



MILLENNIUM
CHALLENGE CORPORATION

MILESTONES



SPRING 2024
IMPACTING THE NEXT 20 YEARS



Photo: Jerald Few, MCC

Gambian musician greets visitors arriving to tour the Lamin Lodge oyster processing facility, one of many businesses along the Gambia River. The proposed MCC-Gambia Compact is exploring plans for maximizing the economic benefits for the people of The Gambia.

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MILESTONES

NEWS FROM THE MILLENNIUM CHALLENGE CORPORATION **SPRING.2024**

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MEETING THE MOMENT: FROM EXPERIMENT TO THE EXCEPTION



Alice P. Albright

When President Bush founded the Millennium Challenge Corporation 20 years ago, the development community was at a crossroads. The new century brought with it fresh challenges, but a bipartisan group in Congress was ready to meet the moment. Thus, MCC was born.

In the years since, MCC has proven to be a small but mighty agency, punching well above our weight when it comes to effecting transformative change with modest resources. MCC has impacted nearly 400 million people – through the construction of over 3,500 kilometers of roads, support of nearly 500,000 students in MCC-funded education activities, passage of over 100 legal and regulatory reforms in the land sector alone, and so much more. Our supporters have held steadfast in their belief in MCC’s exceptional development model. However, as MCC enters this next phase of existence, we, too, find ourselves at a critical juncture. That’s why we’ve taken MCC’s anniversary celebration as a chance to reflect on what makes us strong and how we can grow moving forward.

Our future is bright, but in a time when the struggles caused by increased conflict, declining global freedom, climate change, and persistent poverty are rapidly evolving, it remains vital that members of Congress, private sector collaborators, and our partner governments recommit to bolstering MCC’s mission of reducing poverty through economic growth.

As one of the premier tools in the United States’ development toolkit, MCC is uniquely positioned to rise to the occasion. But we can’t do it alone. MCC needs your help - whether it’s spreading the word of our crucial work, advocating for us to receive additional funding, or serving as one of our private sector partners - we know that fostering meaningful change is a team effort. All of us share the goal of bringing prosperity and opportunity to people across the globe. It’s time for us to come together as a global community to make it happen.

We can do it by broadening MCC’s reach. Right now, Congress is considering legislation that would reform our country candidate pool to allow MCC to extend our reach to combat global poverty. Given our impact in the countries where we have worked so far, now MCC looks to make a difference in even more places. Beyond that, we also remain committed to being an evidence-based, transparency-oriented organization that emphasizes country ownership in our approach.

MCC's results are undeniable. Our track record speaks for itself; however, any organization is only as effective as its resources allow it to be. So, as we celebrate MCC's rich tradition of making change, let us also reflect on collaborative ways of forging a path forward for global prosperity. We are stronger when we work together, and together, we can change the world. 🌟



Photo: MCA-Kosovo

As part of an MCC threshold program in Kosovo, solar panels were installed to enhance access to reliable energy. The energy project included a comprehensive approach to empowering women with a range of tools, including scholarships to increase their participation in the energy sector and financial incentives for women entrepreneurs to invest in energy efficiency.

ADDRESSING TODAY'S GLOBAL CHALLENGES: 20 YEARS OF IMPACT

At the turn of the century, Congress created MCC - a bold experiment to reduce poverty through economic growth. MCC's founders designed the agency to be responsive to needs of countries and their people. MCC partners with low and lower-middle income countries that are committed to good governance, economic freedom, and investing in their people. The Agency's founding documents articulate three core principles: strong policies matter for economic growth, country ownership is critical to sustain impact, and development should be delivered with accountability for results. Over the past 20 years, MCC's value proposition has demonstrated the effectiveness of these principles by delivering sustainable results and data-driven impact.

The global development landscape has changed dramatically since MCC's founding. For the first time in decades, global poverty reduction suffered major setbacks due to COVID, climate change, and a range of conflicts including Russia's war of aggression in Ukraine. The rise of authoritarianism is sparking a worldwide democratic recession. Looming international challenges threaten development progress and sustainable economic growth. Debt burdens are growing as borrowing costs increase and countries face new and unexpected economic shocks. Poverty is more widespread and economic growth is increasingly inequitable in fragile states and urban areas. MCC must evolve to build resilience in a vulnerable world. As new challenges emerge, this moment requires new responses, and with 20 years of experience and learning to build on, MCC is prepared to meet the moment.

MCC's investments are expected to
provide direct economic benefits
to over 400 million people.

To address the global challenges of today, MCC must build on its strengths. The MCC model fosters resilience – from delivering reliable power, water, and transport infrastructure that does not exacerbate countries' debt burden, to improving health and education systems, and enabling democracies to provide better public services to their citizens. MCC's country-led development approach is a unique feature of the model because it enables investments to be sustained once our assistance concludes. MCC programs are designed to be adopted, adapted, and scaled. MCC's projects have continued to attract even greater resources from partner countries and the private sector, thus multiplying our development impact. 🌟



Photo: The U.S. Embassy of Praia

MCC's investment in the Santa Maria Wastewater Treatment Plant provides affordable water and sanitation services to local households and businesses in Cabo Verde.

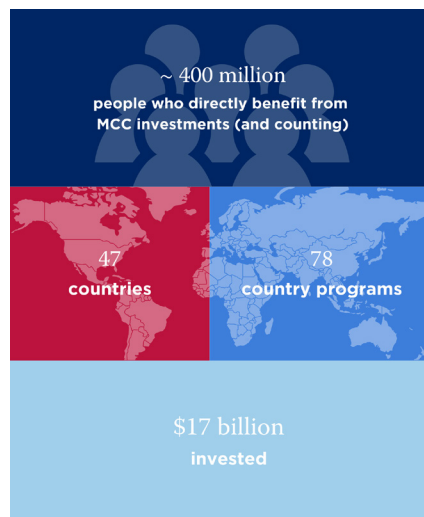
ADVANCING OUR VISION: BUILDING ON 20 YEARS OF IMPACT

For 20 years, MCC has proven the power of its model by delivering transformative impact for democratic countries across the globe. By upholding the model, MCC reinforces its commitment to the principles of democratic governance: partnering with countries that choose the path of government for and by the people. MCC understands that for democracies to thrive, they must provide results. When MCC works with countries to accelerate economic growth and opportunity for their people, together, that partnership strengthens the foundations of democracy.

UPHOLDING THE MODEL

MCC was designed to maximize development impact. Since 2004, MCC has funded 78 country programs that are expected to benefit nearly 400 million people. MCC promotes evidence-based, data-driven, transparent decision making wherever it works, and those operations are no exception. MCC has independent experts evaluate each project and publish every result. This enables MCC, partner countries, and external stakeholders to learn from successes and challenges. MCC will continue to uphold the elements of its model that drive impact: country selectivity, country ownership, and accountability for results.

1. Reaffirm country selectivity. MCC chooses country partners that have demonstrated their commitment to democratic governance and the international community takes note. MCC's selectivity model often encourages partner country candidates to reform policies, strengthen institutions, and improve data quality before the Agency ever invests a single program dollar. This is called the MCC Effect.



MCC EFFECT IN PRACTICE

CÔTE D'IVOIRE

In 2011, President Ouattara created a committee dedicated solely to making Côte d'Ivoire eligible for MCC assistance. As a result, Côte d'Ivoire went from passing 5 out of 20 indicators on the MCC scorecard in 2012, to 10 in 2015, and to 14 in 2019. A critical component of the committee's work focused on the 'Gender in the Economy' indicator. By designing reform roadmaps that included gender, the committee significantly improved Côte d'Ivoire's performance on the indicator. Central to the remarkable progress, the government passed a revised family code that removed discriminatory measures preventing women from obtaining passports, choosing jobs freely, and being the heads of the household in the same way as married men.

2. Elevate country ownership. MCC's country partners prioritize, design, implement, and sustain the projects that MCC funds. Millennium Challenge Accounts (MCAs) are managed and staffed by country nationals and serve as the entities accountable for implementing the programs. They are responsible to national governments and to the people for delivering MCC-funded programs, transparent decision-making, and achieving results. For example, MCC's \$140 million program with the Republic of Georgia equipped the next generation of Georgians with in-demand skills, knowledge, and training that is bolstering the country's workforce and generating long-term economic prosperity. Though the compact ended in 2019, the Government of Georgia continues to build on the compact's sweeping policy reforms and infrastructure investments to provide quality education, so students are better poised to pursue employment and grow the economy.

3. Strengthen accountability for results. MCC and its country partners deliver programs with clear, measurable impact for people. All results are evaluated and transparently shared to maximize learning. Since 2020, MCC has been named the most transparent bilateral donor in the world by the Aid Transparency Index. For the last seven consecutive years, MCC has been the top-ranked U.S. federal agency in terms of evidence generation and use, as measured by Results for America's Federal Standard of Excellence.



Photo: MCC

MCC's \$28 million Guatemala Threshold Program (2016–2021) funded the \$3 million Guatemala Tax and Customs Activity, which increased revenues collected by the Government of Guatemala to improve efficiencies in customs collections without affecting trade facilitation.

BUILDING RESILIENCE

MCC cannot predict the challenges of tomorrow, but has seen enough change in 20 years to know that it must build resilience in the communities in which it invests. The key to unlocking global resilience is to advance MCC country partners' development goals and foster sustainability in the face of unpredictable external shocks, existing threats, and opportunities.

Countries face challenges to economic growth when infrastructure and institutions are not built for climate resilience. From 2015 to 2020, MCC invested \$1.5 billion – over 40% of our program funds – in climate-related activities. MCC has integrated climate and environmental considerations across its investment portfolio, analytics tools and business operations. This includes adjusting tools like greenhouse gas accounting to yield smarter investments.

In Mozambique, two-thirds of the population resides along the coast, which is impacted by frequent and increasingly intense cyclones, flooding, and natural disasters that overwhelm local transport networks, agriculture, and communities. The \$500 million Mozambique Connectivity and Coastal Resilience Compact aims to address these multifaceted risks through projects that will transform local economies, improve public services, and strengthen transportation infrastructure.



Photo: Jake Lyell for MCC

The Nampula-Rio Ligonha Road in Northern Mozambique will soon be under construction as part of the \$500 million Mozambique Connectivity and Coastal Resilience Compact, which includes an investment to improve roads and bridges along critical economic routes.

MCC's partner countries face many social and demographic changes including rapid urbanization. These shifts often drive changes to country economies while placing additional demand on urban infrastructure.

As a result of MCC's country-ownership model, its portfolio has shifted to include more urban water and transportation investments, such as the Kenya Urban Mobility and Growth Threshold Program.



MCC EFFECT IN PRACTICE

KENYA

MCC and the Government of Kenya are addressing limited transport connectivity in the urban areas of Nairobi, a critical constraint to inclusive economic growth. After analyzing the data, it was revealed that Kenya's urban areas are benefitting the least from the productivity gains associated with urbanization - specifically increases in productivity among manufacturers and economic opportunities for workers. The MCC-Kenya program will target investments towards strengthening institutions and improving long-term planning for integrated, accessible, and safe transportation and land use.

The link between economic growth and poverty reduction only works when benefits are distributed equitably. MCC routinely and systematically integrates inclusion and gender considerations across MCC programs to create jobs and opportunities for marginalized groups, enabling them to access, participate in, or derive benefits from MCC's investments. For example, just this year, the legislature in Lesotho successfully passed three laws as part of the policy reform needed to sustain the \$300 million Lesotho Health and Horticulture Compact. The legislation included policy changes to cover labor rights, update occupational health laws, and reform safety and inheritance rules. As a result of these changes, the benefits of this compact will be more equitably distributed by empowering female landowners and protecting agricultural workers as Lesotho develops its horticulture sector.

BROADENING IMPACT

MCC's mission and model allow us to address a wide range of goals. The agency's programming is designed to be at the cutting edge - delivering impact based on the partners' own development plans and priorities. This approach frequently supports global initiatives, such as the Sustainable Development Goals (SDGs). MCC is proud that over 90% of its investments support SDG 9 on infrastructure, a consistent priority of partner countries. MCC will continue to broaden our investment approach to meet countries where they are in an ever-changing environment.

Often, achieving impact requires enacting policy or institutional reforms before funding can be well spent. Pursuing reform-heavy threshold programs after compacts is a practical way to recognize

MCC, in partnership with the Government of Kiribati, developed a first of its kind labor mobility threshold program. "That's the great strength of what the MCC does. It is focused on developing projects jointly, listening, learning, hearing partners and what they need, and working together to identify priorities and generate practical, positive solutions."

– Secretary of State Antony Blinken

September 2023

that countries which lose MCC eligibility due to democratic declines can return to a democratic path and become MCC partners again. In 2024, MCC re-engaged with both the Philippines and Tanzania as threshold after compact program partners.

By mobilizing additional resources and embracing innovative approaches to foster long-term economic growth, MCC maximizes the impact of its investments. MCC knows that private firms are the engines of job creation; therefore, the agency works with partner countries to break down barriers to entrepreneurship and attract private investment. For example, MCC invested in port improvements in Benin at the Port of Cotonou — the country’s largest port and a driver of economic activity not only for Benin, but the entire region.

MCC also knows that many economic issues extend beyond just one country’s borders. MCC is focused on evolving its regional programs to promote regional integration and cross-border collaboration. For example, the MCC-Benin Regional Transport Compact will work to rehabilitate one of the most heavily traveled north-south corridors in West Africa, streamline the flow of commerce, and benefit businesses.

Many of today’s challenges cannot be addressed by actions within a single country. MCC knows that solutions must be responsive to global and regional realities. Meaningful change requires collaboration across public, private, and civic actors, and must embrace new approaches that can overcome evolving barriers.

EVOLVING IN A CHANGING WORLD

The need for MCC has increased as progress on reducing poverty stalls. People are on the move, food and nutrition security are threatened by Russia’s invasion of Ukraine, and strategic competition from the Chinese and others has expanded and intensified. By reforming the number of countries in MCC’s country candidate pool, MCC could deliver greater development impact in more places around the world. With the passage of the Millennium Challenge Corporation’s Candidate Reform Bill – currently awaiting a vote from Congress - MCC could extend its evidence-based model to support democracies in Central America, the Indo-Pacific, Eastern Europe, and Southern Africa.

This legislation would also supercharge the MCC Effect. As a powerful projection of soft power, the MCC Effect incentivizes good governance reforms in countries before a single program dollar is spent as countries adopt reforms to pass the MCC scorecard. Strengthening MCC’s reach by increasing the number of countries that could be selected to partner with MCC expands this effect without incurring any program costs. When MCC’s reach grows, so does its impact.

As MCC looks toward the future, it is imperative to build on the existing firm foundation of results, learning, and reflection from the first 20 years. As one of the most flexible tools in the U.S. government, and a global development leader overall across the bilateral and multilateral donor space, MCC is confident that meeting the challenges ahead while staying true to the principles of selecting well-governed democracies, upholding country ownership, and promoting accountability for results is key. 🌟

MCC'S NEXT 20 YEARS: FUTURE FOCUSED



“We must tie greater aid to political, and legal, and economic reforms. And by insisting on reform, we do the work of compassion. The United States will lead by example... These new funds will go into a new Millennium Challenge Account, devoted to projects in nations that govern justly, invest in their people, and encourage economic freedom.”

—President George W. Bush, Monterrey, Mexico, March 22, 2002

“Today, the Millennium Challenge Corporation signed its first ever regional transport compact with the governments of Benin and Niger. Since the start of my administration, the MCC has announced new investments of nearly 1.2 billion dollars in Africa. In fact, the MCC just announced partnerships with four African countries—first compacts for The Gambia and Togo to boost economic development, a compact with Senegal to bolster regional connections, and a threshold program with Mauritania to help strengthen democratic governance and pursue policy reform to unlock economic growth. These MCC investments are part of the work we’re doing worldwide through the Partnership for Global Infrastructure and Investment.”



—President Joseph R. Biden, Washington, DC, December 14, 2022



Photo: MCA-Niger

The MCC-Niger compact provided 6,432 goats to more than 1,600 farmers as assets to generate sustainable income streams from the sale of goat's milk and offspring and restore newly grazed lands. Through MCC's \$442.6 million compact with Niger, researchers made a groundbreaking discovery that qualified Niger as the most groundwater rich country in the Sahel region. Using innovative technology and satellite imagery, MCC detected available groundwater in Niger that is nearly ten times more water volume than in Lake Chad – the country's largest source of surface water after the Niger River.



Photo: Jenel Few, MCC

As a part of the MCC's Philippines Compact, a two-classroom school was constructed to enrich the lives of rural children and youth at the San Antonio Elementary School in Naga, Philippines.

Reducing Poverty Through Growth

