



# MCC FY 2009 Budget Request Supports Continued U.S. Commitment to Reduce Poverty

President Bush's Fiscal Year 2009 Budget to Congress recommends \$2.225 billion for the Millennium Challenge Corporation. This request represents a \$680 million increase over last year's enacted level and reaffirms President Bush's continued commitment to MCC's mission to reduce poverty through sustainable economic growth in the developing world.

With a unique mandate to reduce poverty through sustainable economic growth, MCC has established an innovative development model, working with dozens of partner countries to create a series of multi-year development plans and launched project implementation. MCC currently has compacts underway with 16 countries, totaling over \$5.5 billion. The \$2.225 billion request for FY 2009 is organized in the following way:

## ***Compacts:***

MCC will allocate \$1.88 billion of the budget request to meet demand for compact funding from the existing list of eligible countries, which includes the newly selected country of Malawi. The increase requested for FY 2009 will fund compacts with approximately five countries currently developing compact proposals. A Compact is a multi-year agreement between MCC and an eligible country to fund specific programs targeted at reducing poverty and stimulating economic growth. These programs must be developed in consultation with a country's citizens, including women, non-governmental organizations, and the private sector; able to measure both economic growth and poverty reduction; and implemented, managed and maintained by the country.

## ***Threshold Programs:***

MCC will allocate up to \$150 million for its threshold program to assist countries that seek to improve their scores on the indicators used to determine which countries are eligible for Compacts. Threshold programs, which are typically implemented in partnership with the U.S. Agency for International Development (USAID), focus on those countries which are on the "threshold" of Compact eligibility but that do not yet, meet the criteria.

## ***Due Diligence/609(g):***

MCC will allocate \$90 million in due diligence/609(g) funding to support compact development and early implementation activities in partner countries as part of its mandate.

***Administrative Support:***

MCC will allocate \$100 million to fund administrative support. As an organization, MCC has made significant strides toward operating more efficiently and effectively in order to manage the important implementation work ahead, employing a small, yet highly qualified staff at its Washington headquarters, with a limited presence in partner countries worldwide. MCC's expanding portfolio of compacts will require additional staff in new countries to provide oversight of these investments. MCC continues to adopt internal processes and operating procedures to make the best use of American taxpayer dollars and to deliver tangible results in the lives of the poor benefiting from MCC investments.

***Audit Expenses:***

MCC will budget \$5 million for audit expenses to ensure projects utilize funds efficiently and comply with requirements for transparency and fiscal accountability.

###

*Millennium Challenge Corporation is a U.S. government agency designed to work with developing countries and is based on the principle that aid is most effective when it reinforces sound political, economic, and social policies that promote poverty reduction through economic growth. For more information on MCC, please visit [www.mcc.gov](http://www.mcc.gov).*