

MCC in Zambia

Presentation for pre-AGOA event

April 12, 2011



Overview of MCC

Established	2004 by the U.S. Congress
Mission	Reducing poverty through economic growth
Two types of programs	Threshold (Zambia Threshold Program ended May 09) Compact (Zambia selected eligible Dec 08)
# Compacts signed	23
Total amount of MCC funds committed	<i>\$8.18 billion</i>
Key features of compact program	<ul style="list-style-type: none">• Designed to incentivize good governance, investing in people, and economic freedom (policy performance → compact eligibility)• Emphasis on country ownership:<ul style="list-style-type: none">○ Development phase: Core team established and funded by host government.○ Implementation phase: MCA legal established and staff hired through competitive selection process and funded from Compact.• Transparency & Accountability• Strong results-orientation

Zambia Background

Population 13.0 million (2010), growth rate 2.8%

Life Expectancy 45 years (2008)

HIV/AIDS Prevalence 15.2% (2007)

GDP, current US\$ 12.7 billion (2009)

GDP growth 7.1% (2010), 6.1% (2002-9)

GDP per capita \$970

Poverty headcount 64% (at \$1.25 per day) (2004)

Literacy 71% (2008)

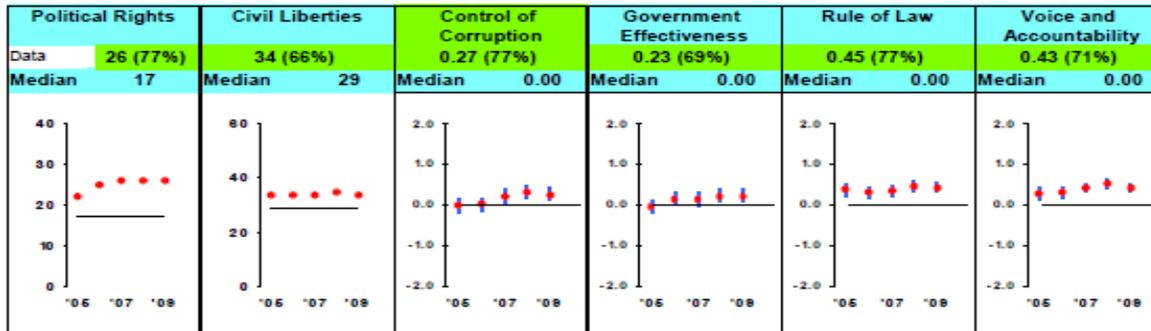
Land area over 750,000 square km, (larger than Texas); landlocked, surrounded by 8 neighbors; Africa's largest copper exporter (>740,000 tons in 2010); abundant land, minerals, water.

Zambia Scorecard

Zambia FY11

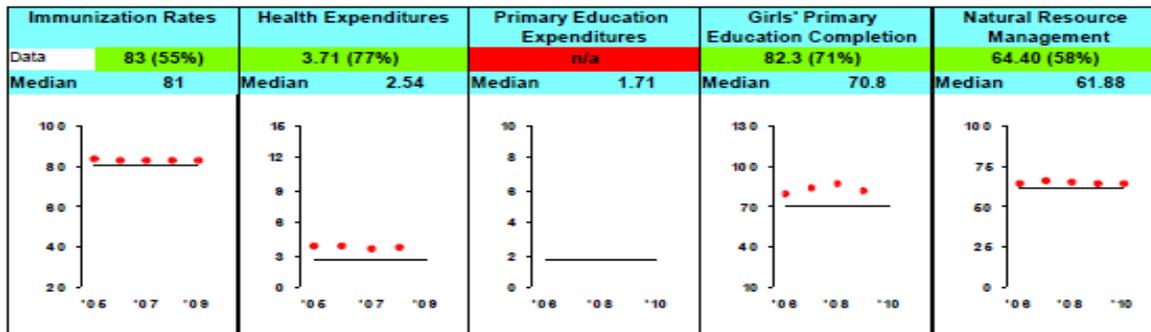
Population 12,935,368
GNI/Cap: \$970 LIC

Ruling Justly



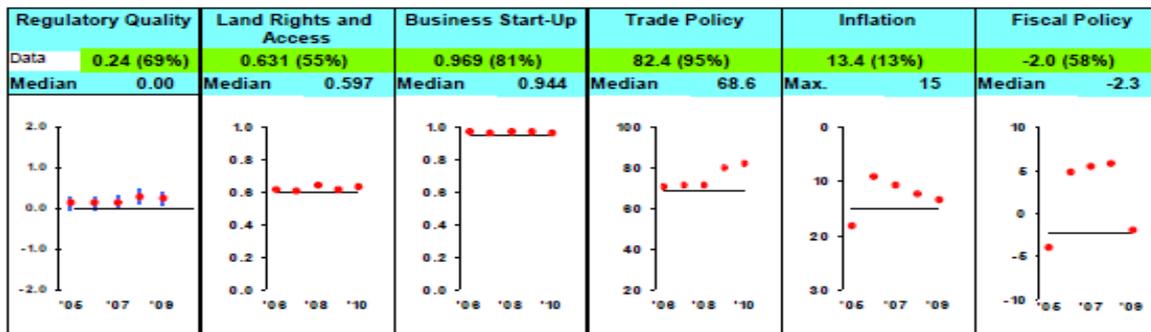
Sources: Freedom House Freedom House World Bank/Brookings WGI World Bank/Brookings WGI World Bank/Brookings WGI World Bank/Brookings WGI

Investing In People

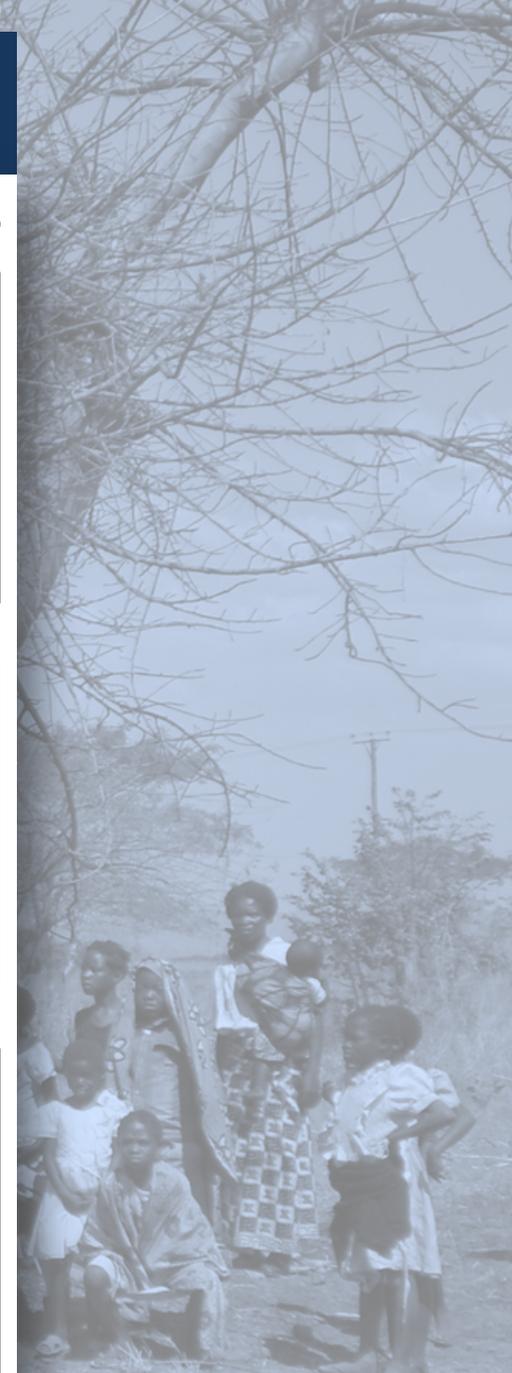


WHO/UNICEF WHO UNESCO/National Sources UNESCO CIESIN/YCELP

Economic Freedom

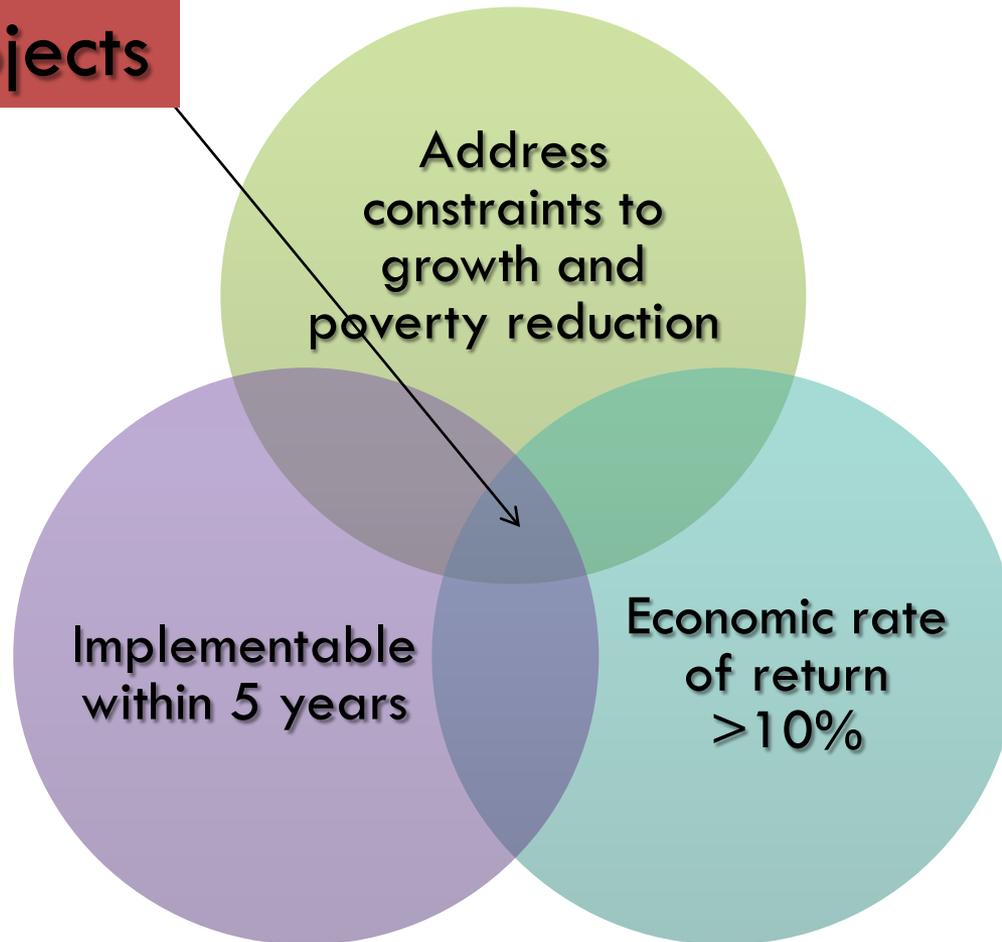


World Bank/Brookings WGI IFAD/IFC IFC Heritage Foundation IMF WEO IMF WEO



Project selection criteria

Eligible projects

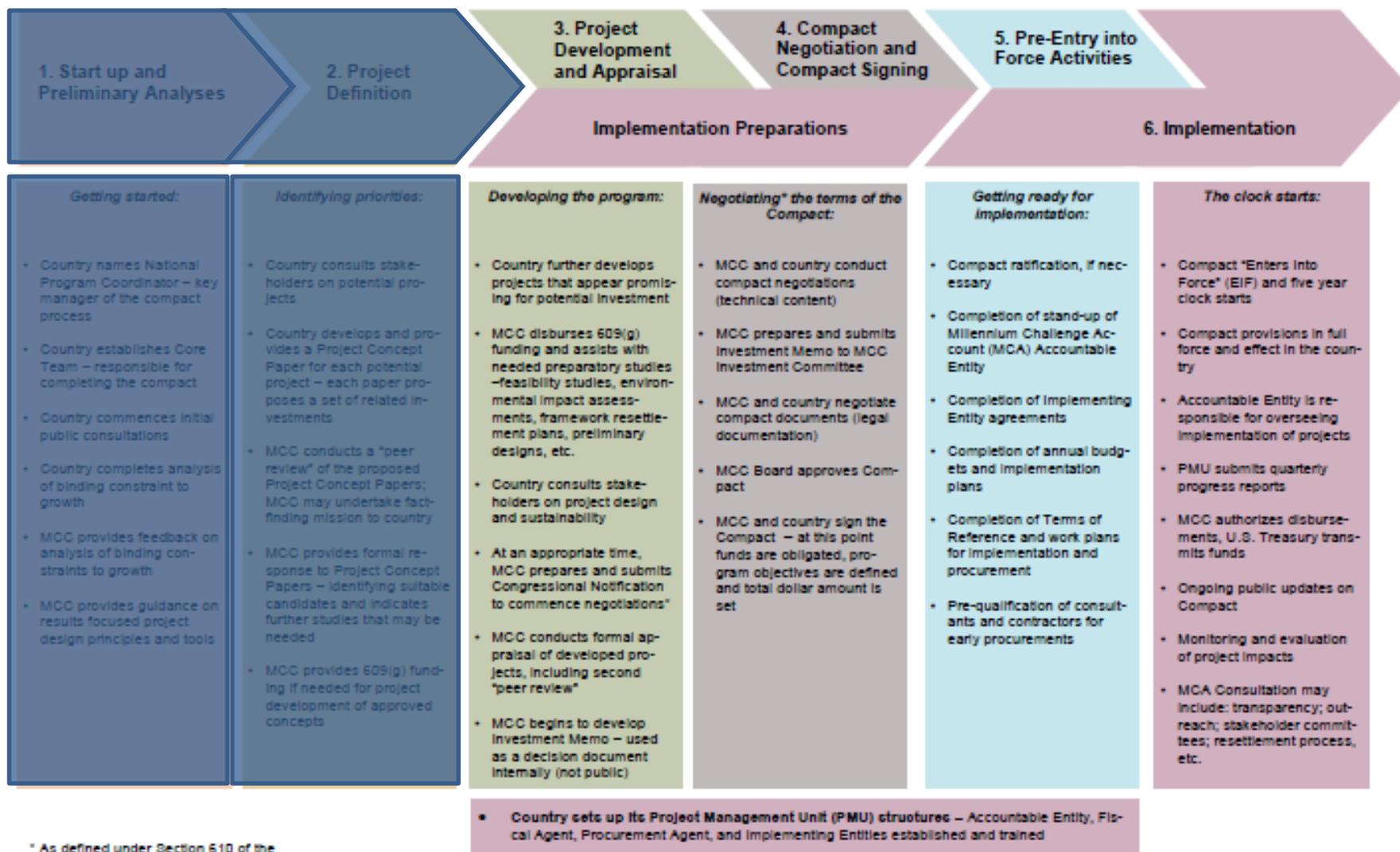


MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA



MILLENNIUM
CHALLENGE ACCOUNT
Z A M B I A
Supported By The American People

Phases of Compact Development



* As defined under Section 610 of the Millennium Challenge Act of 2003

Key Program Milestones – Progress to Date

Zambia eligible
for MCA funding
(Dec 2008)

Zambia
establishes
strong core
team -- MCA-
Zambia and
high-level
Steering
Committee *(July
2009)*

Constraints
Analysis
Completed
(Dec 2009)

Consultations
leading to
submission of
concept papers
(Mar 2010)

MCC allocates
\$12.2 million for
Compact
preparation
(May 2010)

Key Program Milestones – Progress to Date

MCC
prioritizes 2
projects for
detailed
preparation
(*August
2010*)

Zambia sets
up Technical
Working
Groups for
projects
(*August
2010*)

MCC starts
process of
establishing
implementation
arrangements
(*Dec 2010*)

Pre-
feasibility
studies
completed
(*April 2011*)

Feasibility
studies
launched
(*April – May
2011*)

*Targeted
Compact
Approval:
(Sep 2011)*

Selected Projects Overview

Government of Zambia (GRZ) Proposed Projects, Prioritized by
MCC



Lusaka Water, Sanitation, Sewerage and Drainage (“LWSSD”) Project

- ❖ Improved health and employability of project beneficiaries through the provision of clean and safe water supply and adequate sanitation and drainage in targeted areas potentially through:
 - 1) expansion of a water supply network and rehabilitation of the existing network (e.g. reservoirs, underground pipes, community taps, home connections);
 - 2) extension of sewer network and provision of sanitation facilities;
 - 3) burying of hand-dug shallow and contaminated wells in the project areas;
 - 4) drainage improvements and expansion (e.g. drainage canals); and
 - 5) conducting community based health and hygiene education activities.

Greater Kafue National Park Economic Development (“GKNP”) Project

❖ *To help diversify and strengthen Zambia’s economy by establishing the GKNP area as a major tourist destination.”*

1) Improving Access to KNP

- Infrastructure (roads, airstrips, etc.)
- Marketing

2) Improving Management of KNP

- Technical assistance to ZAWA
- Equipment (road maintenance, fire patrols, etc.)
- Small Infrastructure (outpost housing, signage)
- Joint Management Concessions (PPPs)

3) Increasing Benefits to GMA Communities

- Alternative Livelihoods (TBD through GMA Study)
- Wildlife and Tourism Benefits (JVs, CRBs, training)

Key Compact Milestones

Jan 2011	<ul style="list-style-type: none">• MCA Forum in Zambia (attended by 7 African MCAs)
Feb 2011	<ul style="list-style-type: none">• LWSSD Project Selection based on Master Plan• MCA-Z Study Tour to Namibia
Apr 2011	<ul style="list-style-type: none">• GKNP project selection based on Draft Development Plan• Mobilization of LWSSD Contract on Feasibility Study
May 2011	<ul style="list-style-type: none">• Preliminary key analysis and recommendations of GKNP
Jun 2011	<ul style="list-style-type: none">• Mobilization of GKNP Contract on Feasibility Study• AGOA Forum in Zambia (<i>June 6-8</i>)*
Jun-Sep 2011 (tent)	<ul style="list-style-type: none">• Investment conferences on GKNP and LWSSD projects
Jul 2011	<ul style="list-style-type: none">• Submission of Investment Memo to MCC's Investment Management Committee