

Summary of Compacts Signed to Date

Recognizing that sustainable development is best achieved by fostering country ownership, good policies, and investment in people, the Millennium Challenge Corporation (MCC) gives selected countries the opportunity to identify their own priorities for achieving economic growth and poverty reduction. These priorities are reflected in an MCC Compact that defines responsibilities and includes measurable objectives and targets to assess progress. The compact also describes how the country will manage and implement its program, including how it will ensure financial accountability, transparency, and fair and open procurement. To date, MCC has signed 22 development assistance compacts totaling over \$7.9 billion. Below are summaries of these compacts:

Armenia

 The five-year, approximately \$235 million MCC Compact with Armenia is focused on increasing economic performance in the agricultural sector. The compact consists of strategic investments in rural roads and irrigated agriculture. Specifically the investments will upgrade 943 km of road, providing communities and rural residents with reduced transport costs and better access to jobs, markets and social services; and increase the productivity of 250,000 farmer households through improved water supply, higher yields, higher-value crops and a more competitive agricultural sector.

As a result of the June 2009 meeting of MCC's Board of Directors, MCC will not resume funding for any further road construction and rehabilitation under the compact. This hold on funding is a result of actions by the government of Armenia that are inconsistent with MCC principles promoting democratic governance.

Benin

 The five-year, approximately \$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 five-year, approximately \$480.94 million MCC Compact 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 4 through 6.

Cape Verde



The five-year MCC Compact with Cape Verde will help it achieve its national development goal of transforming its economy from aid-dependency to sustainable, private sector-led growth. The approximately \$110 million 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.

El Salvador



In El Salvador, the five-year, approximately \$461 million compact will seek to improve the lives of Salvadorans through strategic investments in education, public services, enterprise development, and transportation infrastructure. The compact is highlighted by a Human Development project designed to increase employment opportunities for the region's poorest inhabitants and provide greater access to safe water and sanitation services.

Georgia



The five-year, approximately \$295 million MCC Compact will help Georgians reduce poverty by renovating key regional infrastructure and improving the development of regional enterprises. The compact's infrastructure projects will improve rural transportation, providing agricultural suppliers the opportunity to connect more easily with consumers and increase regional trade. Furthermore, by providing funding and technical assistance to targeted regional enterprises, the compact will enhance productivity in farms, agribusinesses and other enterprises that will increase jobs and rural income.

Ghana



The five-year, approximately \$547 million MCC Compact 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.

Honduras



The five-year compact with Honduras aims to reduce poverty by alleviating the two key impediments to economic growth: low agricultural productivity and high transportation costs. The approximately \$215 million compact, will place a high emphasis on increasing the productivity and business skills of farmers who operate small and medium size farms and their employees and reducing transportation costs between targeted production centers and national, regional and global markets

In September 2009, MCC's Board decided to partially terminate MCC's Compact. The termination is a result of actions by the government of Honduras that are inconsistent with MCC's eligibility criteria.

Jordan



Jordan's \$275 million grant will fund three integrated projects focused on improving water supply, wastewater collection, and wastewater treatment and reuse. These projects will improve water delivery, decrease costs of potable water, and upgrade in-home water systems. They will also increase the amount of wastewater collected for treatment and reduce the incidents of sewage overflow. Finally, the compact will increase the volume of treated water that is available as a substitute for freshwater for non-domestic uses.

Lesotho



The five-year MCC Compact with Lesotho is expected to have an economy-wide impact affecting the entire population of Lesotho. The approximately \$363 million 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



In Madagascar, the \$110 million MCC program was designed to raise incomes by helping the rural population transition from subsistence agriculture to a market economy. The program included 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. Following the MCC Board decision in May 2009 to terminate the MCC Compact in Madagascar, MCC is working with MCA Madagascar to ensure an orderly windup of the program.

Mali



The five-year, approximately \$461 million 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, gateway for regional and international trade, and the Niger River for irrigated agriculture.

Moldova



Moldova's five-year, \$262 million economic development grant will improve irrigation infrastructure and management; increase the production and marketing of high value agricultural products; and rehabilitate part of the country's national road network.

Mongolia



The five-year, approximately \$285 million compact with Mongolia seeks to increase economic activity by improving the ability of Mongolians to register and obtain clear title to their land, expand vocational education in core technical skills and focus on the health and well-being of the labor force by reducing non-communicable diseases and injuries. The Compact is also focusing on energy and environment projects by promoting the introduction of alternative energy and energy efficient products the construction of approximately 174 kilometers of a major highway and a 252 meters bridge over the Tuul River to accommodate heavy traffic into Mongolia's capital city.

Morocco



The five-year, approximately \$697.5 million Morocco Compact seeks to increase productivity and improve employment in high potential sectors including investments in fruit tree productivity, small-scale fisheries, and artisan crafts. Small business creation and growth will be supported also by investments in financial services and support.

Mozambique



The five-year 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. The approximately \$507 million program aims to improve water systems, sanitation, access to markets, land tenure services, and agriculture in the targeted districts.

Namibia



The five-year, approximately \$304.5 million compact with Namibia will improve the quality of education and training for underserved populations, and capitalize on Namibia's comparative advantages (e.g., large areas of semi-arid communal land suitable for livestock, and diverse wildlife and unique landscapes ideal for ecotourism) to increase the incomes of poor Namibians in the northern areas of the country.

Nicaragua



In Nicaragua, the five-year compact will support those living in the Leon and Chinandega region by significantly increasing incomes of rural farmers and entrepreneurs. The compact will provide approximately \$175 million to reduce transportation costs, improve access to markets, strengthen property rights, increase investment, and raise incomes for farms and rural businesses.

Political conditions leading up to, during, and following municipal elections of November 2008 in Nicaragua were inconsistent with MCC's eligibility criteria. In June 2009, the MCC Board partially terminated the compact, ceasing to fund assistance for the Property Regularization Project and for activities not already contracted under the Transportation Project.

Philippines



The Philippines' five-year, \$434 million compact includes funds to repair 220 kilometers of the country's Samar Road. This road will improve access to markets and services for farmers, fishers, and small businesses in some of the poorest provinces in the Philippines. The compact also includes funds to expand Kalahi-CIDSS, an innovative community development project. This project will empower local communities by encouraging their participation in poverty reducing activities and provide grants to build critical infrastructure such as water systems, clinics, and schools. Finally, the compact includes investments to computerize and streamline business processes in the Bureau of Internal Revenue to bolster the effectiveness of revenue collection and reduce opportunities for corruption.

Senegal



MCC's five-year, \$540 million compact with Senegal aims at reducing poverty and investing in economic growth by unlocking the country's agricultural productivity, rehabilitating major national roads, and investing in strategic irrigation and water resources management.

Tanzania



The five-year, approximately \$698 million compact seeks to rehabilitate roads and help connect road users and communities with markets, schools, 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.

Vanuatu



The \$65 million compact with Vanuatu is improving the country's poor road conditions by construction and sealing two national roads, the Efate Ring road and the Santo East Coast road. The compact is benefiting poor, rural agricultural producers and the tourism industry by reducing transportation costs and improving road conditions.

For more information about MCC Compacts, please visit the MCC website at www.mcc.gov.