

MCC's FY2011 Budget Request

<i>(in \$ millions)</i>	FY2009 Appropriated	FY2010 Enacted	FY2011 Request
Compacts	698	915	1,071
Threshold	43	—	—
Due Diligence/Compact Development (609g)	36	90	102
Administrative Expenses	93	95	102
Inspector General/Audits	5	5	5
Total appropriations/request	875	1,105	1,280

By providing grants to countries implementing good economic, political, and social policies, the Millennium Challenge Corporation (MCC) works to fight poverty by removing barriers to economic growth. MCC's partner countries are currently developing program proposals that will provide more water, better sanitation, reliable power, improved roads; help fight corruption while increasing government revenues; and improve access to markets for millions of impoverished people in these countries.

The President has requested \$1.28 billion from Congress to fund the agency in Fiscal Year 2011. This figure represents a slight increase in funding for MCC from the amount provided by Congress in FY 2010.

Since its creation in 2004, MCC has pursued a country-led and results-focused approach to development assistance through five-year compacts designed to maximize sustainable poverty reduction by fostering economic growth. MCC coordinates with other U.S. Government and international donors to avoid costly duplication, and considers the role of gender and the impact on the environment as integral components of compact programs.

MCC has launched 20 compacts and 21 threshold agreements, committing nearly \$7.5 billion to worldwide poverty reduction through results-driven programs built on measurable and transparent objectives. MCC development programs have trained more than 102,000 farmers to boost productivity and food security, and have supported the ongoing construction of more than 1,200 kilometers of roads to facilitate access to markets, schools, and health clinics.

In FY2010, MCC has signed a compact with **Moldova**, and will sign compacts with Jordan and Philippines. Additionally, the agency is working with **Malawi**, **Indonesia**, and **Zambia** to develop compact proposals, and

anticipates signing compacts with these partners, as well as a second compact with **Cape Verde**, in FY2011. These investments will achieve their full potential if Congress authorizes MCC to enter into compacts concurrently and allows the agency to fund some projects that last longer than five years.

In determining eligibility for MCC funds, the agency evaluates a country's performance on 17 independent and transparent policy indicators. Once a country is eligible, they are principally responsible for identifying and prioritizing their own barriers to poverty reduction and economic growth and conducting extensive public consultation. Such engagement bolsters democratic practices and transparency and allows the country to take ownership of its development progress. Placing countries in charge of their development—country ownership—can be difficult at times due to capacity constraints, but is the best way to achieve sustainable results.

*“The Millennium Challenge Corporation
is an essential partner as we work
to combat global poverty”*

President Barack H. Obama
November 6, 2009

The MCC approach requires committing long-term funding upfront, in contrast to other aid programs that spend their appropriated funds each year. This flexibility provided by Congress allows predictability of aid, better planning and budgeting by partner countries, and the ability to fund the long-term projects essential for sustained progress on development priorities such as food security. Although the policy of up-front funding lowers costs and increases credibility, this approach also makes it appear that MCC has large, undisbursed balances even though the funds are, in fact, already in use to reduce poverty.

MCC emphasizes results and transparency throughout compact development and implementation. MCC does benefit-cost analysis by developing economic rate of return (ERR) estimates for all of the compact projects it considers funding and posts ERRs for funded projects on its website. MCC also works with partner countries to develop detailed monitoring and evaluation (M&E) plans for compacts, and tracks the progress of compact programs against defined benchmarks and outcomes, which are also available on MCC's website. Additionally, MCC has begun to post the detailed results of impact evaluations of its programs as well, starting with Burkina Faso's Threshold Program evaluation.

Going forward, MCC has committed to focusing on three overarching priorities:

- ★ Fostering innovation,
- ★ Deeping partnerships with the private-sector and other donors, and
- ★ Delivering results with impact.