

MCC and Africa: A Growing Partnership for Success

Making the Promise of Poverty Reduction a Reality

The Millennium Challenge Corporation (MCC) is an innovative and independent U.S. foreign aid agency that is helping lead the fight against global poverty. Created by the U.S. Congress in 2004 with strong bipartisan support, MCC is changing the conversation on how best to deliver smart U.S. foreign aid by focusing on good policies, country ownership, and results.

The United States, through MCC, is devoting unprecedented resources to help partner countries in Africa positively transform the lives of the poor and catalyze long-lasting economic progress. The continent of Africa is the largest recipient of MCC development assistance.

Of MCC's 23 signed compacts, 13 are with African countries, totaling nearly \$5.5 billion. These partnerships span the continent and include Benin, Burkina Faso, Cape Verde, Ghana, Lesotho, Madagascar, Malawi, Mali, Morocco, Mozambique, Namibia, Senegal and Tanzania.

MCC's smaller-scale Threshold Program grants are designed to assist countries that are on the "threshold" of compact eligibility. These programs provide specialized assistance to countries where policy improvements are needed. Of MCC's 21 Threshold Programs, 10 are with African countries, totaling over \$160 million. These programs focus largely on fighting corruption and improving governance.

MCC Compacts and Threshold Programs are producing positive results and improving the lives of beneficiaries. Through the innovation of the MCC model, MCC is making the promise of poverty reduction through economic growth a reality in Africa.

MCC programs are concrete examples of constructive U.S. engagement in developing countries, where economic progress and policy improvements are most urgent.

Fast Facts on MCC's involvement with Africa

- More than half of the countries MCC is working with are in Africa.
- Of the 23 MCC Compacts signed to date, 13 are with African countries: Benin, Burkina Faso, Cape Verde, Ghana, Lesotho, Madagascar, Malawi, Mali, Mozambique, Morocco, Namibia, Senegal and Tanzania.
- MCC Compacts in Africa total nearly \$5.5 billion, about 70 percent of MCC's total compact portfolio.

MCC Compacts in Africa



Benin

The \$307 million MCC Compact with Benin aims to increase investment and private sector activity in Benin. The compact is comprised of four projects: increasing access to land through more secure and useful land tenure; expanding access to financial services through grants given to micro, small, and medium enterprises; providing access to justice by bringing courts closer to rural populations; and improving access to markets by eliminating physical and procedural constraints currently hindering the flow of goods through the Port of Cotonou.



Burkina Faso

The \$481 million MCC Compact with Burkina Faso will increase investment in rural productivity through improved land tenure security and land management; increase the volume and value of agricultural production through investments in water management and irrigation, technical assistance to farmers, and rural credit; increase opportunities for farmers to sell agricultural goods and livestock by rehabilitating rural and primary roads; and, as an extension of Burkina Faso's successful MCC Threshold Program, fund the construction of three classrooms each at 132 "girl-friendly" schools for grades four through six.



Cape Verde

The \$110 million MCC Compact with Cape Verde will help Cape Verde achieve its national development goal of transforming its economy from aid-dependency to sustainable, private sector-led growth. The compact seeks to increase rural incomes of the poor by increasing agricultural productivity, integrating internal markets, reducing transportation costs, and developing the private sector through greater private sector investment and financial sector reform. The compact was completed in October 2010; MCC's Board of Directors has selected Cape Verde as eligible to develop a proposal for a subsequent compact.



Ghana

The \$547 million MCC Compact with Ghana aims to reduce poverty by raising farmer incomes through private sector-led, agribusiness development. Specifically, MCC investments are designed to increase the production and productivity of high-value cash and food staple crops in some of Ghana's poorest regions and to enhance the competitiveness of Ghana's agricultural products in regional and international markets. MCC's Board of Directors has selected Ghana as eligible to develop a proposal for a subsequent compact.



Lesotho

The \$363 million MCC Compact with Lesotho is expected to have an economy-wide impact, affecting the entire population of Lesotho. The compact seeks to increase water supplies for industrial and domestic use; alleviate the devastating affects of poor maternal health, HIV/AIDS, tuberculosis and other diseases

by substantially strengthening the country's health care infrastructure and human resources for health capacity; and remove barriers to foreign and local private-sector investment.

Madagascar

The \$110 million MCC Compact with Madagascar is designed to raise incomes by assisting the rural population transition from subsistence agriculture to a market-driven growth. The compact includes three projects to help rural Malagasy secure formal property rights to land; access credit and protect savings; and receive training in agricultural production, management and marketing techniques. In May 2009, MCC's Board of Directors terminated the Madagascar Compact as a result of Government of Madagascar actions inconsistent with MCC's eligibility criteria.

Malawi

The \$350.7 million MCC Compact with Malawi is a single-sector program focusing on activities that aim to revitalize Malawi's power sector. By reducing power outages and technical losses, enhancing the sustainability and efficiency of hydropower generation, and improving service to electricity consumers, the compact intends to reduce energy costs to enterprises and households; improve productivity in the agriculture, manufacturing and services sectors; and support the preservation and creation of employment opportunities in the economy.

Mali

The \$461 million MCC Compact with Mali seeks to increase the productivity of the agriculture sector and regional enterprises. The compact serves as a catalyst for sustainable economic growth and poverty reduction through key infrastructure investments that capitalize on two of Mali's major assets, the Bamako-Sénou International Airport, a gateway for regional and international trade; and the Niger River, a valuable source for irrigated agriculture.

Morocco

The \$697 million MCC Compact with Morocco seeks to increase productivity and improve employment in high-potential sectors including investments in fruit tree productivity, small-scale fisheries, and artisan crafts. Investments in financial services will also support entrepreneurship, small business development, and market growth.

Mozambique

The \$507 million MCC Compact with Mozambique seeks to increase the productive capacity of the population in selected districts with the intended impact of reducing the poverty rate, increasing household income and employment, and reducing chronic malnutrition. Compact programs aim to improve water systems, sanitation, access to markets, land tenure services, and agriculture in the targeted districts.



Namibia

The \$304 million MCC Compact with Namibia will improve the quality of education and training for underserved populations and will capitalize on Namibia's comparative advantages, including large areas of semi-arid communal land suitable for livestock and diverse wildlife and landscapes ideal for eco-tourism. These projects are designed to increase opportunities in rural areas and increase incomes.



Senegal

MCC's five-year, \$540 million compact with Senegal will reduce poverty and promote economic growth by unlocking the country's agricultural productivity, engaging in infrastructure projects to rehabilitate major national roads, and investing in strategic irrigation and water resources management.



Tanzania

The \$698 million MCC Compact with Tanzania seeks to rehabilitate roads to connect communities with markets, schools, and health clinics, and promote the expansion of economic opportunities by reducing transport costs. The compact also funds water infrastructure improvements that will increase access to potable water and will mitigate the incidence of water-related disease, burdensome healthcare costs, and decreased workforce productivity.

MCC Threshold Programs in Africa



Burkina Faso

Burkina Faso's \$12.9 million Threshold Program focused on increasing the number of girls completing primary education. Specifically, the program included: the construction of "girl-friendly" schools, teacher training, take-home dry rations to girls who maintain a 90 percent school attendance rate, and literacy training center for mothers. Burkina Faso completed its Threshold Program; it signed an MCC Compact in July 2008.



Liberia

Liberia's three-year, \$15 million MCC Threshold Program is promoting equal access to land and increased land security through better understanding of property rights issues and improved land administration. The program also focuses on improving girls' primary education enrollment and retention, and supports efforts to improve trade policy and practices, specifically in harmonizing tariffs, engaging regional and global bodies, and strengthening the regulatory environment.



Kenya

Kenya's \$12.7 million Threshold Program focused on reducing opportunities for corruption in public governance. Specifically, the Threshold Program targeted corruption in public procurement, the delivery of health care, and the monitoring and evaluation of reforms. The Kenya Threshold Program is completed.



Malawi

Malawi's \$20.9 million Threshold Program focused on combating corruption, enhancing oversight functions, and building enforcement and deterrence capacity. The programs strived to create more effective legislative and judicial branches of government, provide support for anti-corruption agencies, strengthen independent media coverage, and expand the work of civil society organizations. Malawi completed its Threshold Program; it signed an MCC Compact in April 2011.



Niger

The three-year, \$23 million Niger Threshold program focused on reducing public corruption within the health and education sectors; streamlining the process of starting a business; reducing the time and costs associated with land ownership transfer, land valuation, building permitting and notarization; and bolstering girls' education. On December 9, 2009 MCC's Board of Directors voted to suspend MCC's \$23 million Threshold Program with Niger based on Government of Niger actions inconsistent with MCC policies.



Rwanda

The two-year, \$24.7 million program with Rwanda will strengthen civic participation and promote civil liberties and rights by providing training, technical support and grants to local and national civil society organizations, offering training on election monitoring and voter education and supporting independent community radio stations to enhance citizen engagement. The program will also reinforce Rwanda's efforts to support judicial capacity building, legislative reforms and improve overall public administration.



São Tomé and Príncipe

The \$8.66 million São Tomé and Príncipe Threshold Program seeks to increase revenue as a result of improved tax administration and enforcement. The program will also modernize São Tomé and Príncipe's Customs Service to increase efficiency and reduce the time and cost of starting a business.



Tanzania

The \$11.1 million Tanzania Threshold Program focused on four specific anti-corruption initiatives, including building the nongovernmental sectors' monitoring capacity; strengthening the rule of law for good governance; establishing a Financial Intelligence Unit; and curbing corruption in public procurement. Tanzania completed its Threshold Program; it signed an MCC Compact in February 2008.



Uganda

In Uganda, the \$10.4 million Threshold Program focused on reducing corruption by improving public procurement and financial management practices, strengthening the role of civil society, and building capacity to facilitate more effective follow-up of reported malpractices. The Uganda Threshold Program is completed.



Zambia

Zambia's \$24.3 million Threshold Program focused on reducing corruption and improving government effectiveness. The program funded three components aimed at increasing control of corruption within the public sector, improving public service delivery to the private sector and strengthening border management of trade. Zambia completed its Threshold Program and is eligible to develop a proposal for an MCC Compact.