



MILLENNIUM
CHALLENGE CORPORATION

MILESTONES



NEWS FROM THE MILLENNIUM CHALLENGE CORPORATION FALL 2023

PARTNERSHIPS DRIVE THE GLOBAL GOALS



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SDGs AT THE HALFWAY POINT: PARTNERING TOWARD PROGRESS



Alice P. Albright

As we approach the twentieth anniversary of MCC's founding, we are also at the halfway point of the Sustainable Development Goals (SDG) agenda.

MCC shares a rich history with the SDGs. MCC was born in the early 2000s, when the Millennium Development Goals (MDGs) represented a promise that the world could work together to address global challenges and improve lives. This was also the dawn of a new international policy discussion around aid effectiveness and how donors can deliver greater development impact. MCC met this moment to become a bold experiment in testing these new aid effectiveness principles in pursuit of MDG 1: to end global poverty.

At its core, MCC is an agency informed and inspired by the global push for more country-driven, effective and sustainable development cooperation in the early 2000s. MCC partners with well-governed democracies to reduce poverty through economic growth and since its founding in 2004, MCC has invested almost \$16 billion in funding to 46 low- and lower-middle-income countries across six continents. MCC has used its investments to successfully deliver in key sectors ranging from transportation and energy to agriculture, health, education and community services, including substantial investments in core infrastructure and policy and institutional reforms. Collectively, these projects are improving the lives of an estimated 323 million people.

MCC's model has helped countries advance their development goals. And now more than ever, MCC's role in delivering on the Global Goals Agenda is critical.

In an interconnected and ever-evolving world there are a myriad of complex development challenges. COVID-19 and disruptions in global supply chains have increased food and energy costs, and persistent threats to democracy and human rights make it increasingly difficult for disenfranchised groups - especially women and girls - to satisfy their basic needs.

These challenges, compounded by Russia's war in Ukraine, have hindered and, in some cases, reversed development gains made over the past two decades, hampering progress toward achieving the SDGs. The latest reporting of 140 targets with available data reveals that just 12% are on track. Thirty percent have regressed since 2015.

A collective and concerted effort is required to redouble our efforts to revive this shared plan for prosperity. By working together and building robust partnerships involving stakeholders at all levels, we can forge ahead toward a more resilient, just, and sustainable world.

The United States is committed to the full implementation of the 2030 Agenda and all 17 SDGs, grounded in our determination to uphold the inherent dignity of every human being. While funding alone will not get us there, the United States is working to meet our pledges in the face of this challenge.

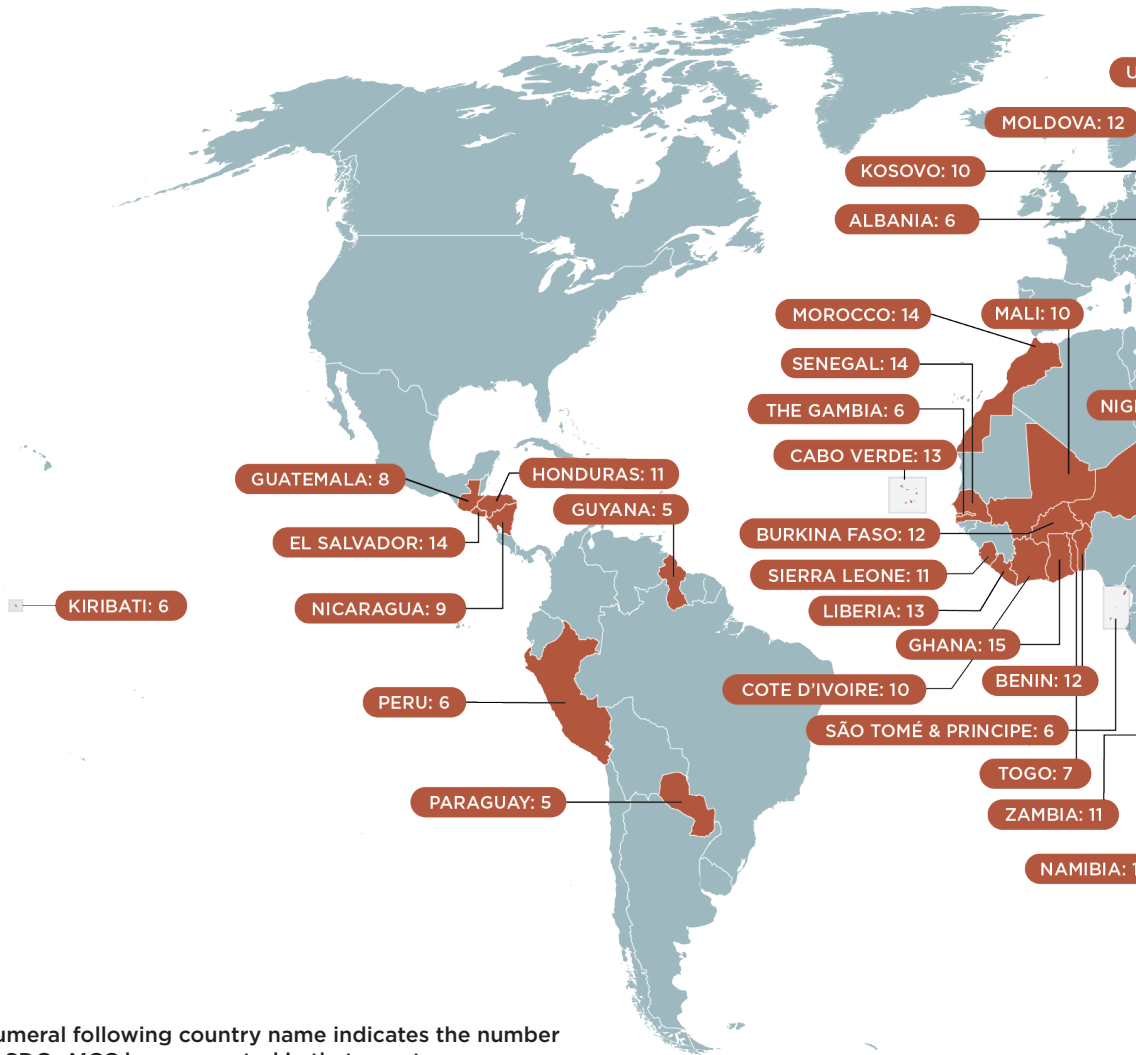
This feature edition of Milestones showcases compelling stories about MCC's work supporting such partner countries as Indonesia and Lesotho to deliver on their development goals. Telling the story of MCC's 20-year impact, highlighting the tangible outcomes of our partnerships, and demonstrating our work to advance the SDGs is a call to action and reminder that there is more work to be done. We must learn from our experiences, build upon our successes, and continue to adapt to emerging challenges as we rise to meet this critical moment. ✨



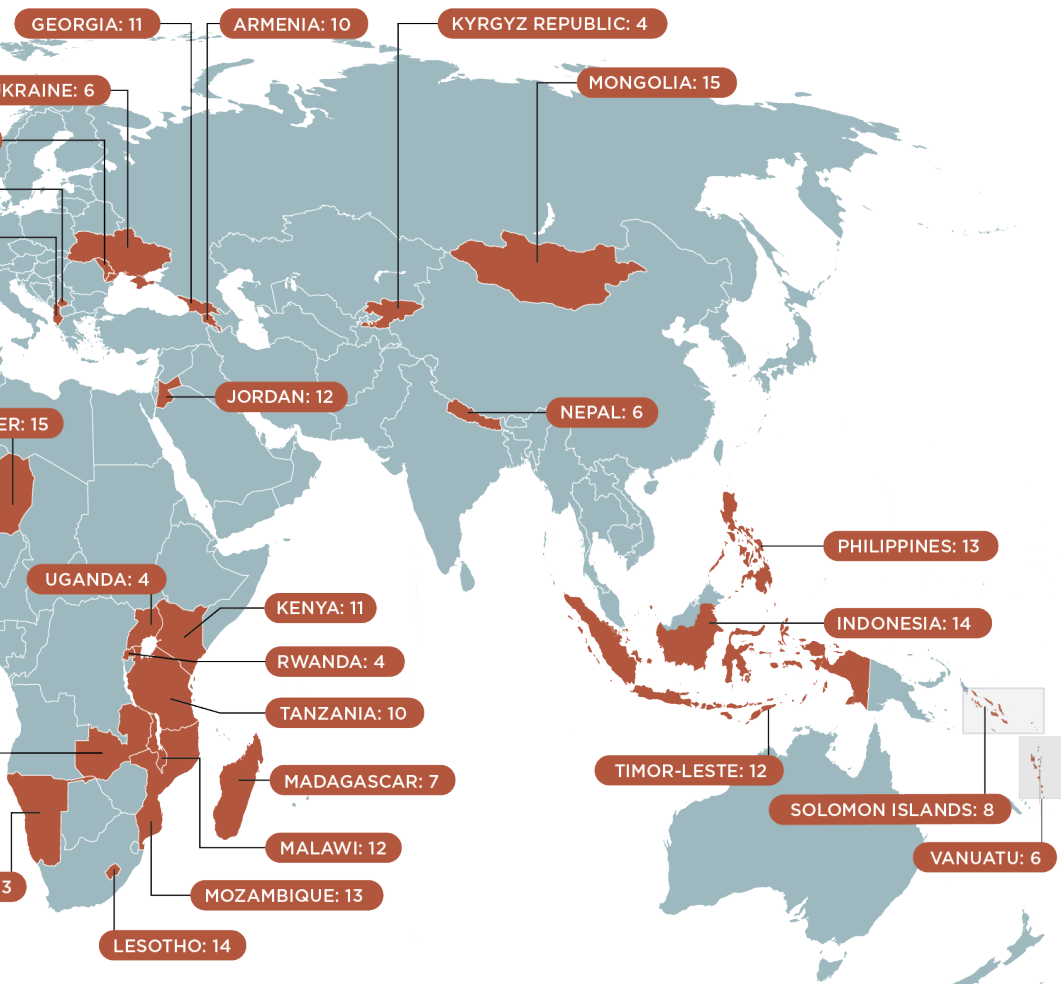
Photo: Jake Lyell for MCC

A student attends an evening MCC-funded functional literacy course in Agadir, Morocco.

MCC HAS SUPPORTED COUNTRIES AROUND THE WORLD ON THEIR SDG JOURNEYS



Numeral following country name indicates the number of SDGs MCC has supported in that country.



MCC ADVANCES THE SUSTAINABLE DEVELOPMENT GOALS

MCC's model of country-owned, targeted investments to transform economies makes it a key tool for advancing the SDGs. MCC takes an integrated approach to development that ensures results along multiple goals. To understand how MCC's 20 years of poverty-reducing investments have moved the needle on the SDGs, MCC mapped its portfolio against the 17 SDGs. MCC's efforts to reduce poverty through economic growth in over 45 countries have contributed to achieving every goal.

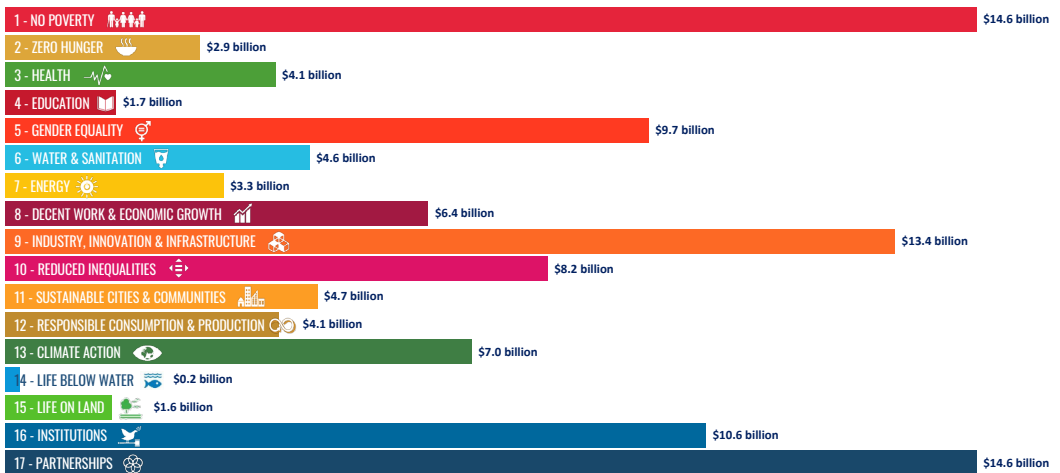


Figure 1. MCC Delivers Achievements in Every SDG

MCC's mission is poverty reduction achieved hand-in-hand with country partners who prioritize and implement large grant investments. As a result, every program dollar of MCC's portfolio has supported Goal 1 through some reduction in poverty and Goal 17 through partnership between the U.S. Government and a well-governed, lower-income country.

The majority of MCC's funding has been directed toward infrastructure, with over 92% of the agency's portfolio supporting Goal 9 on Industry, Innovation, and Infrastructure. MCC's debt-free infrastructure programs cover a wide range of sectors, including transportation, energy, water and sanitation, agriculture and irrigation, and education. Each evidence-based investment is designed to sustainably grow a country's economy.

In addition to significant contributions to Goal 9, MCC has advanced other critical SDGs. MCC's commitment to policy and institutional reform has impacted Goal 16 (Institutions). And MCC has made significant progress on Goal 8 (Decent Work) and Goal 10 (Reduce Inequalities) by focusing on lower-income populations and vulnerable groups. MCC's projects around the world also support Goal 5 (Gender Equality) and Goal 13 (Climate).

MCC's investments take a multidimensional approach to reducing poverty by investing in economic growth tailored to each country's needs. On average, a single MCC-funded project supports seven different goals, with 10% of MCC-funded projects supporting 10 or more goals. The results of MCC-funded projects point to MCC's evidence-based ability to holistically transform critical sectors.

MCC has helped more than 45 countries to grow their economies. While each investment is tailored to a country's economic needs, MCC incorporates a strong focus on policy and institutional reform to ensure sustainability, in alignment with Goal 16.

Relying on public data for assessment, MCC invests only in countries that demonstrate a commitment to democracy and good governance. Over time, the MCC Scorecard also has aligned with the SDGs: many of the third-party data sources used by MCC also form the basis for data used to measure many SDG targets. In fact, Scorecard indicators cover all but two of the SDGs. 🌟

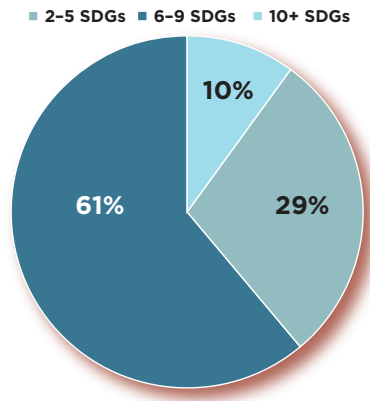


Figure 2: Percentage of MCC-Funded Projects Addressing Multiple SDGs

SDGs IN ACTION: MCC INVESTMENTS IN INDONESIA

MCC's partnership with Indonesia began nearly 20 years ago, first through a \$55 million threshold program and subsequently through a \$474 million compact. Together MCC and the Government of Indonesia tackled corruption, modernized government procedures, improved health and nutrition, expanded sustainable energy, and strengthened natural resource management. In April 2023, MCC marked yet another milestone in the longstanding relationship with this strategic partner by signing a \$649 million compact focused on infrastructure and finance, one of the largest in MCC's history. This compact brings MCC's total planned investment to nearly \$1.2 billion.



Figure 3: MCC's Investments with Indonesia Have Supported 14 SDGs

Given MCC's country ownership model, it is no surprise that these interrelated investments have also supported Indonesia's SDG priorities. In a 2021 review, the Government of Indonesia identified its SDG priorities as: No Poverty (Goal 1), Zero Hunger (Goal 2), Health (Goal 3), Decent Work & Economic Growth (Goal 8), Reduced Inequality (Goal 10), Responsible Production (Goal 12), Climate Action (Goal 13), Institutions (Goal 16), and Partnerships (Goal 17). MCC's investments have supported each of Indonesia's SDG priorities, in addition to five other goals.

In practice, MCC's integrated approach supports multiple Indonesian SDG priorities. Indonesia has the largest economy in southeast Asia and has charted impressive economic growth since the 1990s. However, Indonesia's existing financial structures often prevent small businesses from accessing the finances they need to grow and keep the private sector from investing in infrastructure to facilitate greater movement of goods and services. Indonesia's micro-, small- and medium enterprises (MSMEs), which account for 99% of all active private enterprises in the country, are the focus of economic activity for most Indonesians. Similarly, with 17,000 islands, Indonesia has great infrastructure needs but limited private sector investment, preventing goods from reaching new markets and citizens from participating in the global marketplace.

Contributing to key Indonesia SDG priorities around Decent Work (Goal 8) and Reduced Inequalities (Goal 10), among others, the compact supports the Government of Indonesia by addressing costly and underdeveloped access to financing. The new compact will specifically focus on improving the financing of infrastructure—particularly transport and logistics infrastructure—and increasing access to finance for MSMEs, enterprises that engage almost 97% of the nation’s workforce and contribute about 62% of GDP. MCC expects these investments, like those that preceded them, will support Indonesia’s pursuit of its development goals. 🇮🇩



Photo: Jake Lyell for MCC

Junior electrical technicians inspect and maintain solar panels on Karampuang Island as part of the MCC-Indonesia partnership.

SDGs IN ACTION: MCC INVESTMENTS IN LESOTHO

Since 2007, MCC has worked hand-in-hand with the Government of Lesotho on interrelated challenges that constrain the country’s economic growth. Based on the Government of Lesotho’s priorities, MCC and Lesotho delivered results across a range of sectors including expanding access to clean water and rehabilitating 90% of the country’s health facilities and outpatient departments. More recently, MCC and Lesotho partnered on the \$300 million Lesotho Health and Horticulture Compact, which aims to improve legal protections in land tenure, provide skills training, and address challenges specific to women and youth. The compact also seeks to promote high-value crop production, create equitable business development opportunities, and ensure greater access to quality healthcare. MCC expects to invest over \$650 million to improve the lives of more than 3 million Basotho.



Figure 3: MCC’s Investments with Lesotho Have Supported 14 SDGs

MCC’s investments are contributing to Lesotho’s SDG priorities. In a 2022 review, the Government of Lesotho identified its priority SDGs as: Health (Goal 3), Education (Goal 4), Decent Work & Economic Growth (Goal 8), Infrastructure (Goal 9), and Institutions (Goal 16). MCC’s investments have strongly supported health, growth, infrastructure, and accountable institutions, in addition to 10 other SDGs.

Lesotho has one of the highest rates of HIV/AIDS, with nearly a quarter of adults aged 15-49 infected. This has severely hampered the country’s efforts to reduce poverty and promote economic growth. The crisis in human health resources is a major issue in Lesotho. The country faces difficulties retaining nurses and clinicians due to poor working conditions and greater career opportunities offered elsewhere. In response, MCC and the Government of Lesotho rehabilitated or built 138 health centers under MCC’s Health Sector Project in the \$362 million 2007 Compact. MCC also financed the construction of staff housing in each clinic, as well as 14 hospital outpatient departments, a blood transfusion center, a central laboratory, and

housing for students and staff at the National Health Training College, the largest health training institution in the country.

Access to quality health care is a major concern for all in Lesotho. Furthering Lesotho’s SDG priorities around Health (Goal 3), Economic Growth (Goal 8), and Infrastructure (Goal 9) have had tangible benefits for people like Mahlape, a 19-year-old Basotho woman living with HIV in Lesotho. She receives regular check-ups and anti-retroviral drugs from a local community health clinic funded by MCC.

For Mahlape, the new health clinic is a considerable upgrade from her former dilapidated health clinic where glass was missing from the windowpanes and there was limited running water inside the building. “It’s not cold like the old clinic,” says Mahlape. “The roof doesn’t leak. It’s much more comfortable. And it can hold more people. I think more people will come here.”

As a result of MCC’s investment, Mahlape and millions of other Basotho have better access to quality and lifesaving health care services. 🌟



Photo: Jessica Glickman, MCC

A health clinic in Samaria, Lesotho is one of 138 health centers rehabilitated or built under MCC’s Lesotho Compact.

SDGs: MOVING FORWARD

The road toward the 2030 Agenda has been steep, with twists and turns that transcend borders. It is clear that no single entity can address these challenges alone. Strong partnerships and collaboration are crucial to meeting this shared vision for a better world. Governments, civil society and international organizations, the private sector, academia, and local communities must pool together resources, expertise, and innovative ideas to course correct and bring about transformative change on a global scale.

As these statistics, charts, and stories make clear, MCC's efforts to invest in poverty reduction through economic growth span the full range of the Sustainable Development Goals. The United States Government, and specifically MCC, remain committed to working with partner countries around the globe to meet their SDG ambitions. MCC's data-driven, results-based approach enables governments to make key decisions on where to target long-term, country-led, targeted policy reforms and infrastructure investments. With a track record of proven success spanning two decades, MCC serves as a model for helping countries meet their SDG objectives.

Most importantly, MCC's experience makes clear that real partnership is the key to progress. MCC has spent two decades working side-by-side with partner governments to deliver on priorities that will meaningfully enhance people's lives and livelihoods.

The Global Goals represent a vision for a more peaceful and prosperous world for all. So, for the next seven years, let us unite, tap into the expertise and diversity of partners, and redouble our efforts to create a more equitable and sustainable world for generations to come.

METHODOLOGY NOTE

MCC conducted a comprehensive mapping of all signed investments through Fiscal Year 2023 to the 17 SDGs. The agency used publicly accessible project descriptions and key indicators to map each investment to the SDGs at the project level. MCC deployed a binary scale to categorize projects as meeting or not meeting a specific goal based on the underlying targets of each goal. MCC assessed investments at the project level, with the entire project amount allocated to each goal to which the project contributed. MCC did not include administrative funds in this mapping. Due to the interdependent nature of the SDGs, projects often aligned with multiple goals. As such, goal totals cannot be combined because that would result in double-counting. To ensure the accuracy and consistency of the dataset, MCC performed rigorous checks across both internal and external reporting platforms. For more detailed insights into the mapping exercise, please refer to *MCC's SDG Codebook*. ★



Reducing Poverty Through Growth

