



A Partnership for Success: Millennium Challenge Corporation and Latin America

Summaries of MCC Compacts in Latin American



El Salvador



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

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 and reducing transportation costs to markets.

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.
3. MCC has signed threshold agreements with Guyana, Paraguay and Peru. These total over \$77 million.
4. Bolivia is compact-eligible.

Nicaragua



Compact Goal: In Nicaragua, the five-year compact will support those living in the Leon and Chinandega region by significantly increasing incomes of rural farmers and entrepreneurs. The compact will provide \$175 million to reduce transportation costs, improve access to markets, strengthen property rights, increase investment, and raise incomes for farms and rural businesses.

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

Summaries of MCC Latin American Threshold Agreements

Guyana



The two-year, \$6.7 million Guyana Threshold Program 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 process.

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.

Peru



The two-year \$35.6 million Peru Threshold Program seeks to increase immunization rates of rural children against diseases such as measles, diphtheria, pertussis and tetanus in eight targeted regions and assist Peru's Ministry of Health in strengthening information and vaccination management systems. The program will also help Peru combat corruption by working with the judicial branch, law enforcement, the ombudsman and controller's offices and civil society organizations to improve internal controls, as well as analyze and simplify administrative processes to reduce opportunities for corruption.