



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

Fact Sheet

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MCC's Commitment to Sustainable Clean Water, Sanitation and Improved Water Resources

Water, sanitation and irrigated agriculture are priorities for the U.S. Government's Millennium Challenge Corporation and its partner countries as fundamental pillars to improving the livelihoods and well-being of the poor. Water and sanitation investments help reduce illness from water-borne diseases, and irrigation investments support increased agricultural productivity and farmer incomes. Clean water and adequate sanitation lead to improvements in health, school attendance, productivity, and entrepreneurship.

Climate change and food insecurity have added urgency to the need for clean, reliable water. MCC recognizes the critical nexus of water, energy and food. It takes water to create food and energy, and it takes energy to move and treat water to produce food. MCC's water portfolio comprises integrated investments that support efficiencies in food productivity; water use for home, agriculture and industrial consumption; and power generation, transmission and distribution.

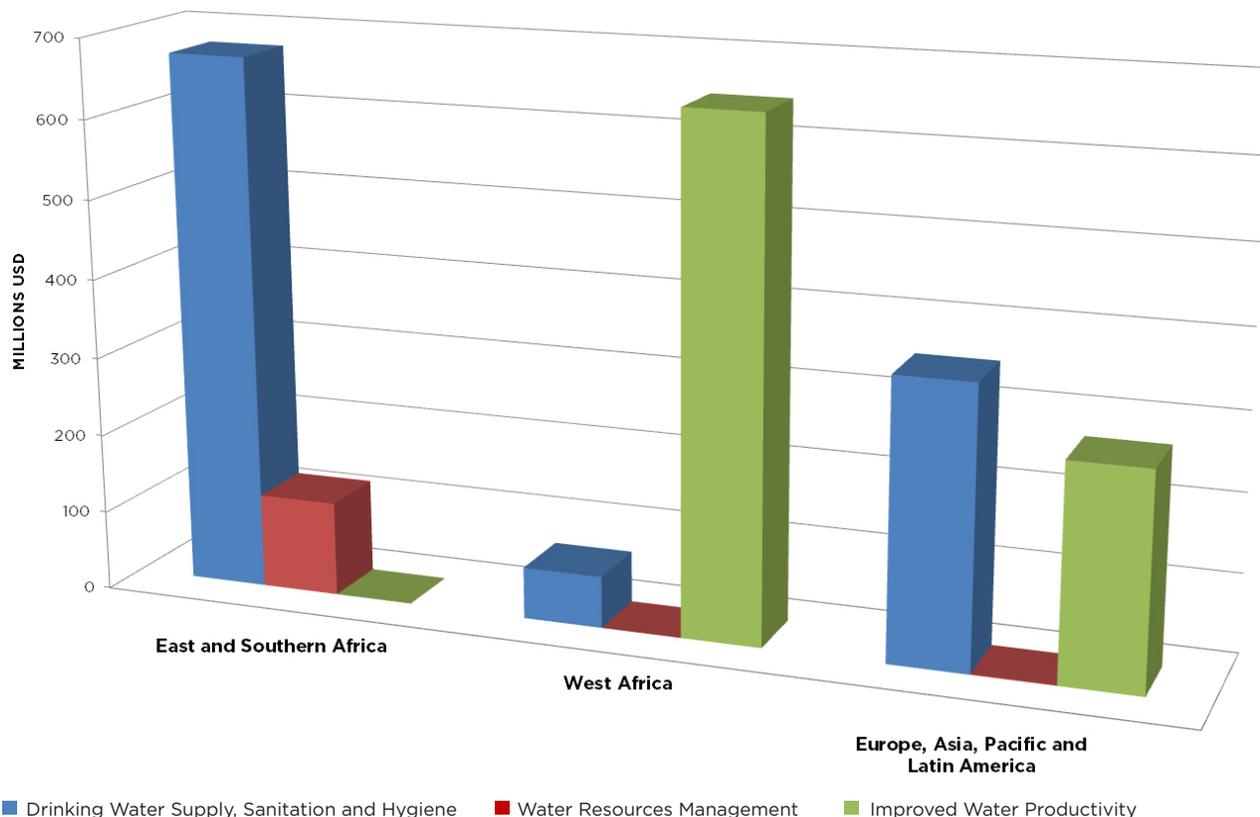
MCC is committed to supporting its partner countries' priorities in water and sanitation as part of their efforts to sustainably reduce poverty and stimulate economic growth. MCC has invested \$2.1 billion in water-related projects in 20 partner countries.



Téra Maimounata drinks clean water from a borehole at Kouka Primary School, a BRIGHT (the Burkinabé Response to Improve Girls' Chances to Succeed) School in Kouka Department, Burkina Faso. BRIGHT seeks to increase girls' primary school enrollment by constructing girl-friendly schools.

Nearly 70 percent of MCC's water investments are concentrated in Africa. Projects supporting improved drinking water supply, sanitation and hygiene represent 51 percent of the agency's water portfolio, while improved water productivity accounts for 43 percent and integrated water resources management is 6 percent.

MCC's Cumulative Water Investments
with values for December 31, 2012
(in millions)



Designing holistic water investments

MCC applies its principle of country ownership to the selection, design and implementation of water projects. Once a country identifies lack of access to water and sanitation as a primary constraint to economic growth and poverty reduction, MCC requires a comprehensive examination of challenges and opportunities for sector development. Individual projects are funded based on a projected high impact on economic growth and poverty reduction.

MCC encourages partner countries to take a holistic approach to project design, looking beyond engineering and infrastructure to address key elements of sustainable service delivery. This includes developing key sector institutions and reviewing resource limitations, environmental challenges, water-use and conservation policies, social- and gender-based barriers, and the capacity of local institutions to enforce policies and operate and maintain infrastructure. Proposed investments must also produce economic returns distributed across the target population. This forward-looking approach to sector development ensures economic, technical, institutional, and social sustainability—all critical for lasting poverty reduction.

Cooperation for sustainability

Cooperation among many actors and stakeholders helps ensure project sustainability and, in MCC compacts, occurs at the international, national and local levels.

In **Mozambique**, the MCC compact supports the institutional development and strengthening of a new water and sanitation infrastructure agency. The agency is responsible for planning and oversight of water supply delivery by the private sector in smaller cities and towns, and of sanitation on a national scale. MCC partnered with the World Bank's Water Services and Institutional Support Project to deliver this assistance so that the government can tender out management contracts to the private sector to ensure sustainable operations of civil works. The Mozambique Compact also funds capital investments for storm water drainage in the cities of Quelimane and Nampula and the installation of approximately 600 clean water points in rural areas.

In **Zambia**, MCC is working with other U.S. Government agencies, including USAID and the U.S. Army Corps of Engineers, to help the Government of Zambia, the Lusaka City Council and the Lusaka Water and Sewerage Company plan an ambitious upgrade to Lusaka's water supply, sanitation and storm water management systems. This includes providing institutional support to the Zambian entities responsible for managing and maintaining these systems. In particular, USAID's assistance will help ensure that MCC's \$354 million investment in Lusaka's water supply, sanitation and drainage infrastructure will be embedded in a favorable and robust regulatory framework and that citizens will benefit from a fair and technically sound regulatory regime.

MCC consistently seeks creative approaches to cooperation on global, national and local challenges, including through **public-private partnerships** (PPPs). PPPs may be a platform for collaborative action, such as the U.S. Water Partnership, or a commercial transaction, in which the private sector is responsible for providing a service traditionally provided by the public sector.

Announced in March 2012 by former U.S. Secretary of State Hillary Rodham Clinton, the **U.S. Water Partnership** (USWP) unites and mobilizes U.S. expertise, resources and ingenuity to address water challenges around the globe. Government agencies, academic organizations, water coalitions, NGOs, and the private sector support the USWP. MCC joined the USWP as a Lead Partner in 2012, and is playing a leadership role in the partnership's startup. Through the USWP, MCC intends to leverage its \$2.1 billion water portfolio by accessing potential actors who might invest in opportunities in and around MCC compacts, thus broadening their reach and impact.

MCC cooperates with organizations such as the **Public-Private Infrastructure Advisory Facility** and the **International Finance Corporation** to promote an enabling environment for PPP commercial transactions that foster sustainable development outcomes. Such market-based approaches can transfer a variety of risks from the public sector to the private sector. In exchange, private sector partners receive payments if they meet specified service quality and performance standards. Such PPP arrangements bring to bear the efficiency and innovation of the private sector in service delivery, while government shifts to supervising and regulating. In addition, PPP transactions can be a financing instrument that mobilizes private debt and equity for infrastructure, freeing up scarce public resources for other important social and economic purposes.

For example, in **Jordan**, MCC and the Government of Jordan developed a PPP project to help solve the country's water sector challenges. The Jordan Compact includes expanding the As-Samra wastewater treatment plant, which will allow high-quality treated wastewater to be used as a water resource in one of the most water-scarce countries in the world. The project is financed on a build-operate-transfer (BOT) basis, a form of public-private partnership in which a private sector entity received a concession from the Government of Jordan to finance, design, construct, and operate the facility for a 25-year period. The BOT project agreement was finalized in July 2012 and succeeded in mobilizing \$110 million of private debt and equity. In 2013, the As-Samra project won the Water and Energy Exchange Award for Innovation in Finance/Partnership for its success in sustainable water infrastructure development.

In **Cape Verde**, MCC and MCA-Cape Verde are developing a cooperative and integrated multidisciplinary team to help the Government of Cape Verde undertake an ambitious set of reforms. These reforms seek to transform the sector at the national and municipal level, and are based on lessons from Luxembourg Development and *Agence Française de Développement*. The project is designed to establish a financially sound, transparent and accountable institutional basis for the delivery of water and sanitation services to Cape Verdean households and firms.

In 2013, MCC developed a partnership with the **Global Environment and Technology Foundation** and **The Coca-Cola Africa Foundation** to leverage MCC's investments in Cape Verde. Through its Replenish Africa Initiative, The Coca-Cola Africa Foundation pledged to invest alongside MCC's efforts to help up to 20,000 low-income households, including many women-led households, gain access to clean water and improved sanitation. This partnership complements MCC's compact with Cape Verde and its focus on policy and institutional reform in the water sector and builds sustainability.

Monitoring and evaluation

Although the near-term benefits of water and sanitation projects are clear, their wider impact is often poorly understood. MCC-funded projects examine not only the direct impact of improved water and sanitation in terms of time savings and reduced illness, but also the broader impact these interventions have on productivity and poverty reduction. For example, in **Mozambique**, a survey was designed and integrated into the project to compare households "before" and "after" an intervention in targeted and control communities. The process involves a time gap between installing a water access point and following up to collect data in order to allow impacts to manifest and to assess the sustainability of community management institutions.

MCC also partners with research institutions, line ministries and national statistical agencies to study the effectiveness of a variety of water and sanitation interventions within and across countries. Through co-operation and a focus on results, MCC and its partners are improving the planning, implementation and sustainable operations of integrated investments that deliver clean water, sanitation and improved water productivity and resources management for the world's poor.

For More Information

Please visit www.mcc.gov/water.