



MCC and Africa: A Growing Partnership for Success

Making the Promise of Poverty Reduction a Reality in Africa

The United States, through the Millennium Challenge Corporation (MCC), is devoting unprecedented resources to help partner countries in Africa positively transform the lives of the poor and catalyze long-lasting economic progress. The continent of Africa is the largest recipient of MCC's development assistance, both in the number of agreements and in the amount of assistance provided.

Of MCC's 16 grants, also known as Millennium Challenge Compacts, 9 are with African countries, totaling about \$3.8 billion. These partnerships span the continent and include Benin, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Morocco, Mozambique, and Tanzania.

Additionally, MCC's smaller-scale grants through the Threshold Program are designed to assist countries that are on the "threshold" of compact eligibility. These programs provide specialized assistance to countries where policy improvements are needed. Of the 15 Threshold Programs, 7 are with African countries totaling another \$100 million focused largely on fighting corruption and improving governance.

The implementation of multi-year Compacts and Threshold Programs by MCC partner countries is producing positive results and improving the lives of beneficiaries. Through the innovation of the MCC model, we are making the promise of poverty reduction through economic growth a reality in Africa.

MCC's work is creating hope and opportunity for millions of people around the globe, particularly in Africa. MCC programs are concrete examples of constructive U.S. engagement in developing countries where economic progress and policy improvements are most urgent.



In January of 2004, President Bush with bi-partisan Congressional support and the generosity of the American people, established the Millennium Challenge Corporation (MCC)—an historic, long-term approach to reducing poverty through sustainable economic growth. Based on the concept of rewarding countries that have a demonstrated commitment to political, social and economic reforms, MCC provides significant assistance to countries in support of programs they propose that will lead to prosperity and progress for all.

Summaries of MCC African Compacts

Benin



The \$307 million Benin compact removes key constraints to economic growth and supports improvements in physical and institutional infrastructures in four critical sectors vital to increasing investment and private sector activity in Benin. The program includes four projects: Access to Land, Access to Financial Services, Access to Justice, and Access to Markets.

Cape Verde



The \$110 million grant with Cape Verde supports the country's overall national development goal of transforming its economy from aid-dependency to sustainable, private-sector led growth. MCC funds are improving the country's investment climate and reforming the financial sector; improving infrastructure, and increasing agricultural productivity and incomes of the rural population.

Ghana



The \$547 million agreement with Ghana will reduce poverty through private sector-led agribusiness development leading to increased incomes for farmers. Specifically, MCC's investments are designed to increase the production and productivity of high-value cash and food staple crops in some of Ghana's poorest regions and to enhance the competitiveness of Ghana's agricultural products in regional and international markets.

Ghana's compact consists of three major components. The agriculture project is designed to enhance the profitability of commercial agriculture among small farmers. The transportation project is designed to reduce transportation costs for rural farmers taking crops to market. The rural development project is designed to expand the availability of basic community services such as access to education, water and sanitation, and electricity in rural areas.

Lesotho



The five-year MCC compact with Lesotho is expected to have an economy-wide impact affecting the entire population of Lesotho. The \$363 million program seeks to increase water supplies for industrial and domestic use, alleviate the devastating affects of poor maternal health, HIV/AIDS, tuberculosis and other diseases by substantially strengthening the country's health care infrastructure and human resources for health capacity, and remove barriers to foreign and local private sector investment.

Madagascar



In Madagascar, the \$110 million MCC program will raise incomes by helping the rural population transition from subsistence agriculture to a market economy. The program includes three projects that will work together to help rural Malagasy secure formal property rights to land, access credit and protect savings, and receive training in agricultural production, management and marketing techniques. This integrated

three-pronged approach will provide the rural population with the necessary conditions to use the land productively, to build profitable businesses and help ensure environmental sustainability.

Mali



Mali's \$461 million MCC grant addresses Mali's constraints to growth and capitalizes on two of the country's major assets, the Bamako-Sénou Airport, a gateway for regional and international trade, and the Niger River Delta, for irrigated agriculture. The program will increase agricultural productivity and expand Mali's access to markets and trade. MCC assistance will also increase farmers' incomes, enhance agricultural supply chains, reduce transport costs and create a platform for industrial production.

Morocco



The five-year \$697.5 million Millennium Challenge grant with Morocco seeks to increase productivity and improve employment in high potential sectors including investments in fruit tree productivity, small-scale fisheries, and artisan crafts. The program will also assist small business creation and growth through investments in financial services and support.

Mozambique



The five-year Compact with Mozambique seeks to enhance the productive capacity of the population in selected districts, increase household income and employment, and reduce chronic malnutrition. The \$507 million program will improve water systems, sanitation, access to markets, land tenure services, and agriculture in the targeted districts.

Tanzania



The five-year \$698 million agreement with Tanzania will reduce poverty and stimulate economic growth by increasing household incomes through targeted investments in transportation, energy, and water. The program will help Tanzanians address the inadequate transportation network by improving roads that will increase commerce and help connect communities with markets, schools, and health clinics. Additionally, the program will improve the reliability and quality of electric power and extend electricity service to communities not currently served—a vital commodity for rural villages and businesses to thrive. Finally the water project will increase the availability and reliability of potable water for domestic and commercial use which will increase the health and productivity of Tanzanians by reducing the incidence of water-related disease, particularly among children.

Summaries of MCC Threshold Programs in Africa

Burkina Faso



Burkina Faso's \$12.9 million Threshold Program is increasing the number of girls who are completing primary education. Specifically, the program includes: the construction of "girl-friendly" schools, teacher

training, take-home dry rations to girls who maintain a 90% school attendance rate, and literacy training center for mothers.

Kenya



Kenya's \$12.7 million Threshold Program will reduce opportunities for corruption in public governance. Specifically, the Threshold Program will target corruption in public procurement, the delivery of health care, and the monitoring and evaluation of reforms.

Malawi



Malawi is implementing fifteen specific programs under its \$20.9 million Threshold Program to combat corruption, enhance oversight functions, and build enforcement and deterrence capacity. The programs will create more effective legislative and judicial branches of government, provide support for anti-corruption agencies, strengthen independent media coverage, and expand the work of civil society organizations.

Saõ Tomé and Príncipe



The \$8.66 million Saõ Tomé and Príncipe Threshold Program seeks to increase revenue as a result of improved tax administration and enforcement. The program will also modernize Saõ Tomé and Príncipe's Customs Service to increase efficiency and reduce the time and cost of starting a business.

Tanzania



The \$11.1 million Tanzania Threshold Program is focused on four specific anti-corruption initiatives including: building the nongovernmental sectors' monitoring capacity; strengthening the rule of law for good governance; establishing a Financial Intelligence Unit; and curbing corruption in public procurement.

Uganda



In Uganda, the \$10.4 million Threshold Program will reduce corruption by improving public procurement and financial management practices, strengthening the role of civil society, and building capacity to facilitate more effective follow-up of reported malpractices.

Zambia



Zambia's \$24.3 million Threshold Program focuses on reducing corruption and improving government effectiveness. The Program is funding three components aimed at increasing control of corruption within the public sector, improving public service delivery to the private sector and strengthening border management of trade.