

Remarks at Board Meeting of the Millennium Challenge Corporation

Secretary Condoleezza Rice

Washington, DC
May 20, 2005

(10:30 a.m. EDT)

SECRETARY RICE: Good morning. Please be seated. Thank you. I'd like to welcome everyone to this meeting of the Board of Directors of the Millennium Challenge Corporation. We'll get all of our fellow Board members in. And I think I can now state that we have a quorum and this meeting is therefore called to order.

On behalf of my colleagues on the Board, I would like to start by welcoming our newest member, Rob Portman. As you know, Ambassador Portman was recently confirmed by the Senate as the President's new U.S. Trade Representative. In addition to becoming a member of the President's cabinet, that also makes Rob a member of the MCC Board of Directors. We look forward to working with you, Rob, and welcome aboard.

AMBASSADOR PORTMAN: Thank you very much, Madame Secretary.

SECRETARY RICE: As many of you are aware, the Board unanimously approved an MCA compact with the Republic of Madagascar at our meeting on March 14th. The compact was officially signed on April 18th at a ceremony here at the State Department, which was attended by a Malagasy delegation led by President Ravalomanana. The Madagascar compact is a four-year, nearly \$110 million program that addresses two root causes of poverty in Madagascar: A poorly functioning financial system and a weak land titling system.

President Bush's vision for the MCC is that development assistance be provided to those countries that rule justly, invest in their own people and encourage economic freedoms, and global development should link greater contributions from developed nations to greater responsibility from developing nations.

We believe that Madagascar will be helped by this program to carry out that vision and we congratulate their government and the people of Madagascar for being the first to reach this important milestone of the signing of a compact with the MCC.

I'd like to thank the MCC staff for their hard work. I know they are working long hours and going to great lengths to get these things done and to get them done fast, and I appreciate their efforts.

I am also pleased to note that the MCC staff are in the later stages of compact negotiations with a number of other MCA countries. Later this morning, in fact, we will consider a compact with the Republic of Honduras. In addition to Honduras, we are moving quickly ahead with several other countries, including Nicaragua, Cape Verde and Georgia, and we are hopeful that we will have one or more of these compacts ready for Board consideration at our June meeting.

We have a lot of work to do so, with that, I'm going to turn this over now to the MCC's CEO, Paul Applegarth, to provide a brief update regarding other activities. Thank you, Paul.

MR. APPLGARTH: Thank you, Madame Secretary. Good morning and thank you all for attending the public session of MCC's Board meeting today. I am sure you are eager to learn the outcome of the Board vote on the proposed MCA compact with the Republic of Honduras and we'll make that announcement shortly after the conclusion of today's meeting.

Because the public portion of our meeting today is so short, we are following our usual practice of having a longer public meeting after the Board meeting. I would like to invite you therefore to a public outreach meeting next Thursday at CSIS where we'll give you further updates on MCC activities and discuss the Honduras compact in further detail.

In addition, during that public outreach meeting we will be doing something a little different by holding a panel discussion on lessons learned so far from the MCC consultative process. Panelists will include our counterparts from Honduras and experts from the World Bank, Catholic Relief Services and CSIS.

I also want to discuss the outlook for future compacts. The hard work of our partner countries and MCC staff is now coming to fruition. As the Secretary mentioned, MCC signed a compact with Madagascar last month and we are looking forward, subject to Board approval, to potentially three more compacts in the next couple of months.

A number of our threshold partners are also making significant progress and we hope to approve some of their proposed threshold programs soon.

We are also making steady progress in the allocation and disbursement of what is called 609(g) funding to several countries. 609(g) funds facilitate the development and implementation of a proposed compact before it is signed. In Georgia, we are funding up to \$4.155 million for a detailed engineering, design and environmental study for the proposed Samtskhe-Javakheti Road.

We have also agreed to allocate 609(g) funds to Nicaragua. This proposal calls for investing up to 250,000 to expand a major ongoing survey for baseline data, which is being conducted by the Nicaraguan National Institute of Statistics and Census, and we've added questions relating specifically to land titling and access to finance.

We've also approved 609(g) funding for Ghana and Lesotho.

While any estimate for the balance of the year is necessarily speculative, it looks as though we will currently exhaust our currently appropriated funds early in the new year. For those of you who followed my congressional testimony, proposals from eligible countries are expected to exceed resources currently available by a billion dollars. This \$1 billion shortfall, combined with the need to fund new lower-income FY 2006 eligible countries that will be selected in November, plus new threshold program countries, plus compact amendments, and for the first time lower middle income countries, shows how important it is that the full -- that we are appropriated the full \$3 billion that President Bush has requested for FY 2006.

Remember, these are not just numbers. This is an opportunity to improve the lives of many poor people in our partner countries and they depend on it.

On another front, the search for an indicator that measures governments' management of natural resources is also steadily advancing. MCC staff has been actively working with experts from key institutions and MCC Board member Christine Todd-Whitman is, as you know, leading this effort. The Brookings Institution is hosting a conference for us on June 24th, drawing experts from around the country and the developing world to contribute to our thinking on an indicator.

Also, our draft environmental guidelines for programs are posted on our website for public comment until the end of the month. You can find them at www.mcc.gov in the guidance section of our website.

Our next Board meeting has not been scheduled yet but we expect to have another two compacts shortly and much other business to cover.

Thank you for joining us today and I hope to see you next week at the public outreach meeting.

SECRETARY RICE: Thanks very much, Paul. And I will ask other members of the Board -- I think there is no further business before the Board for this session so I recommend that we adjourn this opening session of the Board meeting. May I have a motion?

BOARD MEMBER: So moved.

SECRETARY RICE: Second?

BOARD MEMBER: Second.

SECRETARY RICE: Thank you. Anyone opposed?

(No response.)

SECRETARY RICE: All right. Being no objections noted, this ends this section of the meeting. Thank you very much.

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