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Milestones
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Sustaining Global Food Security

Partnering to Find Smart Solutions to Global Poverty

Investing in food security to alleviate global poverty is a top priority for the Obama Administration. Secretary of State Hillary Rodham Clinton recently confirmed, "The President and I intend to focus new attention on food security so that developing nations can invest in food production, affordability, accessibility, education, and technology." The Millennium Challenge Corporation (MCC) represents an innovative tool to help achieve this goal, by investing $3.2 billion worldwide in long-term agricultural and rural development.

MCC and partner countries are investing in all aspects of the food production and distribution system. Programs

See "Sustaining" on page 7

Smart Development Embraces the Environment

Environmental stewardship is an essential building block of reducing poverty and promoting sustainable economic growth. Natural ecosystems provide basic needs and services that are necessary for healthy and productive lives, including building materials, food, water, medicines, and fuel. Depleted or polluted resources, especially

See "Environment" on page 9

Growing Promise in Georgia

MCC's compact with Georgia supports small business development. Pictured above, a food cannery outside of Tiblisi is creating opportunities for local farmers and producers.

Inside

Georgia Boosts Competitiveness p.2

El Salvador Electrifies Northern Zone p.7

Vanuatu Builds "Roads of Life" p.12

Q&A with MCG CEO George Abdushelishvili

Millennium Challenge Account-Georgia (MCG) Chief Executive Officer George Abdushelishvili answers questions regarding the partnership between MCG and MCC.

How is the Georgia Regional Development Fund making a difference in the lives of Georgians?

Georgia Regional Development Fund (GRDF) is one of the most interesting and unique projects funded through the $395.3 million compact between MCC and Georgia. This is a $30 million risk capital investment fund that focuses on long-term, growth-oriented investments in small and medium sized enterprises (SME). The GRDF provides debt and equity instruments to Georgian companies. The GRDF will operate in Georgia for a period of ten years; the first five years (investment period) will focus on investing capital and working on the development of enterprises; the post-compact period will look toward making profits from invested enterprises. In its essence, the GRDF seeks to develop and explore new investment opportunities in Georgia's rural regions with at least 80 percent of its capital invested. Moreover, 50 percent of the investments must be primarily within the agribusiness and tourism sectors. The GRDF's priorities were identified based upon a survey conducted by Georgian and American experts, which revealed that the country's rural regions and the agribusiness and tourism sectors face an acute lack of investments.

It is a simple truth that capital is essential for a country's economic development. Investments attracted and applied within the GRDF will create new jobs and improve the quality and competitiveness of Georgian products, thereby fostering economic development in the rural areas, where there is the greatest need for development. The GRDF's success will attract additional investments to the country. It will also demonstrate the attractiveness of Georgia's investment environment.

MCG CEO George Abdushelishvili meets with a Farms Service Center employee.

Several investment funds and many other financial institutions currently operate in Georgia. The GRDF, however, ranks in a special position because of its priorities and its stronger ability to face risk. In this way, we can say that it is the first one of its kind in Georgia.

Last year, Georgia received an additional $100 million grant from MCC to support compact-related activities. What are these new activities?

It was on November 20 that then Georgian Prime Minister Grigol Mgaloblishvili and former MCC CEO Ambassador John Danilovich signed an amendment granting an additional $100 million in U.S. Government development assistance. The additional funding is complementing the ongoing $295.3 million compact between MCC and Georgia and is intended to focus on Georgia's road network, infrastructure development, and energy activities. Additional funding permits rehabilitation of three more sections of the road connecting the Samtskhe-Javakheti region to Turkey and Central Georgia; full completion of three previously approved municipal projects; and the preparation of a comprehensive economic, geological and environmental study, technical design, and public/private financing plan for the gas storage facility and related infrastructure.

What does MCC and MCG mean to Georgians? To you?

It will not be an exaggeration to say it means one big step forward to boost economic growth in Georgia by investing in improved transportation for regional trade, ensuring the supply of energy, and improving the delivery of regional and municipal services. Investing in regional enterprises will increase productivity in farms, agribusinesses and other enterprises to generate more jobs and rural income. I truly believe this new mechanism of smart aid for countries in transition, in combination with country ownership, will make fundamental changes in people's lives and will prove to be the most effective and sustainable investment in the long-term economic development of Georgia. I am proud to be part of this significant, meaningful, achievable, results-oriented, and tangible program and am looking forward to seeing the compact goals accomplished.

Educating Girls is Key to Long-term Growth

By Yolande Miller-Grandvaux, Senior Education Advisor, USAID.

Research consistently shows the economic and social benefits of educating girls in developing countries. A year of schooling for girls reduces infant mortality by five to 10 percent. Every year of additional schooling increases girls' wages by 10 to 20 percent. Research on education and economic growth demonstrates that failing to invest in girls' education lowers gross national product. Through an integrated and coordinated approach, MCC and USAID have successfully developed programs to support girls' education in Burkina Faso and Niger. For example, the BRIGHT program in Burkina Faso, implemented by USAID from 2005 to 2008 under a $12.9 million MCC Threshold Program, demonstrates a commitment to improving Burkina Faso's performance on MCC's "Girls' Primary Education Completion Rate" eligibility indicator. The program focused on the ten provinces with the lowest school enrollment rates for girls and ensured that both immediate and long-term barriers to girls education be addressed simultaneously. The program targeted community, school, and individual levels of interventions, bringing the program as close as possible to girls, their parents, and their teachers, while providing institutional capacity-building assistance to the Ministry of Education. The program constructed 132 schools with boreholes to provide water for sanitation, and separate latrines for girls and boys to ensure privacy and security. Boys and girls received daily meals and food rations. The project also included literacy training for mothers, and teachers were trained in promoting gender equality in the classroom. BRIGHT is laying the foundations for building human capital in remote areas of Burkina Faso. Girls now have a better vision for their future. *Note: The opinions and findings in this article are those of the author's and do not necessarily reflect the views of USAID or MCC.*

MCC-USAID cooperation through the BRIGHT School program has been successful in laying the foundation for improved education for girls in Burkina Faso.

Mozambique Passes Water Decree to Improve Sanitation

MCC is working with the Government of Mozambique to improve basic services such as water and sanitation. On April 14, 2009, the Government of Mozambique passed a decree establishing a new agency, the Administration of Infrastructures of Water Supply and Sanitation (AIAS), which will manage the water supply and sanitation investments in towns and small cities. AIAS will work with municipalities to delegate the operations and management of these systems. This approach builds on the previous successful experience at the provincial level and has been highly effective in increasing utility performance and extending access water supply services to otherwise underserved neighborhoods. The legal establishment of AIAS is an important milestone.

The MCC-funded Water and Sanitation Project in Mozambique will increase access to a safe, reliable water supply and sanitation services, thereby increasing productivity and reducing water-borne diseases—the leading cause of death in children under five. The project aims to provide water supply and sanitation services in six cities and to promote capacity building of local institutions and policy development.

A Vision for Smart Development

A Conversation with MCC Board Member Ken Hackett

Ken Hackett is the president of Catholic Relief Services and the longest sitting member of MCC's Board of Directors.

As the longest serving Director on MCC's Board, how would you assess MCC's innovative approach to development?

I was initially intrigued by MCC's fresh approach, embodying how I dreamed foreign assistance should be when I embarked on this career 40 years ago. I liked the focus on results, the transparency and relative objectivity of the indicators used for selection of eligible countries, and countries assuming responsibility for their own development.

As the only private board member with a development background drawing upon an extensive field presence, I initially fought for a more targeted approach to poverty reduction. Specifically, I worked to ensure that the poor had a direct voice in their own development. Civil society has a vital role to play in giving voice to many, prioritizing investments and identifying practical approaches to addressing the needs of the poor. MCC has made major strides that other donors are seeking to emulate: ensuring that poverty reduction, through a beneficiary analysis, remains at the forefront of planning and that civil society remains informed, organized and vigilant, holding their own government accountable.

What are the top challenges the world's poor face now that we, as donors, need to focus on?

Photo by Catholic Relief Services

Catholic Relief Services President and MCC Board Member Ken Hackett visits with participants from the CRS "Children Left Behind" project in western Kenya.

In my experience, the poor people who we work with are not looking for handouts or formal training. I've found that farmers we work with are very resourceful and are generally capable of adapting to the trials that life hands them.

The major challenges the poor face are overcoming the various barriers they encounter to pursuing their livelihoods, many of which are institutional or systemic. I recently returned from Niger, where MCC is attempting to replicate the success that it has encountered next door in Burkina Faso: empowering the government to take a bold step forward, to take ownership over its development and to be more responsive to its people.

How are Catholic Relief Services (CRS), of which you are president, and MCC working together to alleviate global poverty?

We have similar goals in some areas. CRS, through our understanding of the needs of the people we partner with, is well positioned to complement the activities of the locally administered MCC units by developing the capacity to support economic livelihoods. We cherish the partnership we have with a vast array of church and NGO partners around the world. We recently announced a strategy for agricultural development that focuses not just on productivity through access to technology, but also on steps to improve access to markets, and ways to link farmers to credit through microfinance and to market information. MCC in turn can help governments take the initiative at the macro level by improving the underlying business environment that facilitates economic growth for the poor.

Democracy and Good Governance at Work

Lessons from Ghana, Lesotho, and El Salvador

MCC recognizes the link between democracy and economic growth, and several of MCC's core founding principles implicitly value democratic institutions. The MCC indicators for country eligibility examine whether governments rule justly, if they invest in their people, and if they promote economic freedom. Good governance entails respect for citizens' civil rights, fighting corruption, and promoting the rule of law. It also entails allocating adequate resources to education to train the next generation of citizens, or modernizing the land tenure system to secure people's right to land, or strengthening the capacity of government procurement professionals to promote the transparent, competitive awarding of contracts.

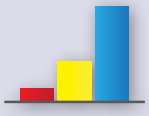
For example, **Ghana's** MCC compact was born from active, engaged civil society participation, feedback, and input on the best projects to reduce poverty and stimulate economic growth. Under the MCC compact, community-level projects are identified by communities, vetted by district assemblies, and included in a biannual development plan. Once facilities are constructed, Ghana's civil society organizations continue to monitor project progress and hold district officials accountable for project completion—the hallmark of a transparent society. The compact is promoting greater transparency and accountability—key to good governance—by training Ghanaian government procurement professionals on best practices for the competitive award of public sector contracts. This summer, approximately 300 students and some of their lecturers are participating in internships to learn about best procurement practices. Ghana's peaceful transition in presidential leadership in December 2008 is also a testament of Ghanaian commitment to democracy and good governance.

MCC's partner countries work to increase transparency and accountability, broaden public participation, fight corruption, and undertake tremendous reforms.

In **Lesotho**, with MCC joining the chorus of other donors and groups pressing for change, the prospect of MCC compact funding prompted the government to pass landmark legislation allowing women the right to own property and the right to enter into binding contracts. As described in a January 2007 *Wall Street Journal* article, "Traditionally, married women in [Lesotho] had the same legal rights as children; they couldn't buy land or borrow money without permission from their husbands. With the [MCC] pressing for changes, the Lesotho Parliament passed a law in November [2006] putting married women on equal legal footing with their husbands."

In **El Salvador**, MCC eligibility indicators provide a valuable framework for achieving results in the areas of good governance, economic policy, and social investment. In order to improve the use of indicators as tools to measure performance, El Salvador created a Policy Performance Indicators Monitoring Unit within the Technical Secretariat of the Presidency and identified key performance indicators (including MCC eligibility indicators) to measure the country's progress in political, economic, and social development. This unit designed a system to monitor, analyze, and disseminate information concerning the country's performance on the identified indicators. The Salvadoran government has begun implementing a detailed action plan to improve its performance on certain MCC eligibility indicators. Their MCC "Policy Improvement Plan" is designed to be an operational tool that will enable the government to chart progress on an incremental basis and to focus the attention of key stakeholders on the importance of achieving stronger development results.

U.S. development assistance through MCC is breaking innovative ground around the world. When a country practices sound policies, pursues good governance and the rule of law, builds the capacity to lead its development, and operates with transparency and accountability, it can deliver tangible change to the lives of the poor. MCC's partner countries work to increase transparency and accountability, broaden public participation, fight corruption, and undertake tremendous reforms. Partner countries share MCC's commitment that lasting development needs an institutional framework of good governance in order to take root and thrive.



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MCC Builds Transparency:

Threshold Partners Root Out Corruption

MCC establishes partnerships with governments that are working to address corruption, as measured by the corruption indicator. In partnership with MCC, countries such as **Paraguay**, **Malawi**, and **Albania** continue to respond to the call to control corruption in their countries by enacting stronger anti-corruption laws, strengthening oversight institutions, opening up the public policy-making process to greater scrutiny, and increasing investigations and prosecutions of corruption offenses. MCC's Threshold Program is investing $250 million overall in programs to strengthen anti-corruption systems and procedures, making MCC a significant donor to anti-corruption activities.

MCC is steadfastly working with partner countries on anti-corruption programs worldwide. For example, in **Indonesia**, the MCC-funded threshold program facilitated a major change in the organizational culture of the Supreme Court by introducing asset disclosure for judges and creating momentum within the government and the donor community to expand judicial reform efforts. In **Uganda**, the MCC threshold program focuses on controlling and preventing corruption in public procurement, improving financial management practices, increasing the effectiveness of investigations and prosecutions, and strengthening the role of civil society. In **Malawi**, the program focused on reducing and preventing corruption by strengthening the legislative and judicial branches, improving the effectiveness of the anti-corruption agency, increasing and improving independent media coverage, and intensifying the work of civil society organizations. Under the tax reform project in **Albania's** first threshold program, electronic filing of tax declarations began and now 28 percent of businesses file their taxes electronically—which reduces opportunities for corruption by tax collectors. The business registration and tax administration reforms are being expanded under Albania's Stage II MCC threshold program, which was signed in September 2008. **Paraguay's** threshold program developed a Standardized Model of Internal Controls (SMIC), a comprehensive framework for internal controls which the government institutionalized in November 2008 through a presidential decree. The Supreme Court adopted the model and it will be implemented across all Paraguayan ministries and agencies.

Recently, Transparency International USA recognized MCC's policy on the prevention, detection, and remediation of corruption and/or fraud and released a statement saying that the, "policy complements the MCC's emphasis with 'compact countries' on fighting corruption by focusing on the MCC's own commitment to further safeguard the U.S. funds that it disburses abroad."

To learn more about how MCC and partner countries are working to fight corruption around the world, and read the *MCC Policy for the Prevention, Detection, and Remediation of Fraud and Corruption*, please visit www.mcc.gov/corruption

MCC Celebrates Africa Day 2009

MCC hosted a standing-room only event to commemorate Africa Day 2009 with "A Vision for Africa." Senior officials from the U.S. Government, MCC partner countries, and NGOs included, from left to right, CRS President Ken Hackett, Bread for the World President David Beckmann, MCC CEO Rodney Bent, Special Assistant to the President Gayle Smith, Assistant Secretary of State for African Affairs Johnnie Carson, African Union Permanent Representative Ambassador Amina Ali, and Ambassador Aziz Mekouar of Morocco.

Long-term Solutions for Global Food Security

Continued from page 1

include transferring agricultural technology, securing land rights and financing, increasing access to safe water, and building roads and other farm-to-market infrastructure. These initiatives spur economic growth by helping farmers and rural businesses gain access to seeds and fertilizers, overcome bottlenecks in getting crops to markets, and engage in higher-value production to increase their income.

Generating growth to raise the incomes of the poor bolsters food security. Food availability means that farmers are able to produce goods and move them to markets. Bad policies, ineffective institutions, and poor infrastructure precipitate availability problems.

MCC's contributions to food security in these areas have recently been part of policy discussions exploring this important issue. Ambassador-at-Large for Global Women's Issues Melanne Verveer headlined a public forum at MCC on the role of gender in achieving food security. She acknowledged, "Unless we take gender differences into consideration in our policy responses, we will neither successfully address the food crisis in the short term nor create sustainable food security for the longer term."

MCC commemorated Africa Day 2009 with an event highlighting food security and featuring senior U.S. Government officials, MCC Board members, the African Union, and representatives from MCC partner countries, and NGOs.

Sustaining food security improves the lives of the world's poor. As U.S. Assistant Secretary of State for African Affairs Ambassador Johnnie Carson stated, "It is important that if, in fact, we are going to see long-term, sustainable development in Africa, agriculture has to be made a greater priority - a greater priority for the partners of Africa, like the United States and the G-20, but also a priority for African countries themselves." Keeping food security on the agenda highlights the need for lasting solutions on the ground in partnership with countries committed to growth.

Results Matter: Monitoring and Evaluation Data Raises the Bar

One of the ways MCC changes the conversation about foreign assistance is through a rigorous monitoring and evaluation (M&E) approach. At the core of the M&E system is the M&E Plan developed for each compact. The plan contains indicators, baselines, and targets against which project performance will be tracked, and it defines the rigorous impact evaluations that will be conducted. Over the life of the compact, countries submit a report each quarter detailing progress on their M&E Plan. From the outset MCC tracks *progress* towards results through processes completed and outputs achieved. As implementation advances, measurement shifts to tracking *results:* outcomes and impacts that relate to poverty reduction and growth. During implementation, MCC and partner countries use the M&E data to manage the compact and communicate progress to stakeholders. Over the long term, the results of the evaluations, particularly of the impact evaluations, will help MCC and the rest of the development community design better projects and increase development effectiveness.

MCC is now making its M&E data available to the public. Why is this innovation so important? The answer is simple: results matter. The U.S. Government is committed to managing and implementing aid in a way that focuses on results. Measuring results and making them transparent allows us to document change, to manage programs more effectively, and to increase aid effectiveness over the long term.

MCC Hosts MCA CEOs and Senior Staff During Week-long Seminar on Improving Poverty Reduction Programs Worldwide

"I am pleased that representatives from all of our partner countries are here with us-- they are examples of MCC's belief in and commitment to local solutions and capacity as the best way to create growth." Rodney Bent, MCC Acting CEO, June 24, 2009.

MCC hosted its annual MCC University (MCC-U) in Washington, DC the week of June 22nd. MCC-U is a unique gathering of MCA implementing directors that focuses on maximizing best practices in economic development. During MCC-U, participants exchange ideas in the areas of compact development, implementation, management, procurement, financial reporting, and monitoring and evaluation. By increasing knowledge and capacity in these areas, MCC and its partner countries are building a network of best practices and effectively developing and implementing a wide range of anti-poverty programs.

MCC's model enables partner countries to identify and implement their development priorities after extensive consultations with their civil societies. MCC supports the open lines of collaboration among its partner countries, and uses lessons learned and best practices to continuously improve its process and programs. Poverty reduction demands a global response among partners, and MCC and MCAs are building a support network to train and build capacity that facilitates effective poverty reduction through sustainable economic growth.

MCC-U attendees included: Armenia, Benin, Burkina Faso, Cape Verde, Colombia, El Salvador, Georgia, Ghana, Honduras, Indonesia, Jordan, Lesotho, Madagascar, Malawi, Mali, Moldova, Mongolia, Morocco, Mozambique, Namibia, Nicaragua, Philippines, Senegal, Tanzania, Vanuatu, and Zambia.

Fostering Entrepreneurship in Nicaragua

Dairy producers in Nicaragua's departments of Leon and Chinandega increased their productivity as a result of investments in productive assets, improved pastures, and technical assistance, all provided through the MCC compact with Nicaragua. As part of its efforts to help small farmers and dairy producers move to higher value production, MCA-Nicaragua, the Nicaraguan entity implementing the $175 million compact, provides business development services, improved production techniques, and greater access to markets to farmers and dairy producers as part of the Rural Business Development Project. The activities aim to create an engine for economic growth in the northwestern part of the country, a poor region with significant growth potential due to its fertile soil and proximity to markets in Honduras and El Salvador.

Through a partnership between MCA-Nicaragua and the Dutch-financed INDE-Procede Program for the development of entrepreneurship services, dairy producers who successfully participate in the implementation of a two-year business plan with MCA-Nicaragua, will receive vouchers worth $750-$1250 that will allow them to receive co-financing for an additional year of entrepreneurship assistance services. Through these services most of the 1,700 dairy producers benefitting from the MCC compact will continue improving their business plans through training, diagnostics, and technical assistance. This partnership will ensure that new skills and techniques are fully adopted beyond the life of the program.

Over the last three years, MCA-Nicaragua has provided technical assistance to livestock farmers who are ensuring milk production throughout the year, with the planting of over 1,650 hectares of sugar cane, pasture and legumes which are used to feed the cattle during the dry summer season.

MCC and the Environment

Continued from page 1

water, soils, forests, and fisheries, disproportionately affect the lives of the poor because they typically do not have the means to mitigate adverse environmental impacts and adapt to changes in their environment. Global environmental threats such as climate change, water scarcity, pandemic disease, and food security have added urgency to these issues.

The U.S. Government, through MCC, is funding a range of projects designed to help partner countries improve natural resource management, and pursue less carbon intensive growth strategies. MCC is supporting over 15,000 hectares of reforestation initiatives in Nicaragua and Mozambique, the installation of 450 solar panel systems in El Salvador's Northern Zone to serve more than 2,000 poor and isolated households, and two projects in Namibia that will promote ecotourism through community-based natural resource management and facilitate the sustainable harvesting and marketing of commercially valuable indigenous plant species.

Looking ahead, potential compact partners—such as Jordan, Malawi, Philippines, and Indonesia—face cross-cutting environmental challenges, like water scarcity, deforestation, and biodiversity loss, and are vulnerable to climate risks such as droughts and extreme weather events. MCC is working with them as they design their programs and consider ways to mitigate these risks. Moreover, MCC is working closely with other donors to harmonize efforts to integrate climate change and natural resource management into development assistance.

Electrifying Results in El Salvador's North

Families in El Salvador's Northern Zone are reaping the benefits of solar electricity. The solar panels are used in remote locations where it is not economically feasible to extend the electric grid. The first 250 solar panels were installed in early 2009; the next lot of 200 panels are currently being installed and are estimated to be complete by the end of July. Each house received two bulbs and an "outlet" to plug in a small refrigerator, radio, or television. An additional 500 systems are expected to be installed within the next 12 months.

Technology Grows in Armenia

Using new technologies to provide agricultural market information is an emerging best practice in economic development. The efficient dissemination of market information has benefits for farmers and businessmen. Farmers are able to negotiate with traders from a position of greater strength and businesses can predict and plan their expenses. In light of this need, MCC financed the establishment of the Armenian Agriculture Market Information System (ARMIS), launched in December 2008. ARMIS gathers wholesale and retail prices from six markets covering four regions of Armenia—Yerevan, Armavir, Lori, and Shirak—and makes this information publicly available on the internet (www.armis.am). For those farmers who do not have access to the internet, market price information is available through an SMS message system. The system is useful for farmers and representatives of various industries and sectors, such as processors, wholesalers, retailers, restaurant owners, and others who are interested in receiving accurate market information. The web site also provides statistics for the requested time period.

MCC Effect

"Neighboring countries like Tanzania are benefiting from [MCC funds] because their anti-corruption record is impressive. Why can't we follow their example?"

Kenyan Foreign Minister Moses Wetang'ula

Highway to Prosperity and Growth in Cape Verde

MCC Inaugurates First Completed Road in Africa

The government of Cape Verde, together with MCC, completed the Orgãos-Pedra Badejo road, which is the first completed road under MCC's compact with Cape Verde. This will positively impact Cape Verde's economy by creating better access to markets and community services for the citizens along its path.

The Orgãos-Pedra Badejo road is one component of MCC's $110 million, five-year compact with Cape Verde to reduce poverty and stimulate economic growth. The road is the first completed MCC road in Africa and will serve the people of one of Santiago Island's agriculturally productive valleys. An estimated 12,500 farmers and families living on Santiago Island will directly benefit from the 10 kilometer stretch—moving their goods to markets with greater efficiency and reaching schools, health clinics, and community services with greater ease. The MCC compact with Cape Verde supports the country's national development goal of sustainability and private-sector development. To read a blog entry on this event visit *www.mcc.gov*.

The new road between Órgãos and Pedra Badejo has a drainage system, signage, lighting, and all safety and environmental standards in place which will improve safety and access.

Results in Brief

Peru

To improve delivery of health systems in Peru, the Ministry of Health and the Regional Health Directorates entered into an agreement to define responsibilities of the national immunization program at the central and regional levels. Through the MCC threshold program, offices have been established in 11 regions and the program is reaching out to educate both local and regional governments about threshold activities.

Kenya

The Public Procurement Oversight Authority launched an online portal for advertising Kenyan opportunities for 16 procurement entities, thereby helping increase transparency and fight corruption. Full implementation of e-procurement under the MCC Threshold Program in Kenya will build upon this initial effort by expanding the limited capacity of the government to support advertising of all tender opportunities, and to receive bids online.

Albania

As part of its first threshold program with MCC, Albania's e-procurement system (EPS) was transferred to the Government of Albania, and the prime minister committed to using EPS for all procurements in 2009. The EPS met its target of completing 2.5 percent of all procurements in 2008. Use of the system continues to increase. EPS saves an estimated 15 percent of its budget due, in part, to increased competition.

Window to the Field: **Chuck Sethness in Vanuatu**

Prime Minister Edward Natapei addresses guests during the groundbreaking ceremony of the Santo East Coast Highway on April 2009.

In Vanuatu, life revolves around roads. Vanuatu is a small island nation, and the MCC road investments will have a huge impact on people's lives, especially the poor, rural agricultural producers and providers of tourist-related goods. Improving these roads will increase the population's access to markets, education, and health facilities, reduce transportation costs, and improve the reliability of access to transportation services. For this reason, during a recent speech, I referred to these as the "roads of life." This phrase has come back to me in market stalls and in conversations with the people of Vanuatu who wholeheartedly agree.

Thinking retrospectively about the progress made to date, as most of MCC's partner countries have seen, the first few years of start-up are challenging. There is a good working relationship between MCC, MCA, and the Government of Vanuatu. I believe the projects will be executed successfully in the five-year term. I have learned that successful implementation comes with building country ownership and capacity by establishing a good working relationship. These relationships are built through a country-specific approach, grounded in cultural sensitivities, which secure the sustainability of Vanuatu's MCC projects.

Chuck Sethness is the MCC Resident Country Director in Vanuatu.

MILLENNIUM CHALLENGE CORPORATION
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MCC upholds commitment to helping the poor

By Rodney Bent
Acting Chief Executive Officer

The Board of Directors made some tough decisions at its meeting on June 10th: suspending certain programs in Nicaragua and Armenia and terminating the entire program in Madagascar due to a pattern of behavior inconsistent with MCC's policy-driven development model. Amidst these changes, it's important to emphasize a constant: MCC stands in solidarity with the poor, and the Board's decisions are in no way intended to punish them.

We are holding firm to our principles and we are holding our partners accountable. As a performance-based approach to development, MCC had no choice but to act in accordance with our mandate. We recognize that MCC assistance can be most effective in fighting poverty in partnership with countries firmly committed to sound political, economic, and social policies, not those that persistently ignore the rule of law and good governance. If we only help the poor, without changing the conditions that perpetuate poverty in the first place, we are doing a complete disservice to those striving for a better life. And, we are not making the most effective use of U.S. taxpayer resources.

MCC's mission remains poverty reduction through economic growth, and the best way for us to achieve this is to work with countries willing to pursue the policy conditions most conducive to growth to benefit their poor in meaningful and sustainable ways.