



A Partnership for Success:

Millennium Challenge Corporation and Latin America

Summaries of MCC Compacts in Latin American

El Salvador

compact seeks to improve the lives of Salvadorans living in the poverty stricken northern region through strategic investments in transportation, education, enterprise development, and community services. 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.

Compact Goal: El Salvador's five-year, \$461 million

Expected Results: The grant will improve the lives of approximately 850,000 Salvadorans. It is estimated that, as a result of the program, incomes in the region will increase by 30 percent within ten years of the start of the compact.

Honduras

Compact Goal: 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 \$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 reduce transportation costs to targeted production centers and national, regional and global markets.

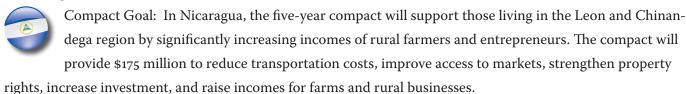
Expected Results: The grant will increase the incomes of Hondurans living in poverty through raising agricultural productivity

Fast Facts on MCC's involvement with Latin America

- 1. MCC is currently working with 7 countries in Latin America.
- 2. MCC has signed 3 compacts with Latin American countries: El Salvador, Honduras, and Nicaragua.
 These total over \$850 million.
- MCC has signed threshold agreements with Guyana and Paraguay.
 These total over \$41 million.
- 4. Bolivia is compact-eligible and Peru is threshold-eligible.

and reducing transportation costs to markets.

Nicaragua



Expected Results: Collectively, the program will increase the incomes of Nicaraguans in the northwestern region.

Summaries of MCC Latin American Threshold Agreements

Guyana

MCC's two-year, \$6.7 million threshold program with Guyana seeks to improve Guyana's performance on MCC's Fiscal Policy indicator. Specifically, the program will help the Government of Guyana implement its new value-added tax system and develop ways to assist and educate taxpayers, while at the same time helping the government better plan and control spending. Additionally, the program will help reduce the number of days and costs associated with starting a business by modernizing and streamlining the business registration proces

Paraguay

The principal objective of the two-year, \$34.6 million Paraguay threshold program is to reduce corruption. MCC funds will be used to strengthen the rule of law by increasing penalties for corruption and build a transparent business environment by confronting informal business transactions. Additionally, the program includes a business development component aimed at reducing the number of days necessary to start a business.

Fact Sheet: Millennium Challenge Corporation and Latin America

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3

Fact Sheet: Millennium Challenge Corporation and Latin America

MILLENNIUM CHALLENGE CORPORATION

Fact Sheet: Millennium Challenge Corporation and Latin America 4