



**MILLENNIUM
CHALLENGE
CORPORATION**
REDUCING POVERTY THROUGH GROWTH

Transcript

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Remarks

Millennium Challenge Corporation hosts a public outreach meeting

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MCNAUGHT: We have found our principles. So good morning, and welcome to MCC headquarters. I continue to appreciate your ongoing interest in the work we do here.

This morning we will proceed as has become our formula. First, we will hear from our CEO, who will brief you on what we've been doing since our last couple of outreach meeting. And he will also update you on board actions from Wednesday when our board of directors met.

He has to leave for another meeting, but he has a few minutes to take questions. So you can start thinking about them now.

Let me also remind you that we are being taped. And this session will then be posted on our public Web site, in case you want to relive this moment. After Ambassador Danilovich does his presentation, we will

convene a panel to talk more in detail about some key developments, our newest compact, our newest threshold program, and our two new indicators and how we're going to proceed on selecting new countries for '08.

So with that overview, I'm now going to invite our CEO to the podium.

Ambassador?

DANILOVICH: Thanks very much, Fran.

And thank you to all of you for coming this morning to the Millennium Challenge Corporation headquarters and for your ongoing interest in our activities here. I very much appreciate your interest and support in the work that we're doing in the countries where we share common goals and common interests.

I'd like to bring you up to date on where we stand at this moment and where we're heading and what decisions the board of directors took at our meeting this last Wednesday. Since our last public outreach meeting in June, we've had an extremely busy summer. Early this week, the president nominated former Senate Majority Leader Bill Frist and Catholic Relief Services President Ken Hackett to fill our private sector member positions on the board. Upon Senate confirmation this will make our board complete for the first time with nine members.

Ken Hackett has previously served on the MCC board and is being re-nominated for another two-year term. Bill Frist brings a wealth of international experience from his tenure in the Senate. Both nominations are now before the Senate, and we have every reason to believe that that confirmation will come quite quickly and that they will be with us for our December 4th board meeting.

We've signed three more compacts, one with Mozambique for \$507 million, with Lesotho for \$363 million, and one with Morocco for nearly \$698 million, which was signed at the very end of August in Tetouan in Northern Morocco.

Morocco is a unique program. It invests in such high potential sectors as (inaudible) productivity, small-scale fisheries, and artisan crafts production in the Fez Medina. We've invested in financial services and enterprise support. As a comprehensive program, the MCC Morocco Compact will make the promise of poverty reduction through economic growth a reality for hundreds of thousands of Moroccans. You will hear more about the Morocco Compact from Muneera Salem-Murdock, who's here with us today, when the panel convenes.

As we sign each compact, we continue to hold events to explain the components of each of our programs and have begun to host specific investment seminars to discuss with the business communities opportunities to invest and do business in each of our MCC compact countries. Opportunities with MCC investments helps (ph) to leverage and expand.

Our deputy CEO, Rodney Bent, traveled to Guyana in August and signed a \$6.7 million threshold program. Guyana's program increased fiscal management and decreases the number of days and costs to start a business in that country.

In early August the board approved a \$16 million threshold program with the Kyrgyz Republic to fight corruption and improve their rule of law. We hope to sign this threshold program with Kyrgyz later this month.

We also held events in June and in August to provide an overview for how to do business with MCC and with MCC partner countries. Both events were well attended, and information for the business community remains available on our Web site, www.mcc.gov.

So what's on the horizon for the MCC? We see two priorities. The first priority, as we have acknowledged for many months now, is implementation. We continue to improve our model and streamline processes in order to facilitate implementation that will increase the rate of disbursement and deliver results in our partner countries.

This means helping partner countries build the capacity to do more for themselves on their own. We are providing better guidance and capacity-building support up front prior to compact approval and working with our partners to develop detailed work plans and implementation schedules to be better able to more promptly deal with these problems once the compact is approved.

This means shifting more responsibility, decision making, and authority to our resident country directors in the field. Later this month we are holding a resident country director and RCB conference here at MCC headquarters to assess perspectives (ph) from the field, to discuss what is working, and to discuss where improvements can be made, and to exchange best practices.

As the implementation process accelerates, so does the impact our system has on the lives of the poor. And there's nothing more gratifying for me than to see what our funding is making possible around the world.

I've visited with farmers in the fields of Madagascar and Honduras who are learning new techniques and accessing new markets to make a successful transition to higher value crops, which means more income for their families. I participated in ceremonies in Nicaragua and Madagascar where land titles were awarded, many to women for the first time. With clear title to their land, the poor are able to use their property as collateral for credit to expand their farming operations.

I've toured infrastructure projects in Georgia and Armenia and Benin (ph), which are enabling the flow of energy to homes and businesses and the flow of goods to markets. I've attended classes in Burkina Faso at 132 (inaudible) schools, which we have funded. It makes it possible for girls, many of them for the first time, as well as young boys, to attend school. And we know there is a strong correlation between the education of young girls and the sustainable development of any country.

This leads to our second pressing priority, which is funding. These early results that MCC is achieving around the world demonstrate that we are fulfilling the mandate given to us by Congress when they created us in January of 2004. That mandate was to reduce poverty through sustained economic growth. And only with Congress' continued support with sufficient funding will MCC be able to continue to fulfill that mission.

The House passed Foreign Operations Appropriations bill allocated \$1.8 billion for MCC, falling far short of the president's request for \$3 billion. The Senate allocated a shockingly low \$1.2 billion, something which Nicholas Kristof in the New York Times referred to as myopic and stingy. And we agree.

Yet we know there is strong support for the MCC's mission on Capital Hill and in the community at large. And we remain optimistic that during conference this support will translate into maximum funding for the MCC.

Under-funding MCC constrains our work and seriously damages the good relationships that we have built with countries making significant reforms to partner with us and to comply with the MCC criteria. We urge Congress to fund MCC fully so as not to undermine our ability to respond to proposals, to leverage our funding as an incentive for reform, and to continue building on our previous successes.

Ironically, the fact that MCC practices accountability and responsibility is part of the apparent reason for Congress' cuts. Whenever MCC awards a grant, we set aside the entire multi-year amount, but we disburse the cash only as the country reaches specific performance goals. Rather than recognizing the value of this approach, Congress inaccurately and disingenuously looked at the balance as excess cash in the bank and determined that MCC additional funding was not necessary.

Through the aggressive signing of compacts now in the pipeline, including the one we anticipate signing with Tanzania, should board approval approve it, MCC will have no more un-obligated balances. Pushing money out the door for the sake of doing so is clearly not the right thing to do.

True (ph) to country ownership, the right thing to do is to make sure our countries can maximize our assistance, no easy feat, given that we are working with some of the poorest countries which are challenged by the responsibility and capacity required to develop and manage such large projects. We have a fiduciary responsibility to American taxpayers to allocate MCC funding only as partner countries are capable of using our investments for development goals that ensure measurable outcomes in the lives of the poor.

When members of our board met on Wednesday, they made several decisions that allow us to continue adding to our track record of success. The board approved another compact and two threshold agreements. A nearly \$285 million compact with Mongolia has been approved to reduce poverty through economic growth in that country by investing in the efficiency and capacity of the country's rail system, improving the ability of Mongolians to register and obtain clear title to land, expanding vocational education and core technical skills, and extending the productive years of the labor force by reducing non-communicable diseases and injuries.

Pending congressional notification, we anticipate signing the compact with Mongolia next month and invite you to visit our Web site for information on public events surrounding that signing. With the board's approval of Mongolia's compact, MCC now has compacts with 15 partner countries in Africa, Central Asia, Central America, Eurasia, and the Pacific totaling nearly \$4.9 billion. We are very proud of this progress.

The board also had a robust discussion about a \$698 million compact with Tanzania that would make investments in transportation, water, and energy. Their deliberations continue, and we expect their decision by written consent shortly on whether they approve this compact.

In addition, the board approved two new threshold programs, one with Sao Tome and Principe for almost \$7 million to increase revenue collection to improve tax and customs administration and to reduce the days and costs to start a business. The other is with Yemen for nearly \$21 million to improve its performance on the rule of law and personal policy indicators.

With these two latest additions, MCC now has approved threshold programs totaling about \$360 million with 17 countries worldwide. Maureen Harrington will talk about MCC's newest threshold programs during the panel discussion.

The board also made decisions regarding the company's selection process.

Finally, first the board formally adopted the use of two new performance indicators, the mass release source index and the land rights and access index. These indicators measure government efforts to provide clean drinking water, expand sanitation services, and streamline property registration process, and make land rights accessible and secure for poor and vulnerable populations.

The new natural resources management index will be placed in the investing in people category and the land rights and access index will be incorporated into the economic freedom category. Later this morning Sherri Kraham will provide more details about these two new natural resources management indicators.

The use of these new indicators has been phased in over the last year. During our last election cycle, the board considered the natural resource management index and the land rights and access index as supplemental information when it made eligibility determinations. The rationale for this gradual integration was to give countries notice about the indicators and an opportunity to review their performance and make improvements before the indicators finally came into effect.

We believe that being transparent in providing countries notice create the greatest incentives and keep countries engaged in the reform process. This year when the board meets again in December to select our partner countries, performance on these natural resources management indicators will be formally incorporated into our scorecard.

Next, the board decided to consolidate into one index the two indicators we use from the International Finance Corporation to assess the number of days and the amount of money required to start a business. This new business startup index will remain in the economic freedom category. These changes mean that the MCC will now have 17 selection indicators spread across our three categories of ruling justly, investing in people, and economic freedom.

The board also decided to defer the adoption of an additional education indicator at this time. Despite extensive research and consultations, we were unable to identify an education indicator that we believe significantly strengthens our system and enjoys the support of our stakeholders.

While efforts are currently underway to develop measures of educational quality and outcomes, none of these indicators are ready for MCC's use at this time. And the board has opted to wait and consider options in the future rather than implement a temporary indicator. We will, however, monitor and support the ongoing efforts to assess cross-country measures of learning.

The fall is always an exciting time for the MCC as we select our partner countries to work with us in the new fiscal year. I invite you to visit our Web site regularly for updates throughout this process culminating with the board's decision on eligible countries on December 4th. When Sherri Kraham talks about the new indicators, she will also have insights about this year's selection process.

With that overview, I'd like to stop here and open the floor to your comments. And I'll be happy to take any questions. Again, I want to thank you for coming today. And I look forward to hearing from you should you have any questions for me at this time. Thank you.

Any questions?

Yes?

QUESTION: Hi, I'm Tim MacNemew (ph) with the European Commission. I've got a quick question regarding the Vanuatu. There were some news reports that the MCC official from the government was suspended for misuse of funds. And I was wondering if you had a comment on that.

DANILOVICH: Sure. For those of you who don't know, we have a \$66 million compact with Vanuatu, which is in the stage of implementation now.

The individual you refer to, in fact, was involved in some matters which were a subject of jurisdiction and judicial process prior to his engagement with the MCC. So, in fact, this particular matter that relates to this individual is not MCC-related. And so, the problems he encountered were done prior to his involvement with the MCC. And at this time he is no longer engaged with us.

*(CLARIFICATION: The person in question works for MCA-Vanuatu and not MCC. And while the incident in question occurred prior to the individual's employment with MCA-V, he will be suspended from work without pay for two weeks from MCA-V and his employment agreement has been modified so that he is essentially on probation for the duration of this employment.)

Yes?

QUESTION: (OFF-MIKE) is to compel governments to assess their current status and look at (inaudible) some sort of a comprehensive plan. Just was hoping you could comment briefly on how effective you think that process has been in terms of the countries looking to cross all spectrums (inaudible)?

DANILOVICH: We're really very happy with the incentives that the MCC has encouraged in the countries that we're involved in. As you know, the process is that the country becomes eligible for the MCC based on per capita income definition and then based on their eligibility on their performance of our criteria, which I discussed in my remarks and which Sherri Kraham will elaborate on later in the morning.

Many of the countries are not initially able to qualify because they don't perform well on these third party NGO, non-American government indicators. And they have to take really heretofore unimagined changes in regulatory issues and legislation and, in some cases, constitutional matters, to comply with MCC criteria and to perform above the medium.

We've seen it in many countries in some of the matters that I mentioned, the days to start a business and the cost to start a business and political rights, civil liberties, immunization, girls' education rates. In Lesotho there was significant change that needed to be made to classify women as adults so that they could, in fact, own property. And we've seen this straight across the board.

There's something that we find very encouraging. This whole MCC incentivizing effect is a great success of the MCC, even before the programs begin tangible implementation and producing tangible results with regard to specific program performance, which is already now occurring. But even before that, we see countries undertake necessary reforms to become a good government, to practice good governance.

It's something I'm very proud of. This acts as a good housekeeping seal of approval. We've had countries come to us and say, "We're not really looking for MCC funding. But we'd like to be an MCC country so that we can trumpet our standing, our reputation as a good government." This also attracts foreign direct investment.

It encourages corporations to use our MCC criteria in a way as a risk assessment as to whether or not they should do business in some of our countries. And it's an added boost. They're an MCC government. The American government is willing to invest x hundreds of millions of dollars there because they are a good government. Therefore, it must be a good place to do business.

QUESTION: Good morning.

DANILOVICH: Good morning.

QUESTION: I have a question with the two new indicators.

DANILOVICH: Yes.

QUESTION: Does this also apply to countries that already have a compact so that if they've signed onto a five-year compact and they don't meet the indicator, does it get revoked? And could you give me an example if it's happened in the past with your (ph) indicators?

DANILOVICH: Sure.

QUESTION: Thank you.

DANILOVICH: The reason why we phased these two new indicators in is because we didn't feel it was, frankly, fair to subject them to performance on indicators they hadn't been aware of previously. They were aware of our 16 previous indicators and knew what the MCC was all about.

To suddenly impose two indicators without any advanced warning, we didn't think, was the right thing to do. So we engaged with them over the last year explaining to them what these new indicators were, what the implications were, what the impact would be in the hopes that they would take the necessary steps, in some cases. In some cases, it wasn't necessary. But to take the necessary steps to rise above the medium on the performance of these things.

The countries, of course, became very much aware of this process. They have engaged. We have engaged with them very strongly. It was part of the overall mix. A poor rating in one or both of these indicators doesn't disqualify a country. As you know, it's their overall performance passing 50 percent of the indicators in each category (ph), corruption (ph), et cetera.

So these two new indicators are part of the overall mix. It's complicated.

As I also mentioned was the case with education, Sherri Kraham and Edison (ph) Organization, as well as Christine Todd Whitman, who was previously on our board, made a huge effort with the environmental community at large to come up with these two indicators. It wasn't an easy process. But they finally got to a very good place on this. If you don't mind, I'll have Sherri elaborate very specifically on some of these points when she's on the panel later.

Yes?

QUESTION: (OFF-MIKE)

DANILOVICH: Yes, selection.

QUESTION: (OFF-MIKE) Is there anything new in terms of groups of countries that are eligible? You still have two groups. I mean, have you (inaudible)...

DANILOVICH: No, we still have two groups that were income (ph) country (ph), LIC, LMIC, countries that will be considered for selection. And we're in the process now of receiving and compiling all the criteria, performance, and that type of thing, which will be issued shortly.

QUESTION: OK. And that will include the two new indicators?

DANILOVICH: Absolutely.

QUESTION: OK.

DANILOVICH: Yes.

QUESTION: Thank you.

DANILOVICH: Yes? What organization are you from?

QUESTION: I'm from the Japan International Cooperation Agency.

DANILOVICH: Yes.

QUESTION: It's about the state foreign operations appropriations bill event through the summit just this week. And I believe there was an amendment that affected MCC funding. I wondered if you could explain that a little bit more clearly for me. It said something about only obligating 50 percent of the compact funds.

DANILOVICH: Sure, of course. This is referring to the bill that went through the Senate this week. And there were two amendments, actually, which affected the MCC. One was of more particular consequence. One that could be of consequence, which was an amendment which suggests that the MCC should commit only 50 percent of funding for each compact and await for subsequent funding in another budget.

So in other words, for example, instead of doing two 100 percent compacts -- I've outlined to you, for example, just to give a concrete example, with Mongolia and Tanzania. Instead of funding those 100 percent, as we do now, taking the roughly 300 for Mongolia and the 698 for Tanzania and putting that aside, as we currently do it, what this bill would suggest is we take half of the Mongolia money now and half of the Tanzania money now.

I don't particularly think that's a good idea. The idea would be that we could then do four compacts instead of two. I don't particularly like that idea. I think it's a little bit messy. I think it's unnecessarily complicated.

I think it introduces an element of insecurity into our relationship with the countries that have gone through this complicated process to become MCC-eligible and to present the proposal, which is finally a proposal that we can implement. The whole proposal due diligence process is complicated.

At the end of which to say, well, we're going to commit half of the money to you and we hope to commit the other half at another point in time, I don't think, is a very good message to communicate.

I think it's much better to say to a country, "You've done this. You've made these big reforms. You have, which is certain to be a difficulty, but finally with success, submitted a proposal which we agree upon and which we can implement and we want to start moving on." I'd rather give and commit 100 percent of the money.

And this is all part of the process with the Senate and conferences we go through. So it remains to be seen if this will actually be an amendment which sticks. I'd like to think it won't. And I hope that it won't.

Yes?

QUESTION: (OFF-MIKE) Thank you. I wanted to make these two initial (ph) program (ph) agreements. One of each in Africa (inaudible) and another in Yemen. So, OK. I would like to ask since these threshold assistance programs (inaudible) that are on the threshold minutes (ph) that they have not yet (inaudible) but have (inaudible) commitment (inaudible) made (inaudible) on MCC's (inaudible).

So one of the questions was already answered before. And the question I would like to ask is since, OK, Angola is larger than most (ph) of these countries, is twice almost the size of Texas, the state of Texas, and since the government of Angola is showing improvements in the energy and water fields (ph) of assistance (ph) and innovation (ph), we have also the most great (ph) improvement in (inaudible).

And I think that the (inaudible), OK -- I'm not going to talk about it, but we are already in Angola. So it means that (inaudible) is not (inaudible) but may be (inaudible). I don't know if it's possible also to include Angola in this threshold.

DANILOVICH: Threshold, yes.

QUESTION: Since we make the commitment of presenting new data because the data that (inaudible) and even sometimes CIA and State Departments are not matching (ph), we have maybe a community (ph) of giving (ph).

DANILOVICH: The participation of many African countries in Angola is a very good indication that things are moving in the right direction. Angola is certainly a country of great interest, as are other African countries that have the eventual possibility to join the MCC.

Maureen will probably be able to give -- Maureen Harrington, who is in charge of our threshold program -- will give you a comprehensive answer to Angola. I understand we've had some discussions with them at various points. And she can probably elaborate on that when she's on the panel.

One more question.

Yes, sir?

QUESTION: How has MCC been cooperating with USAID and international development agencies?

DANILOVICH: Thank you. We cooperate extensively with, not only with USAID, but with a number of other international organizations.

With specific regard to USAID, as you probably know with regard to the threshold program, they have been by and large -- in one instance coming up now they will not be. But in previous threshold programs they have been the implementers of this program for us.

We have used their in-country skills and expertise and built upon their awareness in-country rather than putting our own people in-country. We've relied upon USAID to implement our threshold programs.

Initially, of course, there was some concern in Washington and in general, but specifically with USAID, what impact MCC would have on the American foreign development assistance program. We walk real closely with Jim Kunder, with Henrietta Fore, with Randy Tobias previously. In our programs we have at all levels within our organization from myself, including a broad spectrum of my colleagues, discuss and meet regularly with USAID to inform and advise and be aware of -- and as I've mentioned with the threshold program, work directly with them.

With the international donor community at large, we have made an outreach. And it's been both ways, not only ourselves, but also the international donor community with us, not only governments, DFID specifically in the U.K. And I was in the U.K. last week and met with Douglas Alexander and Baroness Vadera of DFID to discuss various ways that MCC and DFID can cooperate in countries where we already have -- where we share a common interest.

Of course, in the case of England, that's usually in post-English colonial countries, of which many are MCC countries. And we are, in fact, engaged with them in two specific countries in a preliminary stage to see where we can cooperate.

Additionally, with the Gates Foundation, with the Rockefeller Foundation, with AGRA, which Kofi Annan is now heading up, we hope to be able to do something of a specific nature in Western Africa with regard to the green revolution and agricultural areas. We're actively exploring this. I think that's very much the way forward for all of us to achieve maximum impact to coordinate our activities.

It would be impossible for the U.S. government, for the MCC to have, at least at this point, a joint budget, let's say, a combined budget. But we can certainly work parallel. Where we have outlined, let's say, in Tanzania or in Ghana (ph), for example, where we already have specifically structured programs that at least can be aware of, they can see what we've done, where we've gone, where we start, where we finish and find areas where they can tack on work parallel with us in this area.

We very much want to achieve that. The donor community at large is very much moving in that direction. And we're very much part of that overall movement.

Again, I'm sorry I have to leave. I'd like to spend more time answering your questions, but my colleagues are even more capable and ready than I am to do so. So I leave you in their good hands. And again, thank you for coming this morning. Thanks very much.

MCNAUGHT: Thank you, Mr. Ambassador. I will invite our panelists to come forward. And as they take their places, I'll say a couple of words about each.

Muneera Salem-Murdock will be making Morocco her new home shortly. She has been selected as our resident country director in that country now that we have signed our compact. She work extensively with the Moroccans during compact development and will have very valuable insights into the process and the resulting compact.

Maureen Harrington in the middle, for those of you who can't see the placard, is MCC's vice president for policy and international relations. She is responsible for managing the annual selection process, executing the threshold program, monitoring trends and development policy, and promoting and ensuring donor coordination. She has agreed to talk about our latest threshold programs, those with Guyana and the Kyrgyz Republic, Sao Tome and Principe, and Yemen.

Sherri Kraham, closest to me, is managing director for development policy. And she is the hands-on responsible director for the annual selection process. Her group evaluates country policy performance and crunches the numbers that end up on our Web site that show you in that wonderful color chart what each -- hold it up, Sherri -- what each country -- how they do on our selection criteria. So she can talk about the new indicators, how they came about, and tell you how we're proceeding forward in selecting new countries in '08.

So we are going to hear from each of our panelists. If you will hold your questions until all three have presented, that would be helpful. At that time, we will send Amanda around again with the roving microphone, and we will take your questions.

Muneera, if you will begin.

SALEM-MURDOCK: Thank you very much. And thanks for coming. I see a number of my colleagues here. So hello to you also.

As Ambassador Danilovich just said, we have -- sorry. As Danilovich just said, we have just finished signing the MCC compact with Morocco, which was exactly two weeks ago today. And it is the largest compact to date. We will soon be surpassed by Tanzania by \$500,000. But for now, we are the largest. So we're very happy about that.

The first thing that I would like to say about the program at large is the Morocco program is a very result-oriented program that really reflects the priorities of poverty reduction and economic growth in the country. And it is very much in line with MCC's message of poverty reduction via economic growth.

It is \$697.5 million. And it is supposed to increase Morocco's GDP by approximately \$118 million a year and to benefit 600,000 direct beneficiaries throughout the life of the compact.

Let me just very briefly tell you what the components of the program are. And I will be happy to give you more details later on, if you'd like.

The first component is the fruit tree productivity, which is for \$300.9 million. And here I would like to point out that the government of Morocco actually contributes to each of the components of MCC. And that is one of the important attributes of our program.

In addition to the contribution in kind, they're contributing \$2.88 million. And it will affect 136,000 beneficiaries. The areas in which we are involved is olive tree production, almond trees and date palms, both in rain-fed and irrigated areas.

Our second program is small-scale fisheries for a little bit over \$115 million. Again, here the government of Morocco is contributing \$12.35 million. And this component is supposed to benefit, directly benefit 24,000 households. It has three main sub-components.

One is fish landing sites and port facilities. The second is the development of wholesale fish markets in up to six markets throughout the country. And the third is to support mobile fish vendors to make sure that the poorest population of the country are getting good quality fish products.

The third component is the artisan and Fez Medina project, which is almost \$112 million. The government of Morocco's contribution is \$16.5 million. There will be about 210,000 direct beneficiaries.

And this component has a very important literacy and vocational education component, which the Moroccans were very, very pleased with. This is something that we, working together with the Moroccans, have added towards the end of the negotiation period.

The fourth component is financial services at \$46.2 million. And the third is enterprise support for almost \$34 million.

I think I am going to stop here to give my colleagues a chance to talk. But I will be very happy to answer any questions you might have later on. Thank you very much.

HARRINGTON: Thank you. I'm Maureen Harrington. And I am going to be talking to you about the threshold programs.

Just to make sure everyone understands the difference between the threshold program and the compact program, the threshold programs are much smaller. And they are also grants. But they are designed to help our country partners to improve their scores on the selection indicators that we use to choose our country partners.

So there were two country agreements that were approved by the board at the board meeting. The first is Sao Tome. And I'll start by telling you a little bit about that.

It's a just over \$7 million agreement. And it's an interesting country for MCC because it's the first of our threshold country partners where the Department of Treasury is going to be taking the lead as the key implementor. And that's really due to the types of indicators that Sao Tome has decided to focus on.

If you look at their scorecard -- this is the Sao Tome scorecard, which I realize a lot of you probably can't see. But they're going to be focusing on the economic freedom category, looking at fiscal policy, dates to start a business, and costs of starting a business. You may notice that actually Sao Tome passes the fiscal policy indicator this year. And that's really an anomaly.

In fiscal year 2006, Sao Tome scored in the bottom percentile, the lowest percentile on the scorecard. While on fiscal year 2007 they scored in the 96th percentile. And the reason why there's this anomaly is due to a one-time oil exploration rights payment that they received.

So the activities that we're going to be funding under this program have three components. The first is designed to help increase voluntary compliance with tax law, so helping provide analysis, implementation, procedures, and training on the new set of tax legislation and also helping the government to improve their taxpayer registration and accounting system.

The second component focuses on better enforcement of tax laws by identifying unregistered taxpayers and non-filers and improving the tax collection process and audit procedures.

Component three aims to modernize customs, which is also a major source of revenue for the country. That will help assist with implementation of new legislation and regulations, upgrading software, providing inspection and communication equipment, and enhancing the professionalism of the customs gap by developing and implementing codes of conduct.

We are also going to be working with the International Finance Corporation, who is going to be working with the government of Sao Tome and help them improve their scores on the days and costs of starting a business. So it's really focusing on those three indicators and helping to support the government of Sao Tome with their broader fiscal strategy, which will help them to improve their scores on the fiscal policy indicator and also days and costs to start a business.

The next agreement that was approved by our board at the meeting was for Yemen. And as many of you know, Yemen was initially selected for the threshold program in fiscal year 2004. But the board suspended Yemen's participation in 2005 for having a significantly deteriorated performance on our indicators.

In February of this year, the board reinstated Yemen's eligibility for a threshold program assistance and due to the government's significant efforts to reverse some of their policy declines. And to give you an example of some of the steps that the government of Yemen have taken, they launched a national reform agenda that resulted in passing a financial disclosure law for government officials, establishing an anti-corruption agency that has autonomous status, and passing improvement procurement legislation.

They've also enhanced judicial independence, held competitive elections, and substantially cleaned up their civil service roles (inaudible) workers and things of that nature. And MCC has been very pleased with Yemen's positive policy trajectory, but challenges remain.

For example, we are concerned about the recent reports of intimidation of journalists. And we're watching that very closely. But we do think this is a good program and will really help the government of Yemen with our positive mentions for reform.

So to tell a little bit about the program, it's \$20.6 million. It's very ambitious, looking at five indicators: the control of corruption indicator, rule of law, political rights, government effectiveness, and fiscal policy. There are three components.

The first aims to decrease public sector corruption and increase the capacity of the judicial sector. The second is looking at enhancing the elections process and participation of citizens in the election process, looking at supporting a dialogue to (inaudible) establishing systems (inaudible) with the supreme council of elections in Sanaa, training judges and prosecutors on election dispute resolution.

The third component aims to enhance the investment climate in Yemen and improve its performance on the fiscal policy and government effectiveness indicators by supporting tax reform efforts, assisting with implementation of the new procurement law, and creating a debt management office. So this program is very comprehensive and will be led by our colleagues at USAID. Also the Department of Treasury will be helping out with them in the smaller components.

There were also several special programs that we haven't had a chance to tell you about. The Kyrgyz Republic was approved, not at this last board meeting, but a couple of weeks ago, in August actually. And it's a \$16 million program that focuses on two indicators: the control of corruption and rule of law.

And I feel like I'm talking a lot, so I think I am going to cut down the description of the programs and then take questions. But we're looking at supporting judicial reforms, improving law enforcement procedures, and supporting criminal law reforms (inaudible) training, support of government efforts there.

And again, this is also a very comprehensive program that will be led by our colleagues at USAID, many of whom are here today, and with the support of the Justice Department.

And then the last program that we wanted to tell a little bit about was approved by our board at our June meeting, but we didn't actually discuss it at the outreach event. And that's for the government of Guyana. And they are -- it's a \$6.7 million program that's supporting Guyana's efforts to improve its performance on the economic freedom category, fiscal policy, days to start a business, and costs of starting a business.

It does run through a couple of different components, looking at increasing -- helping the government to put in place systems to increase tax revenues, to strengthen their expenditure planning and control, to put in place systems to improve fiduciary oversight, and also focusing again on days and costs to start a business indicators.

So we're excited about all these different programs. Again, USAID is taking the lead in Guyana with the implementation of that program for us. And we think that all of these programs have a very good chance to help our country partners to improve their scores on the indicators. So I'd be delighted to take any questions when Sherri is finished. Thank you.

KRAHAM: I will be talking about the selection process and our new indicators. There are four steps in our annual process that MCC uses to collect compact and threshold-eligible countries. The process was initiated in August. And at Wednesday's board meeting the board addressed the second step in the process, approval of the selection criteria.

Before telling you a little bit more about what the board decided, I thought I would just go over the entire process for you briefly. The first step, as I said, was initiated in August. That was the determination of the

candidate countries for fiscal year '08. This step was approved August 24th. The report outlining the countries is available on our Web site.

Candidates are determined based on the income parameters laid out in our legislation. This is not a matter of our discretion. This is strictly whether countries meet the two income brackets.

We have 67 low-income countries. And we have 28 lower, middle-income countries. And they will compete in two separate competitions among countries in their peer group.

Several countries actually graduated from the low-income category to a lower, middle-income category. And the lower, middle-income category will have a higher performance standard to meet. Ukraine, Armenia, and, in fact, Angola graduated to the lower, middle-income category this year.

The second step is the selection criteria and methodology. This was approved yesterday and will be submitted to Congress. And I hope by the end of today you will find the report on our Web site.

In selecting compact-eligible countries the board evaluates three factors. The first is policy performance on the selection criteria. The second is our opportunity to generate economic growth and reduce poverty.

The third area is the availability of funds. So this report on the selection criteria and methodology outlines the indicators that the board will use for the year, including what will be included in the scorecard.

Publication of this report starts a 30-day public comment period. And so, we invite you to read the report. And I'll get back to you what the report contains in a moment.

The third step and the next official step in the process is the publication of the scorecard. And we expect that to take place in early November, approximately one month before the board meeting to select compact-eligible and threshold-eligible countries. So look for that in early November.

And finally, the board meets in December to make a determination about new countries for the year.

So turning back to the selection criteria and where we are now in the process, every year MCC evaluates the indicators that we use to measure country performance to determine whether or not there are better measurements available. As the ambassador outlined -- I won't go into great detail -- we have made three changes to this year.

To recap last year's decision, last year the board approved two new indicators to address our congressional mandate to measure economic policies that promote sustainable management of natural resources. We've decided to gradually adopt those indicators. And the two indicators are now formally adopted into our scorecard.

The first one is natural resource management. And that will be placed in the investing in people category. The second is land rights and access in the economic freedom category. And the third is the days and costs to start a business, which will be consolidated into one indicator in the economic freedom category called business startup.

These proposed changes are a reflection of a broad consensus among technical experts and external stakeholders and our consultations with our colleagues in the U.S. government, both represented in our board.

I want to take this opportunity to recognize the work of Brad Parks, who leads all of our research on the indicators, and Jolyne Sanjak, who is our senior director for land policy, property rights and land policy. And I invite you to direct any technical questions their way following the session. They really are our technical experts and happy to give it a shot as well.

During last year's selection process, it was suggested that MCC consider adding a new education indicator. And in December we began pursuing an extensive research and consultation process to explore this possibility. In addition to our own research, we consulted the top experts at the World Bank, at UNESCO, the Education Data and Policy Center, the Basic Education Coalition, the Interaction Working Group, Center for Global Development, among others.

We embraced this idea for a number of reasons. We do want to focus on education and the importance of education in our development programs. We also wanted to consider how we can improve our current set of indicators.

We now know that the latest research is that the quality of education is what matters most for economic growth. So we have focused most of our attention over the last six to eight months on measures of government commitment to improve the educational quality and learning outcomes. And we know that there is a growing demand for cross-country comparable data on the quality of education.

Unfortunately for MCC, this is a developing field, and data is limited. We did not identify an indicator for this year that would strengthen our investing in people category.

For MCC the search for an indicator is quite complex. We want to signal the right policies and incentive the right policy -- incent countries to adopt the right policies.

We have technical criteria for every indicator that we evaluate. Country coverage is a big factor. As I mentioned, we have approximately 100 countries that we want to measure. And we need something that's comparable across these countries.

We do balance stakeholder interests and views and technical expertise that we gain through consultations with many of you in the audience. And we also have a goal of preserving some stability in the system, as

the ambassador mentioned. Changing the indicators every year would make it difficult for countries to work towards a goal. And so, stabilizing the system is a critical consideration.

Our consultations revealed that an education indicator may not be ready for at least three years. But going forward we will work very closely with our colleagues in the U.S. government and these other institutions that I mentioned to support the ongoing efforts to develop these indicators so that we can better measure government commitment to improved education outcomes and educational quality.

Soon you will find a document on our Web site outlining our research and the conclusions. And we're very excited about the new natural resource management indicators.

I would like to just address one of the questions that was posed about how we evaluate our current partners, our compact partners on the new indicators. And we tried to clarify this in this year's report a little bit.

Our standard for continuing (ph) compact partners is that they maintain an improved policy performance. We have assistance and policy in place. And, as Maureen described, we have suspended at least one country. We've suspended two actually for a significant reversal in policy performance.

We wanted to distinguish in our report this year that countries can fail the criteria due to a number of factors, which may not signal a reversal in policy performance. We have introduction of new data, introduction of new indicators. We have countries graduating from the low-income category to the lower, middle-income category.

And while we want all of our countries to strive to meet the criteria, what really threatens a country's eligibility is a material policy decline when they significantly change course or backtrack on the policies that we measure. So that's a little bit of a nuanced approach. And I hope that addresses your question. And I'd invite you to look up the report this year.

With that, I'll close and look forward to your questions. Thank you.

MCNAUGHT: Thank you.

Amanda, let's see. Where can we put you that you can see and get to the most people? Maybe over here.

Amanda will be roaming around with the microphone. You may address your questions to whomever or let me decide who gets to answer. And please state your name and your organization you're with.

OK, we'll start. OK, this is USAID cooperation. (inaudible)

QUESTION: Thank you, Fran, very much. I'm Pierre Dubb (ph) with USAID. I thank you for your kind words about USAID's role in the threshold program. I just wanted to say for Tao Some and Principe it is a non-

presence country for USAID. It's also a non-presence country for an embassy. And it's damn hard to get to. So I wish our colleagues at treasury all the luck in the world in bringing that program.

This is absolutely the right panel to ask this question. And Sherri's last remark is right on. Morocco was eligible in 2005 for a compact. We proceeded with negotiations. It graduated income categories, so you grandfathered it to continue to make it eligible, even though it's a lower, middle-income country.

What's the plan for this year? And more importantly, do you see, as you did with some of the countries when you got new data -- Benin, for example -- requesting remediation plans to improve their performance?

Do you see that kind of activity in the countries, particularly as the natural resources indicators come onboard? And do you see a role for other agencies to help improve performance, not assess the program, because they're already compact-eligible, but to continue to improve their good partnership principle?

MCNAUGHT: And I think Sherri is the exact person to answer that.

KRAHAM: Thank you, Pierre. Morocco is a compact-eligible country. It was funded this year as a low-income country, the authorities under which it was selected. We do ask all of our countries to strive to meet the new criteria once they graduate into a new category.

And Morocco is working to do that. And there are good signs that Morocco will have improved on the indicators that we're keeping it from meeting the new income category standards. So what we've asked our countries to do is to work to remediate performance or to improve performance so that they meet the new standards.

And we asked each of our countries that did not technically meet this criteria if we evaluated it, there was no material decline or cause for concern in terms of suspension, we asked them to commit to meeting the new criteria and create a remediation plan. So to outline for us what steps they would be willing to take to improve performance. And all of our partners have done that.

We are working to see how we can collaborate with other agencies within the U.S. government and with other institutions such as the World Bank. In Benin, for example, the World Bank Institute is doing an in-depth governance diagnostic and helping the government to create an anti-corruption strategy. And that's an area where we can lend our support and encourage the government to work through this process thoughtfully. And we have seen significant improvement on Benin's corruption indicators.

It's too soon to talk about how all of our countries fare because we don't have all of the data. And we'll have that over the coming months. But we expect all of our partner countries, especially the ones that didn't technically meet the criteria, to improve as part of their commitment to MCC.

MCNAUGHT: On the front, second row there, Amanda, in the middle.

QUESTION: I'm Eric Boyle. I'm with the Eurasia Foundation. And I have a question about the former Soviet Union. I'm really happy to see that five countries of the former Soviet space are part of the MCC family, whether compact or threshold.

But I have two questions about that. Number one, as regarding threshold implementation whether one of the countries is about to start, two countries are ongoing. What sorts of results are expected over the next couple of years in terms of threshold implementation? I'm curious about Ukraine most of all because the general political uncertainty there has delayed certain aspects of the threshold implementation.

And my second question on the former Soviet Union is are there any other former Soviet republics that might be eligible for compacts in the next few years, which is especially important as other U.S. funding for the area has decreased (inaudible). Thank you.

MCNAUGHT: I think we will direct that to Maureen. And I think I even saw Maria back there.

HARRINGTON: I will start, and then I'm happy to invite Maria to elaborate on what I've said. Maria Longi, who is here with us today, is our director for the special programs in that part of the world.

So essentially before MCC signs a threshold agreement with one of our partner countries, we work through a set of activities that lead to results that will ultimately impact their scores on the indicators. So the whole program is designed to help our partner countries increase their scores on the indicators.

So for each of the agreements that you're mentioned, whether it's Kyrgyz or Ukraine, there's a series of activities that lead to outcomes that hopefully impact the indicators. And I don't know if -- I mean, maybe Maria can elaborate a little bit more on the specific benchmarks that we're looking for.

I think the other thing that's important to mention is that there are a number of countries that were selected as special partners that have since become eligible for a compact. And our board have decided that what we will require is that our country partners continue to show significant progress on their special programs before a compact agreement would come into place.

And how we measure that is on the benchmarks that are set up in these agreements that we've signed, so if a country is meeting its benchmarks and they're meeting what our board has determined is significant progress under the programs.

But maybe, Maria, you want to elaborate just a little bit more specifically about what some of the exact benchmarks are in either Kyrgyz or Ukraine.

LONGI: Sure. Like Maureen said, all of the special programs have benchmarks built into them when we actually sign the agreements. And so, those are published on our Web site in the agreement that AID signs up

with the country. So anybody can go and see what the government has committed to and then, you know, feel free to push on the government and our implementers to make sure that those happen.

So the Ukraine program, an unexpected parliamentary election at the end of this month does potentially delay some of the components. Although from what I've seen and heard, most of the components are moving along pretty much apace. They're making good progress.

Some of the components require some legislation. And that will obviously slow down, you know, with the election of a new parliament and then them getting into place.

For Kyrgyz, there are some very, very ambitious benchmarks that have been incorporated into the agreement, which will go on our Web site as soon as we get it signed up. But they have proposed ambitious reforms to make some reforms in the judiciary regarding ethics and procedures and processes. And we will be watching those benchmarks as the program goes along. And we monitor them at least quarterly and have a dialogue with the government as they move along.

HARRINGTON: And to answer the second part of your question, just in terms of what countries in the former Soviet Union may become eligible in the future, it's difficult for us to say at this stage because all of the data is not in that we use to select partner countries. We expect to be able to release the new scorecards in early November, about a month before our board meeting on December 4th.

And I think the other challenge to keep in mind for MCC this year is around our appropriations because there will be limits to how many countries we can choose if we don't have the necessary funds to be able to, you know, provide funding for programs that countries would prepare.

MCNAUGHT: I was just going to elaborate. As Maureen said, we obviously have no idea what it will look like. But if you want to go to our Web site, see where they were in '07 and '06, you could prognosticate in that manner.

Remember when you look at this green is good, red is bad. And they change from year to year. But we aren't going to know and can't guess until December.

OK, fine.

QUESTION: Hi. I'm Oliver Child (ph) from Sore Bank (ph) International. This question is geared towards Ms. Murdock regarding the Moroccan compact.

Could you describe some of the projects regarding the financial services component that the MCC plans to implement? And could you tell me if the MCC will be working with any other organizations, such as the IFC, the International Finance Corporation?

SALEM-MURDOCK: Thank you very much for your question. With the financial services project we will be working with a Moroccan enterprise called Jaida. It's a micro-finance enterprise which accesses funds to Moroccan slow (ph) holders. So we will be helping Jaida. We will be extending grants to Jaida to offer small loans to small producer households.

Another component is a new financial product development. And that is to help enterprises such as Jaida to change their legal structure, for example, to allow them to accept savings because most of them cannot accept savings right now and also to improve the efficiency and transparency of operations.

We are prepared to work with all the relevant donors in Moroccan, including IFC. We have had a lot of complication with IFC. Many of my colleagues and I myself met with the IFC representative in Morocco. We're very familiar with IFC's work in Morocco and with the World Bank's work in Morocco. So absolutely, we would be talking and hopefully working together. Thanks.

QUESTION: Mark Dunn from TERA International Group. And this question is directed to Maureen about Kyrgyz. Was there any discussion at all about -- you mentioned corruption and rule of law. Was there any discussion about including, for instance, an infrastructure component to that, road, railroad, something like that? Do you foresee maybe something like that in the future? And then as well looking at that \$16 million grant, what is the timeline for implementation of that?

HARRINGTON: On your first question on roads and railroads, we would not anticipate making that kind of investment under a threshold program because the threshold programs are designed to help the countries improve their scores on the policy indicators that we use to select a country to be eligible for a compact. So in most cases in the case of -- let me find the Kyrgyz scorecard for you. Here we go.

The areas where the Kyrgyz Republic scores lower than its peers are really in the ruling justly categories, which require action around corruption and rule of law matters versus infrastructure-related issues. So that's the first question.

In terms of timing, our threshold programs are two-year grants. And it takes a little bit of time -- and perhaps, Peter, if you want to elaborate on this -- for some of the procurement processes to take place through the USAID system.

So right now we are negotiating the agreement with the government of the Kyrgyz Republic. Once that's done, the procurement process begins to bring out contractors and equipment (ph) to help us. And that probably takes a couple of months. And then there'll be a two-year implementation period after that.

MCNAUGHT: No one over there has questions.

QUESTION: Rick Leach (ph). Thank you for your good works in this very exciting program.

A brief question -- what is the role, if any, of the business community in helping develop the country plans?

MCNAUGHT: I think someone set you up to ask that question. One thing that we did not mention when I talked about Maureen's role is the fact that her group has just started a new private sector initiative. And I think no one better to talk about that than Maureen.

HARRINGTON: Well, I think there are a few (ph) -- well, there are lots of answers to that question, depending on which program you're talking about. With the compact-related programs the business community is highly involved in the complicated process, which our country partners once they're selected to be eligible for a compact, go through a very rigorous process of reaching out to civil society, the private sector, NGOs, donor groups.

They have a look at their PRSP, your (ph) other development strategies that are in place. And there's a broad competition (ph) that takes place to determine what the focus of the proposal should be.

Once the focus is developed, there are also a series of more detailed conversations to further design the programs. And in every country it's a little bit different how those competitions (ph) take place.

This year we experimented with a new process in Moldova actually where we -- or the government of Moldova -- led a process of creating both a constraints analysis, looking at what are the key constraints to private sector growth and development. And they also conducted a sector analysis, which took a look at what are the key growth sectors in the economy and reached out to the private sector within those groups to say what are the key constraints to growth, what are the key opportunities, what do your markets look like, potentially using a detailed sector analysis, using the porter (ph) competitive theory (ph) there. And so, I think the private sector was highly involved in the process in Moldova in terms of trying to determine what the priorities of their proposal would.

On the threshold side, it's a little bit different. The private sector, NGOs, and civil society are also involved in the complicated process. But it's a bit shorter of a process, I'd say, in determining the proposal development process. And a lot of the issues are more policy-oriented versus growth-oriented. But the private sector is engaged in those discussions as well.

And I think one other issue to point out is that the private sector does have a role to play in the selection process. And I'll explain a little bit what I mean.

Some of the data that we use to select country partners, whether it's through the World Bank Institute data, relies on survey information. And businesses are interviewed in those surveys. So their feedback and their perceptions or their experience is reflected in the data that we use to select our country partners.

I don't know if Sherri has anything to add to that or Muneera.

SALEM-MURDOCK: Yes, what I would be talking about is really in relationship to Morocco. But it will be through and probably most of our other countries. The private sector, as Maureen said, is not only engaged during selection process, but they remained engaged.

For example, once a compact is signed, a compact in each country is managed by something we call the accountable entity. And the accountable entity basically is supervised by whether you call it a steering committee or a board of directors. And there are always representatives from both civil society and the private sector as voting members of this steering committee. And this continues throughout the life of the compact.

MCNAUGHT: I think the lady in white, middle row.

QUESTION: Hi, I'm Mandy Swann with the Basic Education Coalition. My question is for Sherri. It's about the investing in people basket. With the addition of the fifth indicator I know there was initially some concern about rounding out, excuse me, the investing in people basket, which would have been done through the addition of a basic education indicator. And now that that's not being adopted I'm just curious if you've got plans for that fifth slot or if you're going to hold it open.

KRAHAM: At least for this year we will have a five-indicator category. And countries will need to have three out of five indicators. This might have a negative impact on some countries in the short run. And that gets back to the lady's question about how do we integrate new indicators and how do we hold our current partners accountable even though there might be changes to the system.

So we will approach that in a pretty practical way. What we like about this is that we can accommodate a new education indicator in future years when one becomes available and it creates a nice little nest for the education indicator to join when it's ready.

MCNAUGHT: I saw another hand over there. OK, front row here.

QUESTION: Angela Hess (ph) from the embassy of Morocco. And I was just wondering why didn't Morocco qualify for the largest funding, MCC funding so far?

SALEM-MURDOCK: Actually, the size of the grant that MCC has awarded Morocco has nothing to do with Morocco as such. It has to do with the proposal that Morocco has put forward. And it's a proposal -- it's a program that we have negotiated over a couple of years. And to implement the program that Morocco put forward properly they needed the amount of money that they were granted. And that's really it.

MCNAUGHT: The lady on the front row in blue.

QUESTION: I'm Patricia Prado (ph).

MCNAUGHT: (inaudible)

QUESTION: I'm Patricia Prado (ph). I'm from the embassy of Guatemala. And I would like to ask Sherri (inaudible) indicator a fact. When will it (inaudible) affect this? Because I know there is more. Specifically in the threshold there is more countries eligible than there are assigned. And I know that probably there will be more eligible this year. So how will this -- could you explain that to me, please?

KRAHAM: Hello? OK. We don't know yet who will pass or fail the criteria in any of the given categories. We have been working with all of our compact countries, our threshold countries, and even candidate countries like Guatemala to let them know about the new indicators and how they will be integrated. Now we have a final decision on that, how they will be integrated into the scorecard.

And one of the things that we did this year was we posted those scores so that countries can learn about their performance. We put out a lot of information about what is measured by the indicators. And we've encouraged all of our partner countries to get in touch with the institutions that manage the indicators.

So for land rights and access, that's the International Fund for Agricultural Development and the International Finance Corporation. For the natural resource management, it's the Yale Center for Environmental Law and Policy, along with some other organizations that are identified on our Web site.

So what we tried to do is inform countries about the new indicators and project as much as possible about where they would be placed in the scorecards. And so, countries will be learning in the next couple of weeks what their performance is.

One of the challenges with that is these are fluid. They change every year, and so do all of the other indicators in the category. So we don't have any other indicators yet for -- well, we're just starting to get the data for the other indicators in the category. So it would be premature to project at this point.

MCNAUGHT: And the first one just behind the lady from Guatemala in this sitting (ph).

QUESTION: I am from Kyrgyzstan, International Council on Development. Sorry, my English. My question is how are you going to monitor (ph) the process of cooperation (ph) with our government. You know there is systematic corruption from high level and down. It's simply impossible for -- I guess (inaudible) for your \$50 million. So maybe you have something, some ideas (inaudible).

HARRINGTON: Well, there are a couple of things. First of all, our special programs are implemented by other agencies at the U.S. government. So in this case in Kyrgyzstan, it's USAID and also the U.S. Justice Department. So they will be managing the flow of funds and the procurements for contracts and things of that nature. And that is true of all of our special programs.

And when countries move into the compact stage is when they take responsibility for the procurements and the financial flows and things of that nature. But because a special program is meant to be quick and to get moving fast, we use systems that are already established in the countries where we're working. So that's one way that we protect our funding in the threshold programs.

The second is, going back to something we talked about a little earlier, which in the agreement that we have with the government of Kyrgyzstan there are certain benchmarks that are set out in terms of what we're expecting to be achieved, whether it's activities or legislation that needs to be passed for the successful implementation of the program. And we have a solid understanding with our partners in the Kyrgyz Republic about what the expectations are that will help them to improve their score. So there's a way to monitor over time whether the program is achieving the objectives that we had all hoped for at the beginning of the investment.

MCNAUGHT: OK, it looks like we perhaps have time for one last question. So let's go to the very back, center of the very back row and...

QUESTION: I'm David Solomons (ph) with the Organization of American States. Two, three questions -- the first is what effect, if any, did the election of Daniel Ortega had on the Nicaraguan compact. And the second is what links, if any, MCC has with the Peace Corps intrinsic (ph) project implementation and assistance (ph). Thank you.

HARRINGTON: In terms of your question about Nicaragua, essentially investors in Norwich (ph) have said and continue to say that the MCC program is about policy, not politics. And as long as the government of Nicaragua continues to maintain their performance on our indicators, they will continue to be a partner of ours.

I think one of the aspects of our programs that also helps to continue stability throughout changes in government, whether it's in Nicaragua or any of our partner countries, is that our country partners lead a very comprehensive, complicated process to design their programs.

So by the early stages of the process they're not just reaching out to their political supporters, but to a broad spectrum of civil society, the private sector, different political parties, the government, et cetera. So at the end of the day, it really is less relevant who is running the government because if the complicated process was thorough and complete, there should be ownership regardless of who's in charge.

In the case of Nicaragua, interestingly the main regions where we're working are actually very strong Sandinista-controlled areas. So there is a great deal of support for the program and continues to be over time. So implementation is moving forward. And there haven't been any changes to the project.

In terms of our links to the Peace Corps, I know that when we're first starting to work out of the country, we spend time with the Peace Corps volunteers because they know the country very well. And depending on

what kinds of projects our country partners have proposed, sometimes the Peace Corps has a lot of experience in those sectors (ph), if it's education or small business startup and things of that nature.

I don't know of any examples where they're actually implementing anything for us or specifically involved.

Do you, Muneera?

SALEM-MURDOCK: No (OFF-MIKE). But in Morocco we will definitely be touching bases of U.S. agencies, including Peace Corps and including other donors. So (OFF-MIKE).

MCNAUGHT: With that, let me put in a couple of plugs for upcoming events, one being a Latin America event that we're hosting here on October 2nd. Details will be on our Web site. And that leads me to give the final plug for mcc.gov. We want to be extremely transparent. We want to give you every piece of information we can, so we put it on our Web site, and then you can follow on with questions.

I do note that a lot of you have apparently taken that to heart. And earlier this week we had to buy additional capacity. But anyone who was inconvenienced by slow loading, it's supposed to -- the URL is supposed to recalculate itself over the next few days. So you should no longer encounter that. And I hope you know what I said, because I don't.

With that, let me again thank you very much for your interest and support in the MCC. And thank you for coming. See you next month.

END