliable electricity in Africa.

The individual agencies will continue to work based on their own rules and regulations that govern their sort of agency, so MCC will continue to work, or the—our partner countries will continue to operate their procurement function per MCC guidelines, and other agencies will be operating under their own guidelines, as well. So there's no deviation from our current programs. Thank you.

RANGANATHAN: Yes. Thank you very much for sharing that. Absolutely.

Those are some of the water production, distribution technology is advancing rapidly. You know, on the rural side, yes, these have—there are many solutions like the mini-grid (ph) solution, which are applicable and works very well and involves the participation of the local communities with regards to water user association in terms of sustainability issues and delegate the ownership to—to the local level. Works extremely well in many countries.

In terms of the supply, you know, there are many other technologies coming—reverse osmosis, forward osmosis. You know, these are all things that we are—this is one of the reasons MCC is now having a sectoral in trying to capture those kind of changing technologies into our compacts. So thank you for sharing that.

WEINBERGER: I promise you, we'll get to the other side of the room as well.

QUESTION: And I can be quick; I wrote my question down. Uchechi Roxo with USAID.

I'm familiar with the PEPFAR space because I work in it, so this question is for the Power Africa and water sector. Can you talk a little bit about one or two major workforce challenges and how you're addressing that?

I'm thinking specifically not at ministry level, but with both initiatives implied is a very specialized skill set to carry on the work after Power Africa leaves, so whether it's training, development, capacity, because I—and I'd love to hear a little more. Thank you.

RANGANATHAN: You are touching an area that is very important for us, and I think that when we start engaging with a country that is one of the first things that we start looking at and that guides all the work that we do—that is, after we leave and our contractors leave and the consultants leave, you know, what is—what are the systems and capacities that we are putting in place that would take care of the assets, take care of the services that are interned there (ph) to deliver the kind of benefits that we are hoping that investment to deliver.

So, you know, we do work with the accountable entity; but more importantly, through the accountable entity we access the implementing entities. Now, implementing entities are the institutions that are going to survive after the compact, and they are delegated with the responsibility of providing the services.

That is our focal area in terms of engagement, in terms of partnering with our contractors, like project management consultants and specialized consultants, to provide the knowledge that is needed to the core (ph) group so that—for example, let me just give you one example. If we are using a hydraulic model to make an assessment with regards to how the water system should be balanced in let's say Lusaka, then it is important for us to train appropriate people in hydraulic modeling in the Lusaka Water Company so that they can not only use the system but also to make modifications as and when population grow, so they know what reservoirs to put where as—you know, in two years time, three years time. That is very important.

So that is our focal area is to make sure that—what are the key capacity development (inaudible). Capacity development should not be an umbrella, catchall phrase; it should be meaningful in terms of what is that we are responsible for as investors in order to make sure that is in the right place so that the system can continue the way we have designed.

DHUNGEL: I just want to add one thing to what Kumar has said, is that if we look at some of the three principles that we use in our sort of engagement in the power sector, you know, we invest in infrastructure, we look at sort of the—how to encourage private sector participation, so that's really looking at the reform of the sector. And then the third leg is the sort of the building the capacity of the sector institutions that we're involved in. So that's already built into our sort of a way of working.

But I'll just mention one where there's already good evidence that we have left a really strong team or capacity in the country is the MCAs that we work with. In countries—some countries where we have already completed our compacts they have found the team that has worked on the MCC program so effective in delivering these complex capital programs that they have now made them permanent within certain ministries so that they will now be responsible for executing complex capital programs.

So that is a sort of an evidence of that our model is working and that we are leaving with sort of the capacity in the country where there wasn't a good sort of a pool of people to manage complex projects in a professional manner. So I think I'll—you know, I think that there are some examples like Lesotho, Mongolia; I think part of our Armenia program was also went to a ministry—one of the ministries. So there are examples where, you know, these MCAs have made into permanent units of government.

Thank you.

QUESTION: Thank you. Hi. My name is Tony Ieronimo. I'm an adviser in the U.S. executive director's office at the World Bank, and so—I had a question.

When you said earlier that when you look at the power sector deals that it's very important to try to look to where there already is demand for this sort of investment, particularly from the private sector, as opposed to having a supply-driven approach, and so what I'm wondering is when you're engaging in countries where there are a lot of other donors operating in the field, including in the power sector, some of them are, frankly, more supply-driven, and I see this at the World Bank, as well, much more kind of build first and worry about the soft infrastructure aspects later.

So what I'm wondering is in terms of coordination and trying to message consistently to the government in the way (ph) to be effective so donors can—can all be effective in trying to convey a common message, what kind of challenges do you see in doing that in different countries and—and how does MCC try to be effective when there are these different views and different approaches to developing infrastructure in these countries from different donors?

DHUNGEL: Thank you. Hi. Actually, we come to the E.D.'s office for that help.

But it's an excellent question because some of the reforms, for example, that we may have diligenced (ph) and identified to be important may not have been in the vernacular even in the donor community. So one of the things that we do during—in fact, starting from the threshold program going to compact development—is donor coordination, and this is a very important aspect of our program development process.

And in fact, we do reach out to our E.D.'s office at the World Bank to convene the World Bank experts there on the sector level. We have dialogues with them in country and we try to harmonize as much as possible the kind of activities that we're engaged in.

And yes, there is not always consistency in how donors approach a particular sector. That's why I think our middle name is "challenge," as we try to manage that particular challenge in a way that will satisfy our stakeholders here in the U.S.

So thank you.

WEINBERGER: Thank you.

And I think we have time for one last question.

QUESTION: Thank you. Alan Edwards, U.S. Department of Justice.

Question is how do you guys bridge the gap between the generation side of the house and your distribution side of the house? Because when you're going to be running electricity your utilities, which are going to be your load-serving (ph) entities on some areas—some other smaller utilities will be giving your actual meters to everyone around the country.

How do you bridge that gap? Because the most important thing for the generator is to generate and get paid; he doesn't care about the end user. So how do you bring those two together in a foreign country?

DHUNGEL: Yes. This goes to the heart of the—sort of the reform program that we look at in our partner countries. In almost all of the countries that we're operating in there are vertical monopolies, and so generator, transmitter, and the distributor are all the same company.

And as many of you may know, the industry has evolved. The power sector has evolved. And the sort of the lesson learned over the last I would say 20 years, particularly since the Latin American countries sort of privatized their power sector, is that—that you should let competition be active in segments that can accommodate competition.

What we have found is that generation is one area where competition can exist, but if you do that then you need to reorganize the power market structure to allow the generators to operate in a more transparent way so that the transmitter or the transmission company is not sort of squeezing you out of market, because if you have the—there will be conflict of interest if the same license-holder who was holding a license to generate also owns transmission.

So one of the things that we do to kind of bring more transparency and more competition, more efficiency in power sector is to look at individual countries' sort of power sector, where they are in this evolution toward competition, and then ask them to create a road map so that—you know, in our five-year program we can't do everything. If you look at Vietnam and China it's taken them many, many years and they have a 20-, 30-year plan to get to full competition.

But recognizing the challenges of our partner countries, we do ask them to look at a—sort of look at the power market restructure and the road map and then ensure that all the pieces are fitting together to sort of bring competition, making sure that all these potential conflicts are avoided. So typical model that has evolved—one of the models that has evolved is to create what is called an independent system market operator, whose job is really to manage the generators on this side and the distributors on this side.

So that's one model that we think has some benefits. And again, what particular model will be proposed to a country depends on that country's sort of situation.

So it's an excellent question and we do look at it in our—during our due diligence and during compact implementation. Thank you.

WEINBERGER: Wonderful.

I want to thank the panel and thank the audience for attending.

As I mentioned, we'll be posting the video and a transcript online at mcc.gov. And just before you go, if you happen to be in New York April 17th, we'll be doing an event on MCC and gender and we'd love to see you there.

Thank you again, and I look forward to seeing you.

(APPLAUSE)

END