



Fiscal Year 2023 Annual Report

October 1, 2022, to September 30, 2023



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

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Since its creation in 2004, MCC has transformed over 380 million lives and created opportunities in its partner countries by focusing on one mission: reducing poverty through economic growth. By taking a country-led, results-driven approach to foreign assistance, MCC provides time-limited grants and assistance to countries that meet rigorous standards for good governance, fighting corruption and respecting democratic rights. MCC empowers the poor and catalyzes private investment for public good, creating a more secure world with more opportunities for economic growth at home and abroad.

SECTION 1: INTRODUCTION

A MESSAGE FROM SECRETARY OF STATE ANTONY BLINKEN, CHAIR OF THE MCC BOARD OF DIRECTORS

As the Chair of the Board of Directors for the Millennium Challenge Corporation (MCC), I am proud of the leadership and vision of CEO Alice Albright and the dedication of her MCC team in bringing about a better, stronger future. MCC is a leading force in the world for creating opportunity, poverty reduction, and economic growth. MCC's investments in critical sectors like energy, water, transportation, and agriculture are part of a holistic approach to promote sustainable growth in partner countries. To date, MCC has provided nearly \$17 billion through 46 compacts and 32 threshold programs in 47 countries, benefiting over 380 million people worldwide. On a local level, the MCC team helps entrepreneurs start small businesses, empowers family farmers, improves girls' education and health, creates reliable and efficient energy grids, and builds roads and bridges.

I am grateful for the deep partnership we have built between MCC and the State Department. Together, we engage partner countries and the private sector to create the foundations for strong, stable, and prosperous communities. MCC's grant funding pairs infrastructure investments with policy and institutional reforms in countries that meet rigorous standards for good governance. The MCC model offers our partners a debt-free alternative to other financing that is not always based on long-term economic viability and transparency.

Collaboration between the State Department and MCC also enhances the effectiveness of U.S. foreign assistance to maximize the impact of taxpayer funding to meet the development goals of today. Our work together is a critical component of the U.S. commitment to the Global South and our efforts to solve the shared challenges of food security, global health threats, climate change, and economic stability. Our partnership demonstrates the power and potential of American leadership to bring about change that benefits the American public and people around the world.

A MESSAGE FROM CHIEF EXECUTIVE OFFICER ALICE ALBRIGHT

As I approach the end of my second year as Chief Executive Officer, I reflect on how honored I am to lead MCC as we continue growing partnerships aimed at reducing poverty through sustainable and inclusive economic growth. This report captures the progress made across MCC's portfolio throughout FY 2023, including advancing programs in 22 partner countries throughout Europe, Latin America, Africa, and Asia, and moving strategic and operational priorities forward to rejuvenate the agency as it marks its 20th anniversary in 2024. MCC's innovative model sets a high standard for effective development assistance and stewardship of taxpayer resources. By highlighting the principles of inclusiveness, accountability, transparency and innovation, we also encourage partners to drive success and promote shared democratic values.

In total, the agency signed agreements granting over \$1.7 billion in assistance in FY 2023. MCC signed compacts with Indonesia (\$649 million) and Mozambique (\$500 million), and the agency's first concurrent regional compacts in Benin and Niger (\$504 million). Additionally, MCC signed threshold program agreements with Kiribati (\$29 million) and Kenya (\$60 million). These new program signings are the result of countless hours of hard work and are a strong reflection of what MCC's teams can accomplish working hand in hand with our partner countries. MCC is an effective development tool, executing nearly \$17 billion in grants helping to lift over 380 million people out of poverty.

As Chief Executive Officer, I am proud of how MCC continues to deliver for the American public and for the people in countries with which we partner. As we mark our 20th anniversary, MCC is well positioned to continue to play a meaningful role in the U.S. efforts to address global poverty and strengthen democratic governance.

BOARD OF DIRECTORS: FY 2023

The Millennium Challenge Act provides that the MCC Board of Directors (the “Board”) shall consist of five government officials and four individuals from the private sector who are appointed by the president with the advice and consent of the Senate. For FY 2023, however, only one of the private sector members was appointed. The Board meets quarterly.

Antony J. Blinken, Chair	<i>Secretary of State</i>
Janet Yellen, Vice Chair	<i>Secretary of the Treasury</i>
Katherine Tai	<i>U.S. Trade Representative</i>
Samantha Power	<i>Administrator, U.S. Agency for International Development</i>
Alice Albright	<i>MCC Chief Executive Officer</i>
Alexander (Ander) Crenshaw	<i>Former U.S. Representative</i>

SECTION 2: DRIVING PROGRESS

MCC PARTNER COUNTRIES THAT COMPLETED COMPACTS IN FISCAL YEAR 2023

Since its founding, MCC and its partner countries have completed 32 compacts, totaling more than \$10.4 billion in total expenditures (Table 1). Benin and Morocco completed compacts with MCC in FY 2023.

Benin

The Benin Power Compact ended on June 22, 2023. The compact tripled the capacity of Benin's power grid, as measured by high- and medium-voltage transformer capacity. Major new grid capacity, reliability and flexibility were achieved through the construction or rehabilitation of 19 substations and 898 kilometers of power lines nationwide. The compact supported the construction of Benin's first national electricity dispatch center, which provides round-the-clock grid data acquisition, supervision and control. Additionally, through the compact, Benin developed a pioneering policy and institutional framework for off-grid electrification that has attracted private sector investment in renewable off-grid electric power systems in areas without access to electricity. These private investments, with grant support from MCC, delivered electric power to an estimated 200,000 people, many for the first time. Partnered with the construction of energy infrastructure, the electric power sector reforms spurred by the compact included an electricity tariff increase of 15 percent, which has greatly improved the balance sheet of the national power company, and Benin's first-ever framework for independent power producers. Finally, the compact assisted women entrepreneurs to improve their business operations and use of energy, while audits of 30 major industrial and government power consumers—and enforcement of performance standards for lightbulbs and refrigerators—helped advance energy efficiency efforts across Benin. Over the next 20 years, MCC expects more than 11 million Beninese will benefit from MCC's compact investments.

Morocco

The Morocco Employability and Land Compact ended on March 31, 2023. The compact addressed key constraints to Morocco's economic growth: the quality of education and land productivity. In partnership with the Government, MCC compact funds supported the Education and Training for Employability Project to improve the quality and relevance of secondary education and technical and vocational training for Moroccan youth. This project, in partnership with local communities and with the private sector, piloted significant policy reforms to ensure sustainability of investments and an environment where students could more easily move from the educational system to the job market. The compact funded the construction and rehabilitation of 15 technical and vocational training centers across Morocco, with construction completed on 14 of these centers by the conclusion of the compact. The Government of Morocco completed the final training center in summer 2023. The compact also funded rehabilitation of 89 secondary schools across three regions and worked with these schools to improve their budgeting and pedagogy practices to ensure sustainability. The second constraint to economic growth, land productivity, involves both land use and ownership. The Land Productivity Project was designed to increase land productivity through enabling land markets to better respond to investor demand; the project strengthened the enabling environment for investors to purchase, transfer and develop land for multiple uses, including industrial land, collectively owned land, and clear title and transfer of land. The compact also

helped the Moroccan government to deliver land ownership rights via a faster and more inclusive process, with land titles established for over 95 percent of the 56,000 hectares covered by the project. The land title reform also included transformational advances to secure land rights for women and indigenous groups. In addition, MCA-Morocco and the Government of Morocco signed two public-private partnership (PPP) agreements for new industrial zones—which represent the first-ever industrial zones under a PPP model in Morocco—and funded nine industrial zone projects across the country through the Fund for Sustainable Industrial Zones, which is now being replicated by the Moroccan Ministry of Industry.

Table 1. Completed or Closed MCC Compacts Since 2004, as of September 30, 2023

Partner Country	Date Compact Signed	Compact Obligations as of September 30, 2023 (in millions of dollars)
Madagascar	April 18, 2005	\$85.6
Honduras	June 14, 2005	\$204.0
Cabo Verde	July 5, 2005	\$108.5
Nicaragua	July 15, 2005	\$112.7
Georgia	September 12, 2005	\$387.2
Benin	February 22, 2006	\$301.8
Vanuatu	March 2, 2006	\$65.4
Armenia	March 27, 2006	\$176.6
Ghana	August 1, 2006	\$536.3
Mali	November 13, 2006	\$434.3
El Salvador	November 29, 2006	\$449.6
Mozambique	July 13, 2007	\$447.9
Lesotho	July 23, 2007	\$358.0
Morocco	August 31, 2007	\$650.1
Mongolia	October 22, 2007	\$269.0
Tanzania	February 17, 2008	\$694.5
Burkina Faso	July 14, 2008	\$474.7
Namibia	July 28, 2008	\$295.7
Senegal	September 16, 2009	\$433.3
Moldova	January 22, 2010	\$259.4
Philippines	September 23, 2010	\$385.1
Jordan	October 25, 2010	\$272.9
Malawi	April 7, 2011	\$344.8
Indonesia	November 19, 2011	\$474.0
Cabo Verde	February 10, 2012	\$65.6
Zambia	May 10, 2012	\$332.1
Georgia	July 26, 2013	\$138.6
Ghana	August 5, 2014	\$310.8
El Salvador	September 30, 2014	\$270.7
Benin	September 15, 2015	\$391.0
Liberia	October 2, 2015	\$237.8
Morocco	November 30, 2015	\$449.5
Total		\$10,417.6

MCC PARTNER COUNTRIES IN COMPACT IMPLEMENTATION

Five countries in MCC's portfolio were in compact implementation as of September 30, 2023. Compact implementation begins upon entry into force (EIF) of the compact agreement, marking the start of the implementation period. Each compact is managed and implemented by an accountable entity, generally known as the Millennium Challenge Account (MCA), established by the partner country government. Key implementation milestones from FY 2023 are described below. Table 2 shows FY 2023 Compact Obligations and Expenditures.

Côte d'Ivoire

MCC's \$536.74 million compact with the Government of Côte d'Ivoire aims to support the country's goal to diversify its economy through projects in skills development and transportation. The Abidjan Transport Project aims to reduce transport costs and travel times along targeted road segments, in and around the port of Abidjan, while improving overall pedestrian and vehicle mobility and safety. In FY 2023, four road contracts were signed, marking the start of work on the single largest U.S.-funded infrastructure investment in Côte d'Ivoire. The Skills for Employability and Productivity Project intends to increase access to quality secondary education, along with improved governance of the education sector. In FY 2023, three consortium agreements with implementing partners were signed for the technical vocational education and training centers, and construction commenced on 19 secondary schools. The compact end date is August 5, 2025.

Nepal

MCC's \$500 million compact with Nepal aims to increase the availability of reliable electricity, improve road quality and facilitate power trade between Nepal and India. The Government of Nepal has committed an additional \$197 million toward the compact program, for a combined total investment of \$697 million. In May 2023, MCC and the government signed an implementation letter that increased the government's contribution by \$67 million to its current level of \$197 million to fund expanded bay capacity at each of the three proposed substations and to support the construction of the cross-border transmission line segment connecting the corridor to the Indian border. Over the course of FY 2023, MCA-Nepal launched three critical path procurements under the Electricity Transmission Project for the construction of transmission lines, construction of the three substations, and supervision engineer consulting services. The compact entered into force on August 30, 2023.

Niger

Following the Nigerien military's actions against the democratically elected government on July 26, 2023, MCC's Board of Directors approved the suspension of all MCC assistance to Niger on September 13, 2023. The military's actions are contrary to MCC's statutorily-mandated eligibility criteria and the agency's commitment to democratic governance and upholding the rule of law. MCC implemented an orderly wind-down of the compact, the term of which ends on January 26, 2024. Accomplishments to date of the \$442 million Sustainable Water and Agriculture Compact include full rehabilitation of the largest irrigation system in Konni to improve water management and crop production across approximately 2,400 hectares, supporting more than six thousand families, and the full rehabilitation of 300 kilometers

of critical roads facilitating farm families' access to internal and regional markets. Four years of national livestock vaccination campaigns were financed by the compact, reducing disease prevalence to acceptable levels. The reestablishment of 100,000 hectares of common grazing areas to support animal husbandry managed mainly by women was completed. Significant accomplishments in national policy reforms include fertilizer importation and distribution, road network maintenance financing, and institutional capacity to improve management of wetland sites along a large stretch of the Niger river.

Mongolia

The Government of Mongolia is implementing the \$350 million Mongolia Water Compact to sustainably increase Ulaanbaatar's water supply, helping it avoid an imminent water shortage and supporting economic development. The Mongolian Government is separately providing up to an additional \$111.8 million in country contribution to support the implementation of the compact, which entered into force on March 31, 2021. Throughout FY 2023, MCA-Mongolia focused on progressing infrastructure work to ensure completion of the Downstream Wells Activity and enable operationalization of the advanced water purification plant (AWPP) by 2025. Civil works advanced significantly on key infrastructure, and complementary work (such as the Government of Mongolia's procurement of high-voltage power supply that will connect to the AWPP) was successfully completed. Completion of detailed designs and initial construction activities moved ahead on the Wastewater Recycling Activity. On the Sustainability Activity, numerous components advanced, including the award of a contract for social and behavior change, which will focus on interventions to enhance the sustainability of Mongolian water sector institutions through public outreach on tariff reform and water costs, institutional strengthening and service improvements. Substantial progress was made on automating water kiosks, which are expected to increase water access to residents of Ulaanbaatar's *ger* (circular felt dwellings) districts. Additionally, an interagency working group led by the Government of Mongolia began engaging with the 70 worst polluters of the city's Tuul River to adopt needed industrial pretreatment pollution controls in support of compact requirements. The compact end date is March 31, 2026.

Senegal

MCC's \$550 million compact with Senegal is designed to strengthen the country's power sector by increasing reliability and access to electricity and by helping the Government of Senegal establish a modern and efficient foundation upon which the nation's power system can grow. Investments focus on electricity sector policy, institutional and regulatory reform, upgrading the high-voltage transmission network in and around Dakar, and expanding rural electricity access through distribution network upgrades and enhancements to consumer-side elements. Ensuring consistent and affordable access to electricity in Senegal is expected to allow businesses to grow, catalyze private sector investment, increase productivity and employment, and ultimately support the diversification and growth of Senegal's economy. In FY 2023, MCA-Senegal II finalized all contract signatures for the construction of substations and underground and undersea high-voltage transmission lines in the Dakar region. The undersea transmission line contract represents the largest contract funded by MCC with an overall budget of \$203 million. During FY 2023, MCA-Senegal II also worked to finalize the compact's last major infrastructure procurement, which relates to the Increasing Access to Electricity in Rural and Peri-Urban Areas Project, and to operationalize

legal, policy and institutional reform commitments made by the Government of Senegal. The compact end date is September 9, 2026.

Table 2. Fiscal Year 2023 Compact Obligations and Expenditures (in millions of dollars).

		Activity in Fiscal Year 2023			
		Section 609 (g) Compact Facilitation Funding		Section 605 Assistance	
Partner Country	Total Compact Amount, Including Amendments	Obligations	Expenditures	Obligations	Expenditures
Benin	\$391.0				116.3
Benin (Regional)	\$202.0	17.0			
Burkina Faso	\$450.0	(29.4)	1.4		
Côte d'Ivoire	\$536.7		0.5		73.0
Ghana	\$315.9			(5.0)	
Indonesia	\$649.0	24.2	0.4		
Kosovo	\$202.0		0.2		
Lesotho	\$300.0		0.3		
Malawi	\$350.0		0.7		
Mongolia	\$350.0		0.9		49.1
Morocco	\$460.5			(11.0)	122.4
Mozambique	\$500.0	50.2			
Nepal	\$500.0		5.9	459.5	
Niger	\$442.6				85.5
Niger (Regional)	\$302.0	14.0			
Senegal	\$550.0				34.0
Timor-Leste	\$420.0		0.2		

Table 3. Signed Compacts That Have Not Entered Into Force as of September 30, 2023.

Partner Country	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
<p>Lesotho</p> <p>MCC and the Government of Lesotho signed a \$300 million compact on May 12, 2022. The majority of MCA-Lesotho executive staff have been hired; recruitment of the remaining positions is underway. Compact entry into force is anticipated in spring 2024. The compact aims to address the binding constraint of ineffective policy planning, coordination and execution that prevents the Government of Lesotho from delivering public goods and services that are essential for private sector growth. The compact consists of projects in health, irrigated horticulture and business environment strengthening. It also includes an investment through the new American Catalyst Facility for Development (ACFD) mechanism, a collaboration between MCC and the U.S. International Development Finance Corporation (DFC). The Health Systems Strengthening Project aims to strengthen the delivery of primary health care services, improve the efficiency of government expenditures, modernize and make interoperable health data systems, and address the unique needs of gender-based violence treatment and referral services. The Market Driven Irrigated Horticulture Project aims to catalyze private sector investment in horticulture through investments in irrigation infrastructure and policy reform while providing technical support to local communities and creating transparent and sustainable access to land and water. The Business Environment and Technical Assistance Project will work across key productive sectors like agriculture, creative industries, manufacturing and tourism to support the growth of existing and new firms through establishing an effective communication framework with the government, technical assistance, business development services, and linkages to financing opportunities. To ensure inclusive growth, the projects include targeted strategies to empower women and youth.</p>	\$30.3	\$0.3

<p>Kosovo MCC and the Government of Kosovo signed a \$202 million compact on July 15, 2022. The compact is designed to help accelerate Kosovo’s transition to a more sustainable, inclusive, reliable and affordable energy future via three projects supporting the energy sector. The Energy Storage Project will support battery storage systems designed to enable Kosovo’s transmission system and market operator to cost-effectively smooth out imbalances in the electricity grid. The Just and Equitable Transition Acceleration (JETA) Project will support female participation in energy-related training programs, increasing the number of qualified women in the energy sector with a focus on increased knowledge and incentives among employers to create more inclusive workplaces. The ACFD Project aims to leverage financing from the DFC to support one or more blended finance transitions to catalyze private investment in Kosovo to complement the objectives of the Energy Storage and JETA Projects. Since compact ratification, MCC and the Government of Kosovo have continued to progress toward entry into force (EIF), with multiple major milestones already complete, including the hiring of the CEO and two DCEOs for MCA-Kosovo, the establishment of the MCA-Kosovo Board, and work on fulfilling conditions precedent to EIF. The Government of Kosovo and MCC are targeting spring 2024 for the compact’s EIF.</p>	<p>\$21.2</p>	<p>\$0.2</p>
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<p>Timor-Leste</p> <p>MCC and the Government of Timor-Leste signed a \$420 million compact on July 19, 2022. The Timor-Leste Compact aims to address the binding constraint of human-capital through two projects focused on improving the health and skills of the Timorese population. The Water, Sanitation and Drainage (WSD) Project seeks to reduce the presence of disease-causing pathogens in piped and stored water and groundwater through the construction of the country's first central wastewater system, related drainage network improvements, and a plant to produce the disinfectant needed to treat the water supply across the capital city of Dili and four municipalities. The WSD Project will also support key policy and institutional reforms to support long-term sustainability of water and sanitation infrastructure as well as social and behavior change efforts to improve household water management and hygiene practices. The Teaching and Leading the Next Generation of Timorese (TALENT) Project seeks to improve student learning outcomes in numeracy, literacy and soft skills by investing in the training of secondary school teachers and school leadership. The TALENT Project will establish a Center of Excellence as the first formal pre-service teacher training and certification institution in Timor-Leste for secondary education. Trainings will be delivered to current and future secondary school teachers and school leaders across the country. This project will also seek to increase the number of women in secondary school teaching and leadership positions through a specific women's economic empowerment component. Since compact signing, the Government of Timor-Leste and MCC have continued to make steady progress, including ratification of the compact, execution of the Program Implementation Agreement, legal establishment of the MCA Timor-Leste (MCA-TL), appointment of the MCA-TL Board of Directors, and launching key procurements and recruitments to prepare for implementation.</p>	\$51.0	\$0.2
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<p>Malawi MCC and the Government of Malawi signed a \$350 million compact on September 28, 2022. MCC and its Malawian counterparts developed a program aimed at improving land efficiency as a critical production input for economic growth and increasing competitiveness in the agriculture and transport sectors. The Land Project activities include strengthening estate sector management by renewing estate leaseholds or reallocating them for higher-value use and achieving more productive use of land through better-funded land administration in rural and urban environments. The Agricultural Growth Corridors Project aims to reduce the costs of transport and support commercial agricultural value chains by reducing the costs of doing business for firms and farmers in targeted rural areas. The ACFD Project is a joint effort between MCC and the DFC to identify opportunities to further invest in Malawi’s private sector. The compact will integrate climate resiliency in its investments and foster inclusivity by incorporating women and smallholders into reforms. Progress on establishment of MCA-Malawi is well underway, with the CEO and key directors recently hired. The compact is expected to enter into force in spring 2024.</p>	<p>\$21.1</p>	<p>\$0.7</p>
<p>Benin Concurrent Regional On December 14, 2022, MCC signed its first concurrent regional compacts with Benin and Niger. This program was initially designed to rehabilitate portions of the existing transport corridor between Cotonou in Benin and Niamey in Niger, while addressing some of the institutional and market constraints that raise the financial and time costs of transporting goods along this road. This investment has a clear link to the MCC investment at the Port of Cotonou in Benin’s prior compact, as well as to the recent MCC compact program in Niger focused on agriculture and roads. The \$202 million Benin concurrent regional compact continues to work toward an anticipated EIF in early 2025, independent of developments in Niger. The Government of Benin established the regional compact accountable entity, MCA-Benin Regional, through decree in May 2023. An independent firm has begun the recruitment process for key MCA staff and key policy reform and engineering design procurements were launched in September 2023.</p>	<p>\$17.0</p>	<p>\$0</p>

<p>Niger Concurrent Regional</p> <p>MCC signed its first concurrent regional compacts with Benin and Niger on December 14, 2022. This program was initially designed to rehabilitate portions of the existing transport corridor between Cotonou in Benin and Niamey in Niger, while addressing some of the institutional and market constraints that raise the financial and time costs of transporting goods along this road. Following the Nigerien military’s actions against the democratically elected government on July 26, 2023, MCC suspended assistance to Niger in September 2023, stopping all preparatory work on the \$302 million Niger Regional Transport Compact. The Nigerien military’s actions are contrary to MCC’s statutorily mandated eligibility criteria and the agency’s commitment to democratic governance and upholding the rule of law.</p>	\$14.0	\$0
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<p>Indonesia</p> <p>On April 13, 2023, MCC and the Government of Indonesia signed the \$649 million Indonesia Infrastructure and Finance Compact. The Government of Indonesia contributed an additional \$49 million, bringing the total size of the investment to \$698 million. The compact assists the Government of Indonesia in addressing the economic binding constraint of costly and underdeveloped financial intermediation by addressing gaps in infrastructure finance, particularly transport and logistics infrastructure, and increasing access to finance for micro-, small and medium-sized enterprises (MSMEs). The compact will support three projects and has a geographical focus in five priority provinces: South Sumatra, Riau, North Sulawesi, Riau Islands and Bali. The Advancing Transport and Logistics Accessibility Services Project aims to improve transport planning and preparation in the target provinces. The Financial Markets Development Project is designed to help transactions reach financial close using structured finance, including participation by institutional investors and with a focus on local currency transactions. The Access to Finance for Women-owned / Micro-, Small and Medium-Sized Enterprises (W/MSMEs) Project aims to increase lending by formal financial service providers to MSMEs and W/MSMEs in the target provinces to support their businesses. In parallel, MCC has identified opportunities to maximize the impact of the proposed projects' climate-related components, consistent with Indonesia's climate goals and MCC's Climate Strategy. The compact will promote green finance tools and include a project preparation facility that will focus on climate-adaptive and mitigating transport and logistics solutions. MCA-Indonesia was established in 2023 and is currently in the process of hiring its remaining key staff before expected EIF in summer 2024.</p>	<p>\$24.2</p>	<p>\$0.4</p>
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<p>Mozambique</p> <p>MCC and the Government of the Republic of Mozambique (GRM) signed the \$500 million Mozambique Connectivity and Coastal Resilience Compact on September 21, 2023. The GRM committed a \$37 million contribution. The compact targets economic growth in the Province of Zambezia through three integrated projects: the Connectivity and Rural Transport Project to improve the reach and resiliency of the transport network, including vast improvements to the national road maintenance facility; the Promoting Reform and Investment in Agriculture Project, which includes a series of fiscal reforms to improve the business-enabling environment and incentivize greater investment in commercial agriculture while promoting investment and improved inputs to smallholder famers; and the Coastal Livelihoods and Climate Resilience Project, which seeks to improve the resiliency and economic opportunity for coastal communities through conservation and improved fisheries. All three projects include robust protections for women and youth, with specific programming to address barriers to women’s mobility and participation, combatting gender-based violence, and curbing trends of human trafficking. Establishment of MCA-Mozambique is underway. The compact is expected to enter into force in 2025.</p>	\$50.2	\$0
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Note: For MCC’s financial reporting, disbursements are expenditures. Compact funds are fully obligated, and the five-year compact term starts when the compact enters into force

COMPACTS IN DEVELOPMENT AS OF SEPTEMBER 30, 2023

During FY 2023, MCC continued to work with six countries to develop potential compacts and continued developing potential concurrent compacts with two partner countries in West Africa.

Belize

Following agreement between MCC and the Government of Belize in 2022 that the potential compact would focus on two binding constraints on growth—the low quality of education and high cost of electricity—MCC and the government signed a \$10 million compact development funding agreement in March 2023 to pursue project design and preparation work for the proposed compact. MCC and the Government of Belize subsequently focused on refining two potential projects to address the binding constraints, namely (1) improving access to and the quality of secondary education and reducing skills gaps in key growth industries to increase the number of post-primary graduates with the competencies needed by the labor market, and (2) improving electricity sector governance and supporting the acquisition of low-cost renewable energy resources to decrease the cost of electricity. The compact is expected to be presented to MCC's Board for approval in June 2024.

The Gambia

In December 2022, MCC's Board of Directors selected The Gambia as eligible to develop a compact program. The Government of The Gambia appointed a national coordinator, allocated an initial budget of \$1 million of government funding for the first year of compact development, and stood up a compact development team. The Government of The Gambia prioritized underutilization of the Gambia River and education as the binding constraints to inclusive growth for further exploration and as a basis for a compact program. MCC is now exploring education investments that would increase the number of Gambians who have the knowledge, skills and abilities for their economic advancement, and investments that would revitalize the Gambia River to reduce transport costs and increase tourism revenue. The compact is expected to be presented for consideration by MCC's Board in FY 2025.

Zambia

MCC is currently working with counterparts in the Government of Zambia to develop three potential projects: (1) investment in roads, road maintenance and border posts to reduce the cost of transportation and logistics for agriculture; (2) increased production of crops and agro-processing in high-value agriculture chains through improved access to electricity, irrigation and logistics investments; and (3) support for reforms that enable a more conducive environment for private sector agriculture investments. MCC aims to submit the compact to MCC's Board of Directors for approval in September 2024, with compact signing expected in FY 2025.

Sierra Leone

MCC and the Government of Sierra Leone are developing a compact aimed at addressing the country's power constraint, building on work in the energy sector completed under MCC's Sierra Leone Threshold Program that closed in 2021. Four potential projects are currently under consideration for MCC in-

vestment. One project would seek to expand Sierra Leone's electricity transmission grid with new, climate-resilient infrastructure. Another project would aim to increase the generation of climate-friendly energy in Sierra Leone, including through potential support for targeted investments in solar and hydro power projects. A third project would aim to improve the resilience and stability of Sierra Leone's limited existing distribution network and potentially expand the network to new customers, including select agribusinesses to reduce post-harvest losses through productive use of energy. The fourth project would be expected to support the Government of Sierra Leone's efforts to plan and coordinate energy sector investments, ensuring the sustainability of MCC projects and activities. MCC had planned to submit a negotiated compact to MCC's Board of Directors for approval in September 2023 but postponed compact negotiations in response to concerns over the credibility of the June 2023 election results. At the end of FY 2023, MCC was encouraging the government to demonstrate a renewed commitment to MCC's eligibility criteria and engage in fruitful dialogue to address electoral concerns so that the proposed compact could be advanced in the future.

Tunisia

MCC's Board of Directors approved the Tunisia Compact in June 2021, but compact signing remains on hold until the Government of Tunisia makes significant progress toward democratic governance. The Tunisia Compact features two projects focused on addressing Tunisia's constraints on growth. The Transport and Trade Project is designed to make it easier and less expensive for businesses to engage in trade in Tunisia and includes investments to improve management and expand infrastructure at the Port of Rades, Tunisia's principal port. The compact also aims to simplify and digitalize procedures and regulations in the transport and trade sectors. The Water Project aims to improve the sustainable use of scarce groundwater resources while moving the country toward increased water sustainability. The compact features new partnerships using the ACFD mechanism, an MCC-DFC collaboration to catalyze greater private sector investment, and collaboration with the U.S. Small Business Administration to introduce new water-efficient technologies to farmers in Tunisia. The compact program also integrates gender and social inclusion by improving market access for women-owned enterprises.

Togo

In December 2022, MCC's Board of Directors selected Togo as eligible to develop a compact, and MCC is piloting a fast-track (24-month) compact development process with the country. The Government of Togo designated a national coordinator in early 2023 and recruited technical team members to enable rapid and proactive engagement with MCC. The Government of Togo selected the energy and digital sectors as the focus of compact development based on an analysis of constraints on economic growth. Togo's aspiration is to strategically invest in the energy and digital sectors to modernize their economy, catalyze growth and serve as a hub of digital innovation in West Africa. MCC and the Government of Togo have since advanced the root cause analysis and signed a compact development funding agreement for up to \$12 million that has allowed the Government of Togo to bring on additional resources. In June 2023, CEO Albright visited Togo to meet with President Gnassingbé and private sector stakeholders as part of MCC's efforts to better understand the relevant sectors and develop the compact. The Government of Togo has proposed several potential projects, and feasibility studies have been designed with a view to prioritizing and selecting those projects that best meet MCC's investment criteria and the criteria reflecting the fast-

track development process. MCC aims to submit the compact to MCC's Board of Directors for approval by the end of 2024.

Concurrent Regional: Côte d'Ivoire

MCC and the Government of Côte d'Ivoire are developing a concurrent compact program for regional integration with Côte d'Ivoire, in partnership with entities of the Economic Community of West African States (ECOWAS), including the West African Power Pool (WAPP), the future Information and Coordination Center (ICC) and the ECOWAS Regional Electricity Regulatory Authority (ERERA). The compact is expected to: (1) strengthen market integration between Côte d'Ivoire and the West African energy sector; (2) reinforce Côte d'Ivoire's interconnected power grid to provide stable and affordable electricity to meet national demand and solidify its role as an anchor power exporter to the West Africa region; (3) strengthen WAPP, ICC, and ERERA's institutional and operational capacity to monitor and ensure the effectiveness of the purchase, sale and movement of energy around the West Africa grid; and (4) build capacity in regional and national energy institutions to ensure environmentally sustainable and socially inclusive operations and service, enabling them to reach gender integration and universal access objectives. MCC expects to submit the Côte d'Ivoire concurrent compact to MCC's Board of Directors in September 2024.

Concurrent Regional: Senegal

In December 2022, MCC's Board of Directors selected Senegal as eligible to develop a concurrent regional compact. MCC, in partnership with the Government of Senegal, conducted a sector prioritization analysis to identify priority sectors for MCC assistance. In October 2023, Senegal identified the blue economy as their sector of choice for the proposed concurrent regional compact. MCC is now working with the Government of Senegal to advance progress to the next phase of compact development with a focus on job creation and growth, particularly for young people and women in the region.

MCC THRESHOLD PROGRAMS: RESULTS THROUGH REFORMS

Threshold programs assist promising candidate countries to become eligible for a compact by offering them the opportunity to demonstrate their commitment to democratic governance, economic freedom and investments in their people while advancing policy reforms and strengthening institutions to address the most binding constraints on economic growth. Threshold programs complement the “MCC Effect” created by the MCC selection criteria and allow MCC to assess the opportunity for an impactful and cost-effective partnership before committing to a compact. MCC uses the same rigorous, evidence-based approach in threshold programs as it does in compacts, leading to high-quality programs that maximize potential systemic impact and lay the foundation for a higher level of assistance.

In FY 2023, MCC partnered to develop or implement threshold programs with The Gambia, Kenya, Kiribati, Mauritania, Solomon Islands and Togo.

The Gambia

MCC and the Government of The Gambia are implementing a \$25 million Threshold Program focused on energy sector governance and operations. In FY 2023, the government formed MCA-Gambia, the entity that will implement the program, and recruited key staff. The MCA-Gambia board of directors held its first meeting in November 2022.

Kenya

On the margins of the United Nations General Assembly in September 2023, MCC and the Government of Kenya signed a \$60 million grant agreement to fund the Kenya Urban Mobility and Growth Threshold Program. President William S. Ruto presided over the signing ceremony. The program aims to improve integrated transport planning, first and last mile connections to public transport, and urban planning and land use throughout the Nairobi metropolitan area. The program also contains funding to catalyze private financing for the acquisition of electric (or other low emission) buses to operate one or more lines of the bus rapid transit system.

Kiribati

In September 2023, MCC and the Government of Kiribati signed a \$29 million grant agreement to fund the Kiribati Threshold Program. The signing ceremony was a highlight of the U.S.–Pacific Island Forum Leader’s Summit and was presided by Secretary of State Antony J. Blinken. The program aims to facilitate decent and inclusive employment by building the capabilities of the Kiribati Ministry of Employment and Human Resource, strengthening worker protections and family resilience, and establishing skills camps and academic scholarships for high school youth.

Mauritania

Mauritania was selected in December 2022 to develop a threshold program. MCC completed an analysis of the constraints on economic growth in early 2023. Following the selection of energy and climate change

for deeper analysis, the Government of Mauritania began work to develop project concepts to address the root causes of one or both constraints.

Solomon Islands

The \$20 million MCC Threshold Program with Solomon Islands addresses critical policy constraints on accessing land and investment for tourism development with full community participation and support. In 2022, implementation agreements were signed and workplans finalized with the Government of Solomon Islands and four implementing partners. The program is also piloting activities that will generate more reliable and sustainable benefits for communities from forest resources.

Togo

The \$35 million MCC Threshold Program with Togo is focused on addressing critical constraints in the country's land and information and communications technology (ICT) sectors. The Land Reform for Agricultural Production Project is focused on expanding people's access to formalized land titles; activities are underway in several sites throughout the country. The ICT project is encouraging private sector investment in high-quality and affordable ICT services for citizens, supporting the implementation of a universal service fund, strengthening an independent regulatory body, and creating a digital transformation agency. Preparations began for an ICT activity focused on training women entrepreneurs.

For More

→ Visit www.mcc.gov for the latest progress on each MCC partner country, including financial data, results and donor coordination efforts.

→ Review MCC's [Fiscal Year 2023 Annual Management Report](#) for financial statements and the independent auditor's report.

SECTION 3: LEVERAGING PARTNERSHIPS

Partnerships and leveraging public-private capital are powerful multipliers of development impact and an effective way to bring the core strengths and capabilities of the public sector, private sector and civil society together to solve problems that no one organization or entity can solve on its own. MCC's partnerships with donors, foundations, businesses, academic institutions, nongovernmental organizations (NGOs) and other U.S. Government agencies are driving innovation and creating meaningful impact in compact (both 'traditional' and regional) and threshold programs. Partnerships are core to how MCC achieves its mission. In FY 2023 MCC intensified its efforts to form partnerships for the development and implementation of compact and threshold programs and continued to utilize partnerships to enhance the agency's analytic and diagnostic methods and tools. MCC is partnering with country-based, regional, and global NGOs and nonprofit organizations, an international financial institution, and a United Nations agency for the design and implementation of the Solomon Islands and Kiribati Threshold Programs and for the Mozambique Compact's Coastal Livelihoods and Climate Resilience Project. Partnerships are also integral to MCC's corporate strategies, including MCC's work to address climate change, integrate inclusion and gender considerations, and catalyze private investment. MCC and our partner countries expanded use of program co-creation, a participatory and collaborative design process that enhances outcomes by tapping into the ideas, resources and energy of people and organizations that share a stake in solving a problem. In March 2023, MCC issued the latest [MCC Annual Partnerships Report](#), which provides more detail about ways MCC is using partnerships to promote economic growth, reduce poverty and strengthen institutions.

AGENCY-LEVEL PARTNERSHIPS

Agency-level partnerships (that is, partnerships between MCC and one or more partners) afford MCC the opportunity to gain access to knowledge, data, resources, expertise and visibility that is not easily procured via contracts. Partnerships also increase the sustainability of programs by involving external parties, thereby increasing the funding leveraged via partner co-funding. These partnerships are between MCC and one or more partners to actively share knowledge, technical expertise, and other resources that can expand the impact of our programs and achieve mutual objectives. One way that MCC forms agency-level partnerships is via an Annual Program Statement (APS), which facilitates open, fair and transparent competition of partnership opportunities and fosters collaboration and partnership co-creation among MCC and potential partners. The APS enables MCC and prospective partners to co-create partnerships that make best use of each organization's distinct knowledge, networks, innovations, investments, personnel and resources. To date, MCC has awarded 26 partnerships via the APS using cooperative agreements, each of which required cost-sharing. Milestones related to agency-level partnerships in FY 2023 include:

- Launching a new partnership with the Massachusetts Institute of Technology (MIT) Joint Program on the Science and Policy of Global Change in February 2023. The partnership focuses on estimating the economy-wide impacts of environmental changes using an economic-biophysical modeling framework that will bring more rigorous insights regarding climate and environmental factors into MCC's constraints analysis and root cause analysis, informing future MCC program development.
- Finalizing trail bridge needs assessment work in Côte d'Ivoire via a partnership with Bridges to Prosperity (B2P) that was separate from but complementary to the Skills for Employability and

Productivity Project of the Cote d'Ivoire Compact. The partnership examined how leading-edge application of remote sensing, machine learning and spatial data analytics could address poverty by closing the “first mile” gap in the rural context. B2P leverages publicly available data to predict the location, potential impact and cost to address rural transportation barriers and create new, safe access by working with government partners to build trail bridges connecting rural communities to existing destinations and resources.

- Finalizing climate-informed project assessment guidance, which is incorporating climate change considerations into project development and economic analysis by enabling MCC to undertake iterative assessments during the compact development process to develop projects that perform well across many climate scenarios. The detailed guidance and a Lesotho demonstration case study were designed via a partnership with a consortium led by the University of Massachusetts.

COUNTRY-LEVEL PARTNERSHIPS

Country-level partnerships are led by MCC's partner country government counterparts and enable partnerships to be used to develop and implement projects and activities within compact and threshold programs. MCC launched a Program Partnership Solicitation mechanism to enable MCC's country counterparts to competitively form partnerships that are defined by competitive partner selection, co-creation, cost sharing and joint governance during implementation.

MCC and the Government of Kiribati leveraged partnerships and co-creation methods for the design of Kiribati Threshold Program activities to facilitate decent and inclusive employment. In September 2023, MCC and the government concluded co-creation with the International Labour Organization (ILO) to develop an activity to strengthen worker protections and family resilience, and with American Councils for International Education (American Councils) to establish skills camps and academic scholarships for high school youth. MCC expects to finalize grant agreements in December 2023 and initiate in-country implementation with ILO and American Councils in early FY 2024.

On September 21, 2023, MCC and the Government of Mozambique signed the Mozambique Connectivity and Coastal Resilience Compact, which includes the Coastal Livelihoods and Climate Resilience (CLCR) Project. The CLCR Project will use nature-based and youth- and gender-inclusive solutions to restore mangroves and coastal ecosystems, improve the management of fisheries, and boost incomes from fisheries while building coastal communities' resilience to climate change. The project will focus its investments in Zambezia province, the second most-populous province in Mozambique, and is being developed and implemented via partnerships. MCC and the Government of Mozambique co-created CLCR with Biofund and ProAzul, both Mozambiquan organizations, and their partners. Biofund (Biodiversity Conservation Foundation) is a nonprofit fund that mobilizes and manages financial resources for the defense and conservation of biodiversity in Mozambique; ProAzul (The Blue Economy Development Fund) works to promote blue economy activities in Mozambique. Both organizations have strong ties to coastal community groups in Zambezia province.

For More

→ Visit <https://www.mcc.gov/work-with-us/partnerships> for more information on MCC's partnership approaches, activities and opportunities.

→ Review [*MCC's Annual Partnership Report*](#) for more highlights of MCC's partnerships with the private sector, academic institutions, NGOs, and government and multi-national organizations.

SECTION 4: ADVANCING GLOBAL DEVELOPMENT

MCC actively engages with the private sector throughout the development and implementation of its threshold and compact programs to spur economic growth in partner countries. By holding its partner countries accountable to high standards of good governance and by capitalizing on private investment and expertise, MCC is delivering development results and creating new opportunities for U.S. firms in frontier markets.

DRIVING REFORMS

MCC's strict standards for countries to receive aid have created an incentive for countries to make reforms before even a dollar of MCC assistance is expended, a phenomenon called the "MCC Effect." A country understands that becoming eligible for an MCC compact means more than just grant funding—it is a signal to the world that the country is on a positive track. It also sends a message that the United States believes it has the political, social and economic potential for long-term progress. MCC's eligibility criteria incentivize countries to reform policies, strengthen institutions and improve data quality to boost their performance in the areas of economic freedom, ruling justly and investing in their people, as measured by the MCC scorecard.

MCC programs seek to address barriers to growth and sustain significantly increased levels of income for beneficiaries long after programs end. To achieve this goal, a compact is implemented in tandem with a broader development strategy. During the compact development process, MCC and the partner country examine conditions surrounding the proposed compact program and develop a plan for policy reform that will maximize the compact's impact and sustainability. The partner government must make crucial policy changes before funding is released and must continue to improve the operating and policy environment during implementation. These policy reforms ultimately support the conditions necessary for continued growth and investments.

CREATING NEW OPPORTUNITIES FOR ECONOMIC GROWTH

Climate

MCC recognizes that climate change, poverty and economic growth are inextricably linked, and that climate change poses the greatest risk to developing countries, whose people, economies, and institutions are less able to adapt to its consequences. Climate-resilient and otherwise sustainable investments have been a core MCC competency for years. MCC is working with partner countries to develop innovative climate-resilient solutions to combat poverty and help build climate-resilient economies that promote sustainable and inclusive growth, enhance resilience to future crises, reduce greenhouse gas (GHG) emissions, and adapt to new climate realities.

With more than \$5 billion in total anticipated, country-led investments between 2021–2025, MCC is well positioned to make a significant impact in advancing sustainable, inclusive climate-resilient economic growth in partner countries around the world. In FY 2023, MCC made significant progress advancing all

six of the stated objectives in [MCC's Climate Strategy](#) launched in 2021. Specifically, the agency did the following:

- ***Strengthened integration of climate considerations in analytical tools.*** In FY 2023, MCC integrated climate and natural capital considerations into the analysis of constraints on economic growth for programs under development in Togo, The Gambia, and Mauritania. In FY 2023, MCC also made progress in developing its GHG accounting system, which will allow the agency to track GHG emissions associated with our international programs.

Integrated climate and related environmental considerations into all stages of program development and implementation. In FY 2023, MCC signed over \$1.7 billion in country-led investments, all of which include climate considerations.

- ***Supported policy and institutional reforms in adaptation to strengthen the resilience of MCC investments.*** MCC continues to make progress integrating climate into policy and institutional reforms in our programming. MCC's \$649 million Indonesia Infrastructure and Finance Compact dedicated \$11 million to strengthening preparedness for low-carbon and climate-resilient development through a program targeting decision-makers in five provinces. The Sierra Leone Energy Compact currently under development includes sector reforms to strengthen the institutional capacity to identify and manage climate risks. Through these interventions MCC continues to be a key partner and reliable donor for our country partners to meet their Nationally Determined Contributions and climate ambitions.
- ***Leveraged blended finance to catalyze private capital for climate activities.*** MCC continues to explore opportunities to use blended finance in support of climate goals and to make progress on Climate Finance +. MCC and USAID launched Climate Finance + at COP27 as a collaborative government approach to strategically use public finance to unlock billions in private investments for green and climate-friendly infrastructure. For example, in FY 2023, MCC compact funding provided a \$10 million grant to increase capital reserves for Morocco's sole public guarantor of private investments, allowing them to provide up to \$100 million in guarantees to catalyze up to \$200 million in climate-related investments in industrial zones.

Continued to expand and deepen partnerships to further climate objectives. In FY 2023, MCC continued to strengthen its partnerships to better inform its work and develop country programs. In December 2022, in partnership with the University of Massachusetts, MCC developed guidance aimed at helping MCC assess and enhance the robustness of projects in the face of climate change, both in terms of project design metrics and in anticipated economic impacts measured through cost-benefit analysis. MCC also launched a new partnership with the MIT Joint Program on the Science and Policy of Global Change in February 2023.

- ***Integrated climate considerations into MCC's facilities management and internal operations.*** MCC is currently assessing and reviewing lease alternatives for MCC's D.C.-based office. In FY 2023, MCC established an internal information hub on climate impacts of travel that provides staff with tools and resources to raise awareness, assess GHG emissions, and inform individuals on ways to reduce the climate impacts associated with their official travel.

To learn more about MCC's role in climate-smart development, visit <https://www.mcc.gov/about/priority/climate>.

Inclusion and Gender

In FY 2023, MCC continued to uphold and reaffirm its CLEAR values (Collaboration, Learning, Excellence, Accountability and Respect) to foster an inclusive culture that supports staff, teams, departments, and cross-departmental and agency-wide engagement, as well as continuing to take action to advance racial and gender equity.

MCC adopted an Inclusion and Gender Strategy in late 2022. MCC's [Inclusion and Gender Strategy](#) aims to significantly deepen its commitment to inclusion and gender equity and equality, thereby routinely and systematically increasing the ability of poor people, women and other marginalized groups to access, participate in or derive benefits from its investments. In 2023, MCC worked on operationalizing aspects of the strategy's five key objectives and implemented the strategy across multiple fronts. When assessing the binding constraints on a country's economic growth, the analysis now identifies structurally excluded groups and the likelihood that alleviation of specific constraints on economic growth will positively impact those populations.

In addition, consistent with E.O. 14035 requirements for advancing DEIA in the federal workforce, MCC has been taking actions to further elevate DEIA within the agency. In May 2022, MCC publicly released its [DEIA Strategic Plan](#). The plan outlines an integrated approach to advancing DEIA by embedding it into the agency's mission, human capital strategy, corporate goals, and workstreams. To implement this plan, MCC's corporate and department goals include efforts to mitigate biases and reduce barriers to DEIA. One example includes the agency's focus to expand MCC's recruiting outreach to diverse professional networks via the MCC Roadshow program, HR recruitment and career fairs, and leveraging various federal government sponsored fellowship programs. Moving forward, MCC will focus on institutionalizing DEIA strategy by embedding goals and activities into operations such as bias mitigation strategies and by deploying best practices for effective recruitment and retention.

Blended Finance

MCC has sought to catalyze private sector investment in and around our programs since our founding in 2004. Within the U.S. Government development toolkit, MCC is well positioned to catalyze private investment through the strategic use of public funds to mobilize private resources in ways that support sustainable, long-term economic development in partner countries. MCC engages in blended finance in three key ways: as a *catalyst*, *builder*, and *dealmaker*. As a catalyst, MCC works hand-in-hand with country partners on targeted policy and institutional reforms necessary to create an enabling environment for private sector investment. MCC provides strategic, financial and technical advisory support to create pipelines of investable opportunities in MCC's partner countries. As a builder, MCC works with partner countries to strategically invest in public infrastructure that promotes economic development and supports private-sector investment. As a dealmaker, MCC provides strategic grants to crowd-in commercial finance, offers pathways to scale and capital to create markets for innovations and proven business models, and brings transactions and financially viable PPP projects to market that meet international

standards. Throughout all MCC's work in blended finance, MCC seeks to target its resources where commercial financing is not available for deployment toward achieving development outcomes that address constraints on economic growth.

In FY 2023, MCC expanded and deepened its blended finance capacity, portfolio and leverage by continuing to operationalize the ACFD. ACFD creates a formal platform to optimize and organize MCC-DFC collaboration and to leverage the strengths of both agencies to catalyze and enable DFC investments. Funds have been included in the compacts for Malawi, Lesotho, and Kosovo to facilitate the use of the ACFD mechanism. MCC and DFC continue to explore the applicability of ACFD in other MCC country programs currently in development such as Sierra Leone, Belize, and Zambia. As MCC and DFC gain experience in the initial countries, the agencies will assess the results and continue to refine the approach and mechanisms to maximize the impact of the ACFD as new partner countries are added to MCC's portfolio.

Prosper Africa

Prosper Africa is a U.S. Government initiative that unlocks opportunities to do business in Africa—benefiting companies, investors and workers in Africa and the United States. Prosper Africa brings together the resources of more than 15 U.S. Government agencies to connect U.S. and African businesses with new buyers, suppliers and investment opportunities, making it easier for companies to access U.S. Government trade and investment support services. In FY 2023, MCC in collaboration with USAID under Prosper Africa established a green guarantee in Morocco to provide businesses in industrial zones better access to finance for investments that reduce their environmental impact. The compact's \$10 million grant increased capital reserves for Morocco's public guarantor of private investments, Tamwilcom, allowing them to provide up to \$100 million in guarantees that would catalyze up to \$200 million in climate-related investments in industrial zones. Prosper Africa played a key role in mobilizing resources through USAID to conduct critical due diligence related to this transaction.

Digital Transformation—MCC's Digital Collaboratives for Local Impact

MCC's Digital Collaboratives for Local Impact (DCLI) builds MCC's digital expertise and supports more-inclusive, future-ready growth. DCLI works across departments, divisions and practices to surface digitalization opportunities in MCC investments, contribute to transforming the digital space by making it work for the underserved, and promote development through data use, digital innovation and civic technology.

The value of MCC's digital portfolio is growing as digitalization becomes increasingly integral to development objectives and important to the economies of partner countries. In FY 2023, DCLI advanced MCC's contributions to digitalization and to the Biden-Harris Administration's Digital Transformation with Africa initiative, through the following investments:

- More than 3,500 women-owned small and medium enterprises (W-SMEs) benefited from a \$5.3 million program, funded through a partnership between USAID, Microsoft and the Government

of Côte d'Ivoire, to empower existing and new W-SMEs with the data and digital literacy and skills they need to grow their businesses.

- The U.S. African Development Foundation established a dedicated fund to help graduates of the Digifemmes program further refine their products, expand their markets and grow their businesses through digital tools and innovations.
- DCLI procured resources needed to implement the \$22.5 million digital health component of the Lesotho Health Systems Strengthening Project of the \$300 million Lesotho Compact signed in May 2022.
- DCLI assessed the digital and innovation environments in Togo, Mauritania and The Gambia.
- DCLI contributed to the development of the Togo Compact, including potential investments in broadband connectivity, digital payments, and digital skills and innovation.

An essential part of DCLI's work is outreach. In FY 2023, MCC's DCLI and Office of Strategic Partnerships teams continued to meet with a broad array of private sector companies, foundations and funding organizations involved in digital connectivity, digital public infrastructure, and digital skills and innovation to extend the agency's reach and knowledge.

Reducing Poverty Through Growth

