

**Millennium Challenge Corporation**  
Semiannual Report to Congress



**MILLENNIUM**  
CHALLENGE CORPORATION  

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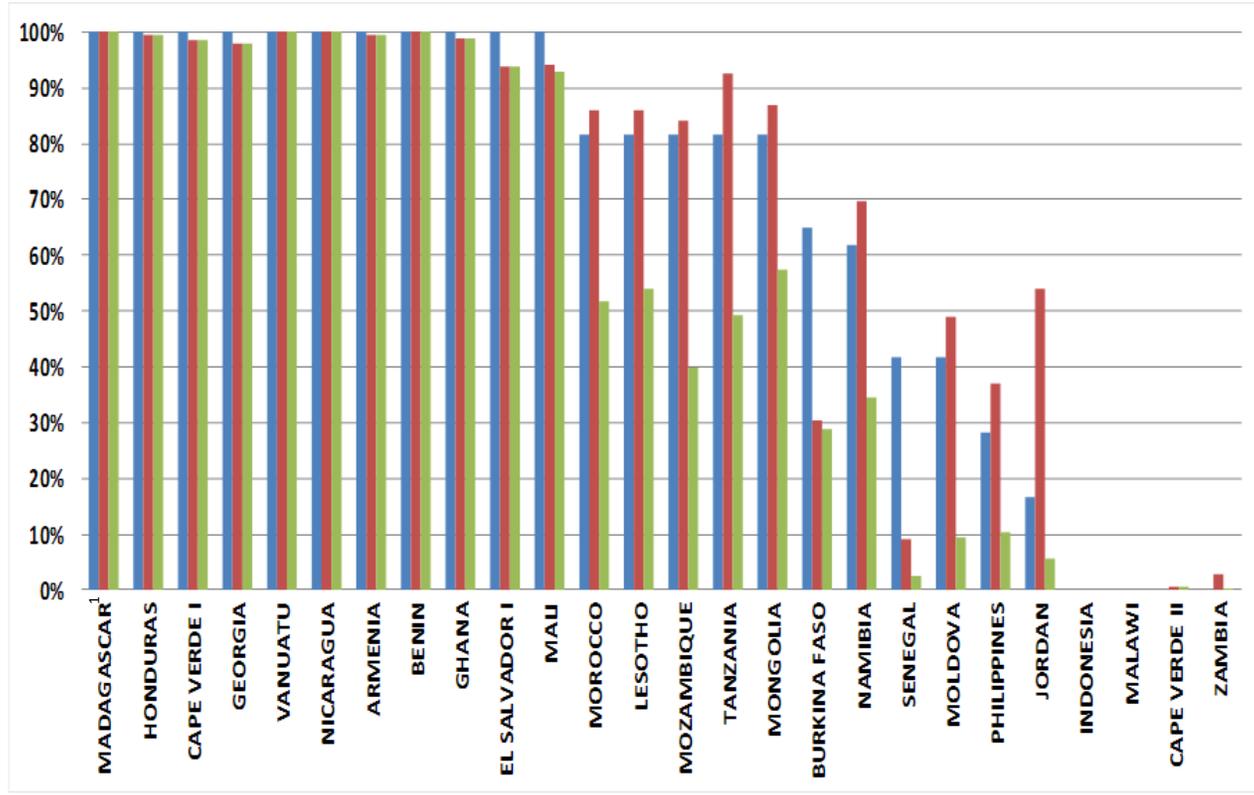
UNITED STATES OF AMERICA

*Submitted for the Period Ending September 30, 2012*

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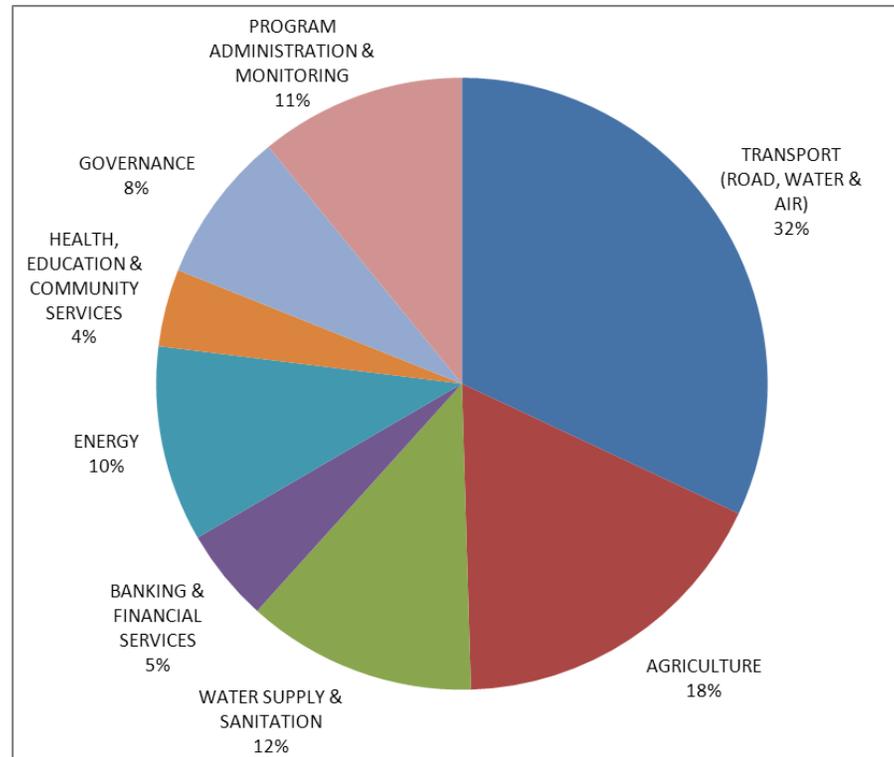
The Millennium Challenge Corporation  
 Compacts at a Glance  
 Data as of September 30, 2012



■ Compact Time Elapsed     
 ■ Contracts Committed     
 ■ Disbursements

<sup>1</sup> The 100 percent contracts committed and funds expended for the Madagascar Compact is based on the \$85.6 million total established when the compact was terminated in May 2009.

The Millennium Challenge Corporation  
 Compacts by Sector  
 Data as of September 30, 2012  
 (\$ in millions)



COMPACTS BY SECTOR

SECTOR	Amount <sup>1</sup>
TRANSPORT ( ROAD, WATER & AIR)	\$ 2,922.9
AGRICULTURE	\$ 1,604.3
WATER SUPPLY & SANITATION	\$ 1,110.8
BANKING & FINANCIAL SERVICES	\$ 451.1
ENERGY	\$ 945.6
HEALTH, EDUCATION & COMMUNITY SERVICES	\$ 374.0
GOVERNANCE	\$ 734.9
PROGRAM ADMINISTRATION & MONITORING	\$ 996.8
<b>Total</b>	<b>\$ 9,140.4</b>

<sup>1</sup> Represents commitments upon compact signing.

The Millennium Challenge Corporation  
 Summary by Fund Groups  
 Data as of September 30, 2012  
 (\$ in millions)

Fund Groups	Obligations in FY 2012	Cumulative Obligations through FY 2012	Disbursements in FY 2012	Actual Cumulative Disbursements through FY 2012
609(g) <sup>1</sup>	11.3	144.5	21.3	120.0
614 (g)	0.0	0.3	0.2	0.3
Administrative	102.0	662.2	92.7	617.3
Audit	5.0	25.2	5.2	24.5
Compacts <sup>2</sup>	242.7	7,807.3	989.0	4,455.4
Due Diligence	52.0	286.3	41.5	204.9
Threshold Program <sup>3</sup>	(12.6)	491.8	29.5	457.8
<b>Total</b>	<b>400.4</b>	<b>9,417.6</b>	<b>1,179.5</b>	<b>5,880.2</b>

<sup>1</sup> The fund group "609(g)" includes funds under section 609(g) of the Millennium Challenge Act of 2003, as amended, other than Compact Implementation Funding.

<sup>2</sup> The fund group "Compacts" includes Compact Implementation Funding, Compacts, and other grants except those made using threshold program and 609(g) funds.

<sup>3</sup> Data for the threshold program are provided by USAID, except for the Sao Tome and Principe threshold program, which is administered by U.S. Department of Treasury. USAID's data for this report are from its General Ledger rather than its Threshold Country Programs report. USAID is working to rectify discrepancies between these two data sources.

The Millennium Challenge Corporation  
 Compact Obligations, Disbursements and Projections  
 Data as of September 30, 2012  
 (\$ in millions)

COMPACT OBLIGATIONS / DISBURSEMENTS

Country	Fund Group	Obligations pre-FY 2012 Q3	Obligations in FY 2012 Q3-Q4	Cumulative Obligations through FY 2012 Q4	Disbursements pre-FY 2012 Q3	Disbursements in FY 2012 Q3-Q4	Cumulative Disbursements through FY 2012 Q4	Projected Disbursements <sup>1</sup>						
								FY 2013	FY 2014	FY 2015	FY 2016	FY 2017		
<b>Armenia</b> <i>Signed, 3/27/2006</i> <i>EIF, 9/27/2006</i>	609 (g) Compacts	- 177.7	- -	- 177.7	- 176.6	- (0.1)	- 176.6							
	Due Diligence	6.4	(0.2)	6.2	4.4	0.2	4.7							
<b>Benin</b> <i>Signed, 2/22/2006</i> <i>EIF, 10/6/2006</i>	609 (g) Compacts	- 307.3	- (5.5)	- 301.8	- 301.7	- 0.1	- 301.8							
	Due Diligence	7.6	0.4	8.0	5.7	0.5	6.1							
<b>Burkina Faso</b> <i>Signed, 7/14/2008</i> <i>EIF, 7/31/2009</i>	609 (g) Compacts	9.4 478.9	- (0.4)	9.4 478.6	7.2 101.0	0.1 36.0	7.4 137.0	183.0	158.6					
	Due Diligence	16.5	3.4	19.9	12.2	2.6	14.8							
<b>Cape Verde</b> <i>Signed, 7/4/2005</i> <i>EIF, 10/17/2005</i>	609 (g) Compacts	0.2 110.1	- -	0.2 110.1	0.2 108.5	- -	0.2 108.5							
	Due Diligence	7.2	0.1	7.3	5.0	0.3	5.3							
<b>Cape Verde II</b> <i>Signed, 2/10/2012</i> <i>EIF, TBD<sup>2</sup></i>	609 (g) Compacts	1.3 4.0	- -	1.3 4.0	0.1 -	0.3 0.3	0.4 0.3	2.0	1.0					
	Due Diligence	0.4	1.6	2.0	0.0	0.3	0.3							
<b>El Salvador</b> <i>Signed, 11/29/2006</i> <i>EIF, 9/20/2007</i>	Compacts	460.9	-	460.9	364.0	68.3	432.3							
	Due Diligence	8.9	1.3	10.1	7.6	0.6	8.2	28.7						
<b>Georgia</b> <i>Signed, 9/12/2005</i> <i>EIF, 4/7/2006</i>	609 (g) Compacts	4.2 395.3	- -	4.2 395.3	4.2 387.2	- -	4.2 387.2							
	Due Diligence	13.2	1.0	14.2	10.2	1.3	11.5							
<b>Ghana</b> <i>Signed, 8/1/2006</i> <i>EIF, 2/16/2007</i>	609 (g) Compacts	3.3 547.0	- 0.0	3.3 547.0	3.3 500.6	- 39.4	3.3 540.0	7.0						
	Due Diligence	11.8	2.3	14.1	9.3	1.2	10.5							
<b>Honduras</b> <i>Signed, 6/13/2005</i> <i>EIF, 9/29/2005</i>	614 (g) Compacts	0.3 205.0	- -	0.3 205.0	0.3 204.0	- -	0.3 204.0							
	Due Diligence	4.8	0.2	5.0	4.5	0.1	4.6							
<b>Indonesia</b> <i>Signed, 11/19/2011</i> <i>EIF, TBD</i>	609 (g) Compacts	2.9 12.0	7.2 -	10.1 12.0	2.1 -	1.0 -	3.1 -	5.6	4.3	1.7				
	Due Diligence	3.6	1.2	4.8	2.0	0.3	2.3							
<b>Jordan</b> <i>Signed, 10/25/2010</i> <i>EIF, 12/13/2011</i>	609 (g) Compacts	13.3 275.1	- -	13.3 275.1	8.9 -	2.2 15.4	11.1 15.4	64.7	109.2	64.3	13.7			
	Due Diligence	6.6	0.6	7.2	4.3	0.5	4.9							
<b>Lesotho</b> <i>Signed, 7/23/2007</i> <i>EIF, 9/17/2008</i>	609 (g) Compacts	1.0 362.5	- 0.0	1.0 362.6	1.0 152.4	- 43.4	1.0 195.7	137.5	3.2					
	Due Diligence	15.3	3.5	18.8	8.9	1.1	9.9							
<b>Madagascar</b> <i>Signed, 4/18/2005</i> <i>EIF, 7/27/2005</i>	609 (g) Compacts	- 85.6	- 0.0	- 85.6	- 85.6	- -	- 85.6							
	Due Diligence	3.8	(0.1)	3.7	2.7	0.0	2.7							
<b>Malawi</b> <i>Signed, 4/7/2011</i> <i>EIF, TBD</i>	609 (g) Compacts	14.6 9.1	(0.2) (0.2)	14.4 8.9	11.8 -	0.0 -	11.8 -	6.0						
	Due Diligence	2.3	1.3	3.6	1.8	0.1	1.9							
<b>Mali<sup>3</sup></b> <i>Signed, 11/13/2006</i> <i>EIF, 9/17/2007</i>	609 (g) Compacts	9.7 460.8	- -	9.7 460.8	9.7 361.7	- 67.0	9.7 428.7	4.0						
	Due Diligence	14.1	0.9	15.0	9.1	0.9	10.0							

The Millennium Challenge Corporation  
Compact Obligations, Disbursements and Projections (cont.)

Data as of September 30, 2012

(\$ in millions)

Country	Fund Group	Obligations pre-FY 2012 Q3	Obligations in FY 2012 Q3-Q4	Cumulative Obligations through FY 2012 Q4	Disbursements pre-FY 2012 Q3	Disbursements in FY 2012 Q3-Q4	Cumulative Disbursements through FY 2012 Q4	Projected Disbursements <sup>2</sup>							
								FY 2013	FY 2014	FY 2015	FY 2016	FY 2017			
<b>Moldova</b>	609 (g)	12.7	-	12.7	11.5	0.3	11.8								
<i>Signed, 1/22/2010</i>	Compacts	262.0	-	262.0	11.3	13.4	24.7	73.7	86.9	49.6					
<i>EIF, 9/01/2010</i>	Due Diligence	3.4	0.4	3.7	1.4	0.3	1.7								
<b>Mongolia</b>	609 (g)	284.9	-	284.9	116.2	47.0	163.2	106.1	2.1						
<i>Signed, 10/22/2007</i>	Compacts	12.3	1.0	13.3	6.2	2.1	8.4								
<i>EIF, 9/17/2008</i>	Due Diligence	-	-	-	-	-	-								
<b>Morocco</b>	609 (g)	697.5	-	697.5	274.7	85.3	360.0	294.2							
<i>Signed, 8/31/2007</i>	Compacts	15.2	2.9	18.1	10.9	1.5	12.4								
<i>EIF, 9/15/2008</i>	Due Diligence	-	-	-	-	-	-								
<b>Mozambique</b>	609 (g)	9.5	-	9.5	9.5	-	9.5								
<i>Signed, 7/13/2007</i>	Compacts	506.9	-	506.9	144.6	57.4	202.0	155.3	38.0						
<i>EIF, 9/22/2008</i>	Due Diligence	12.8	2.7	15.5	7.1	0.7	7.8								
<b>Namibia</b>	609 (g)	3.1	-	3.1	3.1	-	3.1								
<i>Signed, 7/28/2008</i>	Compacts	304.5	0.0	304.5	73.4	31.5	104.9	104	94.0						
<i>EIF, 9/16/2009</i>	Due Diligence	7.2	0.4	7.6	4.5	0.3	4.8								
<b>Nicaragua</b>	609 (g)	-	-	-	-	-	-								
<i>Signed, 7/14/2005</i>	Compacts	112.0	0.7	112.7	112.7	(0.0)	112.7								
<i>EIF, 5/26/2006</i>	Due Diligence	3.4	0.1	3.5	2.7	0.1	2.7								
<b>Philippines</b>	609 (g)	9.0	(0.0)	9.0	4.8	3.0	7.8								
<i>Signed, 9/23/2010</i>	Compacts	432.8	-	432.8	25.5	19.5	45.0	100.9	135.2	116.6	36.2				
<i>EIF, 5/25/2011</i>	Due Diligence	5.0	0.4	5.5	3.0	0.7	3.7								
<b>Senegal</b>	609 (g)	18.1	-	18.1	13.6	2.2	15.8								
<i>Signed, 9/16/2009</i>	Compacts	540.0	-	540.0	8.9	3.9	12.8	104.7	248.1	161.3	21.1				
<i>EIF, 9/23/2010</i>	Due Diligence	5.0	1.9	7.0	3.2	1.3	4.5								
<b>Tanzania</b>	609 (g)	9.8	(0.0)	9.8	9.4	0.4	9.8								
<i>Signed, 2/17/2008</i>	Compacts	698.1	(0.4)	697.8	289.0	56.0	344.9	351.4	1.8						
<i>EIF, 9/15/2008</i>	Due Diligence	14.3	1.9	16.2	11.6	1.0	12.7								
<b>Vanuatu</b>	609 (g)	65.4	(0.0)	65.4	65.4	-	65.4								
<i>Signed, 3/2/2006</i>	Compacts	-	-	-	-	-	-								
<i>EIF, 4/28/2006</i>	Due Diligence	2.7	0.0	2.7	2.1	0.1	2.1								
<b>Zambia</b>	609 (g)	12.3	3.0	15.3	7.1	1.0	8.0								
<i>Signed, 5/10/2012</i>	Compacts	-	15.3	15.3	-	1.3	1.3	13.0							
<i>EIF, TBD</i>	Due Diligence	3.2	1.5	4.8	2.1	0.2	2.4								
				-			-								
Cross-Cutting	Due Diligence/ 609 (g)/614(g)/ Grants	42.9	5.6	48.5	33.9	3.8	37.7								
<b>Total</b>		<b>8,180.4</b>	<b>56.0</b>	<b>8,236.3</b>	<b>4,149.3</b>	<b>617.8</b>	<b>4,767.0</b>	<b>1741.8</b>	<b>882.4</b>	<b>393.5</b>	<b>71.0</b>				

<sup>1</sup> MCC assesses risks across the whole portfolio of compacts, and therefore, the sum of all compact countries' disbursements, as stated above, is expected to be lower than the sum of all work plan projections by compact countries. Projections for FY 2013 and beyond are based on general program plans and are subject to revision. Program implementation involves uncertainty associated with factors such as the procurement process, construction schedules, and the capacity of accountable entities and implementing entities.

<sup>2</sup> Entry into force.

<sup>3</sup> To be determined.

<sup>4</sup> On May 4, 2012, MCC's Board of Directors voted to terminate the Mali Compact due to a military coup.

The Millennium Challenge Corporation  
 Administrative Expenses  
 Data as of September 30, 2012  
 (\$ in millions)

ADMINISTRATIVE EXPENSES

Obligations			
Administrative Categories	Actual Use		Actual Use of FY 2012 Funds
	FY 2010	FY 2011	
Human Capital (*)	47.9	48.4	52.7
Contracted Services (**)	8.1	9.8	13.1
Rent, Leasehold and Improvements	9.6	7.3	9.2
Information Technology	8.6	10.0	9.6
Overseas Operations	13.4	13.7	14.3
Travel	5.5	4.6	5.0
<b>Total<sup>1</sup></b>	<b>93.1</b>	<b>93.8</b>	<b>103.9</b>

<sup>1</sup>Columns may not total correctly due to rounding.

Compact Development Progress Timeline															
Country	Threshold Program / 1st Compact completion dates	FY 2011			FY 2012				FY 2013				FY 2014		Potential Investment
		Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	
 Georgia	1st Compact completed Apr 7, 2011	Consultations	Proposal & Assessment		Feasibility & Design			Board Presentation	Compact Signing	Implementation				\$100-\$150	
 Ghana	1st Compact completed Feb 16, 2012	Consultations	Proposal & Assessment		Feasibility & Design			Board Presentation	Compact Signing	Implementation					\$300-\$350
 El Salvador	1st Compact completed Sep 20, 2012				Consultations	Proposal & Assessment		Feasibility & Design	Board Presentation	Compact Signing	Implementation				\$250-\$275
 Benin	1st Compact completed Oct 6, 2011				Consultations	Proposal & Assessment		Feasibility & Design			Board Presentation				\$250-\$300

<b>Consultations</b>	Country selects team, analyzes constraints to growth and poverty reduction, initiates broad public consultations, and identifies projects
<b>Proposal</b>	Country prepares concept papers for each proposed investment and MCC conducts initial project assessment
<b>Feasibility &amp; Design</b>	Country and MCC conduct detailed feasibility and design studies and environmental and social impact assessments to determine scope and cost of Compact
<b>Board Presentation</b>	Final Compact terms negotiated and Compact submitted for Board approval
<b>Compact signing</b>	Compact signed
<b>Implementation</b>	Compact implementation process commences

The Millennium Challenge Corporation  
Threshold Program  
Data as of September 30, 2012  
(\$ in millions)

THRESHOLD PROGRAM

			Cumulative Program Obligations by MCC <sup>1</sup>	Cumulative Expenditures <sup>2</sup> by U.S. Government Agencies
			2005 - Present	2005-Present
Country	Signing Date	Status		
<b>Approved Threshold Programs</b>				
Albania	4/3/2006	Completed	13.9	13.7
Albania II	9/29/2008	Completed	15.7	15.2
Burkina Faso	7/22/2005	Completed	12.9	12.9
Guyana	8/23/2007	Completed	6.6	6.6
Indonesia	11/17/2006	Completed	55.0	49.8
Jordan	10/17/2006	Completed	25.0	25.0
Kenya	3/23/2007	Completed	12.7	9.9
Kyrgyz Republic	3/14/2008	Completed	16.0	12.3
Liberia	7/6/2010	Ongoing	15.1	8.4
Malawi	9/23/2005	Completed	20.9	20.5
Moldova	12/15/2006	Completed	24.7	24.1
Niger <sup>3</sup>	3/17/2008	Reinstated	23.1	14.6
Paraguay	5/8/2006	Completed	34.6	34.5
Paraguay II	4/13/2009	Completed	30.3	28.2
Peru	6/9/2008	Completed	35.6	34.0
Philippines	7/26/2006	Completed	20.7	20.5
Rwanda	9/24/2008	Completed	24.7	18.2
Sao Tome & Principe	11/9/2007	Completed	7.4	7.4
Tanzania	5/3/2006	Completed	10.9	10.9
Timor-Leste	9/22/2010	Ongoing	10.5	5.6
Uganda	3/29/2007	Completed	10.5	9.9
Ukraine	12/4/2006	Completed	45.0	41.4
Zambia	5/22/2006	Completed	22.7	22.7
<b>Assistance for Threshold Program Preparation<sup>4</sup></b>				
Cumulative to Other U.S. Government Agencies			2.0	
<b>Fees for Administration of Threshold Programs<sup>4</sup></b>				
Cumulative to Other U.S. Government Agencies			36.0	
<b>Total</b>			<b>532.6</b>	<b>446.4</b>

<sup>1</sup> Cumulative Program Obligations by MCC include MCC allocations and transfers of funds for obligation by other U.S. government agencies and reflect deobligations of funds returned to MCC.

<sup>2</sup> Cumulative expenditures are based on USAID and U.S. Department of Treasury estimates.

<sup>3</sup> Threshold Program eligibility for Niger was reinstated in 2011, and the MCC Board approved \$2,000,000 of education activities in March 2012.

<sup>4</sup> Assistance for Threshold Program Preparation and Fees for Administration of Threshold Programs reflect allocations and transfers of MCC funds to other U.S. government agencies, primarily USAID.

The Millennium Challenge Corporation  
 Programmatic Changes  
 Data as of September 30, 2012

PROGRAMMATIC CHANGES

Country	Project	Event	Action Implemented
Burkina Faso	Roads Project	Bid prices received for the construction of the works for the Primary Roads Activity exceeded the budgeted amount.	<p>Funds totaling \$19.1 million have been reallocated to the Primary Roads Activity as follows:</p> <ul style="list-style-type: none"> <li>-- \$14.1 million from the Rural Roads Activity, which now will be completed only if the reallocated funds are not needed for the Primary Roads Activity, and</li> <li>-- \$5 million from the Incentive Matching Fund for Periodic Maintenance.</li> </ul> <p>The Primary Roads Activity will also aim to decrease the cost of the works by \$1.7 million through value engineering.</p>
Malawi	Compact	Reinstatement	Compact was reinstated in June 2012 after the government's reversal of a negative pattern of actions on democratic and economic governance.