

Milestones

\$2.55 Billion in U.S. Government Grants Underway

MCC Programs in Five Countries Showcase the Importance of Country-Led Solutions

Fall 2008 was a “milestone” in MCC’s history as poverty reduction programs in five partner countries entered into force. A total of \$2.55 billion in development aid has been obligated to Tanzania, Lesotho, Mongolia, Morocco and Mozambique. “The entry into force of these... compacts signals the beginning of the important implementation phase for the 5-year programs,” said CEO Ambassador John Danilovich.

MCC’s economic development assistance encompasses a range of poverty reduction projects. MCC is proud to be investing in partner countries like Tanzania where the \$698 million compact will not only fund road improvements that will increase commerce and help connect rural communities with markets, schools and health clinics but also will increase the access to clean water which will reduce the incidence of water-related disease, particularly among children.

Countries have taken the lead in identifying their development needs and designing programs that will help reduce poverty through economic growth.



Carl Trettin (USFS)

As part of a larger water sector project, MCC is funding restoration of degraded wetlands at several highland pastures—like this one in Lesotho—and supporting development of a national watershed management and wetlands conservation plan.

Through their \$285 million compact program, Mongolia will increase economic activity, including exports, by improving the country’s rail network and invest in health and training programs. In Lesotho, the \$362 million compact will improve the delivery of clean water, improve the quality of the health industry, and increase foreign and local private sector investment.

Some countries, like Morocco, looked beyond traditional areas of development

and have allocated part of their compact funds to industries that will help stimulate the economy by increasing productivity and improving employment in areas such as fruit tree productivity, small-scale fisheries, and artisan crafts.

As MCC’s deputy vice president for Africa, Jonathan Bloom says, “Our partner countries can now move ahead with full confidence to commit to the major contracts and commitments to make these programs realities for their people.”

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Makes
Infrastructure
Investments



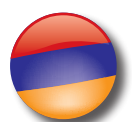
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Rural Ghanaian Schools Get a Makeover

Rundown Facilities in Rural Towns Remodeled



Troy Wray

One of the unsafe and rundown schools structures before rehabilitation.



The beginning of the 2008 school year promises to be a memorable one for students of the four schools under renovation by the Millennium Development Authority (MiDA), in the Ghanaian district of Awutu-Effutu-Senya. The children will return to fully rehabilitated classrooms and facilities—a radical improvement from the rundown school infrastructure they left behind when they went on summer break.

The first phase of construction began in April 2008, with the goal of rehabilitating 30 schools in seven different rural districts. According to MiDA, the entity in charge of implementing this MCC program, construction is advancing on schedule and, as these pictures show, progress is already evident.

Parent-teacher associations have been

following the progress of the remodeling and are very excited about it. “Finally our children will be able to sit in an environment that will encourage them to learn,” said one parent.

Troy Wray, associate director

for human development at the MCC described the schools former condition as, “almost unusable, walls are falling down, lighting is poor, there are hardly any desks and chairs, and some classes are held under trees.”

The second phase of the school project will be to reconstruct 30 flood-affected



Troy Wray

Rehabilitation works are currently underway and schools will be ready for the beginning of the school year.

schools in five districts of the Northern Intervention Area. The education project is a \$2.8 million initiative that is part of Ghana’s \$547 million compact with MCC. Other components of the MCC compact with Ghana will help transform the agricultural sector by providing improved access to education, water, and sanitation.

MCA-Cape Verde signs \$42.3 million for Port of Praia Major Contract Reduces Costs, Increases Economic Activity



On July 30, MCA-Cape Verde signed one of the most important contracts in the history of the five-year compact—the \$42.3 million contract for phase 1 of the expansion and modernization of the port of Praia. Praia, Cape Verde’s largest city, is site of the island-nation’s main port for passengers and cargo.

This project represents about 40 percent of the \$110 million MCC compact with Cape Verde and is currently the largest infrastructure contract in progress in the country. Its overall goal is to integrate Cape Verde’s national market and reduce transportation costs by improving port facilities and systems to efficiently support traffic growth.

Expected economic impacts of this project include increases in productiv-



MCA-Cape Verde

The compact with Cape Verde will fund improvements to Port of Praia.

ity and reduction in transport costs, increased inter-island traffic, improvements in traffic organization, reductions in cargo damage and hazardous events and improvements in security and safety.

According to Alfredo Barbosa, president of the Sotavento Commercial Association, thanks to this project “the port

of Praia will be at the same level as other ports in the sub-region and will provide enhanced cargo operations.”

MCC’s compact with Cape Verde will improve infrastructure, provide greater access to markets, reduce transportation costs, and support increased economic activity.

Compacts Signed with Burkina Faso and Namibia



Burkina Faso and Namibia became the 17th and 18th countries to sign compacts with MCC. Burkina Faso’s \$481 million compact, signed on July 14 in Washington DC, will reduce poverty by improving agricultural productivity, land use rights and land management, farm-to-market roads,

and girls’ primary education. “President Compaoré’s leadership was instrumental in developing a program that will help the poor in Burkina Faso build a better life for themselves and their children,” CEO Ambassador John Danilovich said.

Part of Namibia’s \$305 million compact, signed in Windhoek on July 28, will

help strengthen access to and quality of Namibia’s education and training sector, and promote growth in Namibia’s tourism industry. “The Namibians are fostering the very conditions that will attract greater private enterprise activity, which, ultimately, is the unstoppable engine of sustainable growth,” said Danilovich.

Results In Brief

Benin

MCA-Benin began installing seven land survey (GPS) stations to formalize land rights in more than 300 rural villages. Eighty villages have already been selected and a new round of village selection is underway.

Madagascar

By September 2008, over 20,000 farmers and 77 small businesses had received technical assistance under MCA-Madagascar’s Agricultural Business Investment Project.

Burkina Faso Threshold

Throughout the 2007-2008 school year, nearly 17,000 students have been enrolled in schools funded by MCC’s threshold program. Students benefited from ventilated classrooms, desks, school manuals, and access to clean, potable water.

Salvadorans Explore Poverty-Reducing Options Outreach Series Discusses U.S. Government MCC Compact



On July 22, for the third time this year, MCC and the Government of El Salvador hosted an outreach event to showcase investment opportunities created through El Salvador's MCC compact.

The event, which this time took place in Long Island, New York, brought together Ambassador Margarita Escobar, Vice Minister of Foreign Affairs for Salvadorians Living Abroad, Ambassador John J. Danilovich, Chief Executive Officer for the MCC, and Alfonso Salazar, Director of Implementation of Fondo del Milenio (FOMILENIO), the organization implementing the compact in El Salvador, offered presentations on the El Salvador compact and a discussion of how Salvadorans living abroad can contribute to reduce poverty through economic growth in their homeland.

The \$461 million MCC compact with El Salvador focuses on transforming the Northern Zone, which has suffered from poverty for decades. "MCC is proud to work with the people of El Salvador to contribute to the economic rejuvenation and empowerment of this strategic area—a region of great promise, great potential, and great people," Ambassador



FOMILENIO

Ambassador Margarita Escobar, Vice Minister of Foreign Affairs for Salvadorians Living Abroad and Ambassador John J. Danilovich, MCC's Chief Executive Officer, discuss compact progress with members of the Salvadorian business community in New York.

John Danilovich said. According to Ambassador Escobar "FOMILENIO is a reality in El Salvador's Northern Zone and has become a unique opportunity for investment and participation which will boost sustainable development, as well as the growth of a new entrepreneurial class." She stressed that the government of El Salvador expects that "these projects will facilitate local development and the integration of this region to the national growth dynamics that already exist in the

other regions of the country."

This event followed two others that took place earlier this year in Washington D.C. and California. Through these meetings, which have resulted in a robust discussion of the partnership between MCC and El Salvador, MCC, FOMILENIO and the government of El Salvador recognize the crucial role Salvadorans abroad can play in the long-term success of the compact and in reducing poverty in the country.

Results In Brief

El Salvador

The Productive Development Project's pilot recently awarded 10 grants totaling \$5 million to provide technical assistance and business development services to about 1,600 farmers and small businesses in the nation's Northern Zone.

Honduras

President Zelaya recently presided over the ceremony inaugurating road construction for the North Segment of the CA-5 Highway, funded by MCC's compact with Honduras.

Nicaragua

Sesame seed producers saw a 130 percent increase in income during the last harvest cycle thanks to technical assistance and access-to-market support provided by MCC.

MCA-Honduras Farming Program Empowers and Encourages Women



MCC recognizes that gender inequality is a significant constraint to economic growth and poverty reduction. Consequently, MCC has committed to ensure that gender is considered in all stages of its work with partner countries. Millennium Challenge Account (MCA) - Honduras, the organization in charge of implementing the compact, has been faithful to this vision in its implementation of the Farmer Development and Training program, commonly known as EDA (Entrenamiento y Desarrollo de Agricultores).

Established in 2006, EDA has encouraged women's participation in agricultural activities with customized technical assistance and training for improving yields, incomes, and market access. EDA targets assistance for women in an agriculture sector where they have been traditionally underrepresented and under-trained. Furthermore, empowering women in agriculture improves economic opportunities for a greater number of families and individuals.

The program comprises a qualified

technical team of field agronomists and specialists in marketing and logistics, post-harvest handling, farm certification, business skills, finance and business development services, supporting growers throughout Honduras. While women and beneficiaries are trained in all of these areas, EDA emphasizes training in post-harvest handling and business skills, which women identify as areas they are most interested in.

Taking advantage of program assistance, these women are diversifying their farms to include crops traditionally grown by men, including tomatoes, peppers, onions, and oriental vegetables. They are also producing specialty crops such as tropical flowers and aromatic herbs.

Women farmers participating in the program have planted 152 hectares and have generated local and export sales of more than \$206,700. Product marketing is a new activity for most women, but through this assistance, they are incorporated into market-led production programs and learn to negotiate contracts and fair prices. This includes commercial



MCA-Honduras

MCA-Honduras' EDA program encourages women's participation in agricultural activities.

linkages with supermarket chains, processors, exporters, intermediaries and direct sales at agricultural fairs and other national markets.

Women in Honduras are playing an important role in rural economic development by creating their own agribusinesses and making sound economic decisions.




Spotlight: Norma Dalila Castillo Flower Grower in Honduras

Norma Dalila Castillo of Santa Cruz de Yojoa, Cortes, Honduras, started the EDA program in September 2007. She has one hectare of tropical flowers where she implemented the program's recommended production practices. As of March 2008, she earned a net income of \$2,760.

"Thanks to EDA, we have implemented new production practices and the results are great. We have improved yields, quality and shelf-life of our flowers, which we are currently selling in Tegucigalpa and looking into export markets."

Armenian Farmers Enjoy Improved Canals

 As of July, 637 Armenian farmers will enjoy a more reliable supply of water thanks to 6.5km of new and refurbished tertiary canals spread across 460 hectares of farmable land. The existing canals were in extremely poor condition, and water losses were high, making irrigation either inefficient or impossible for local farmers.

“If there is one clear way to help impoverished farmers in Armenia it is to work with them to create a more dependable water supply,” says Alex Russin, MCC’s resident country director in Armenia.

Through MCA-Armenia’s irrigation project, tertiary canals in four communities were built—Griboyedov in the region of Armavir and Lanjizat, Arevshat and Abovyan in the region of Ararat. MCA-Armenia signed the civil works contract in January 2008 and finalized the \$325,000 project on schedule. As evidence of the importance of this initiative,



MCA-Armenia


MCA-Armenia’s irrigation project built tertiary canals in four communities—Griboyedov in the region of Armavir and Lanjizat, Arevshat and Abovyan in the region of Ararat—to provide a reliable supply of water to local farmers.

and a good example of country ownership and consultation, the communities selected for the tertiary canals construction project agreed to contribute 15 percent of the overall construction costs.

“Armenia’s dry climate does not allow

farmers to rely on rainfall to help grow their crops,” Russin said. “When farmers know that their water supply is secure, they can expand production, invest in more profitable crops, and improve their incomes.”

MCC, Donors Bring Reliable, Safe Water to Poti

 The residents of Poti, a port city on Georgia’s Black Sea coast, know from experience what it means to live with limited access to water. On average they only have two hours of running water per day. Water quality is also lacking and, as a result, most Poti residents have to boil their water before using it to avoid the risk of waterborne diseases.

Tackling the problem of water services is a top priority for this city, which

is a potential major economic center for the region. As part of its \$295.3 million compact with the government of Georgia, MCC committed a grant of \$5.55 million to assist the government of Poti’s overall \$15.87 million water project. The project will be implemented through the Millennium Challenge Georgia (MCG). Multiple donors, including the European Bank for Reconstruction and Development and the Swedish International Development Cooperation Agency, are working to-

gether to fund related projects and provide relevant expertise in different areas. MCC is funding emergency repairs to the existing water transmission pipeline and rehabilitation of Poti’s water distribution network as well as the installation of meters in all Poti households.

MCC’s ongoing partnership with Georgia underscores the country’s strong economic foundation and its impressive record of reform. MCC assistance will help the people of Georgia build a prosperous and competitive economy and is directed toward carefully identified projects showing a direct benefit to Georgia’s poor.

Learn more about MCC and its programs at www.mcc.gov



Collaboration Accelerates Road MCA-Armenia, Lincy Foundation Partner



MCA-Armenia

MCA-Armenia worked with the Lincy Foundation to obtain the rights to use detailed designs for 24.5 km. of rural roads that Lincy could no longer afford to build due to dollar devaluation and local construction cost inflation.



Looking for ways to accelerate construction on its \$67.1 million Rural Road Rehabilitation Project, MCA-Armenia reached out to the Lincy Foundation, an Armenian-American foundation that has rehabilitated over 700 km of rural and highway roads in Armenia since 2002. They worked with the Lincy Foundation to obtain the rights to use detailed designs for 24.5 km of rural roads that Lincy could no longer afford to build due to dollar devaluation and local construction cost inflation.

Use of the Lincy Foundation designs saved the MCA-Armenia program approximately \$500,000, but more importantly, allowed road construction to begin almost a full year ahead of schedule, providing MCA-Armenia and MCC with valuable lessons learned in road construction management. Ara Hovsepyan, CEO

of MCA-Armenia, enthusiastically noted that “within only one year into the program implementation, we were able to start the very first construction project.”

Serzh Sargsyan, President of the Republic of Armenia and former Chairman of the MCA Armenia Governing Council added that the “MCA-Armenia program will start from the very spot where works have been initiated by the Lincy Foundation. This is noteworthy since it evidences a successive and consistent approach to road construction projects.”

This collaboration between MCA-Armenia and the Lincy Foundation demonstrates the numerous benefits of actively working with and reaching out to other donors and development partners. It exemplifies why donor coordination is a fundamental part of MCC’s model, and a responsibility our MCA partners embrace.

Results In Brief

Vanuatu

MCA-Vanuatu has signed a \$54 million contract for the design and construction of the Efate Ring Road and segments of the Santo East Coast Road.

Indonesia Threshold Program

The program supported advocacy and communications training for civil society partners, local government leaders and journalist associations. Through the end of March 2008, the program trained over 6,700 participants in seven provinces throughout the country. Additionally, nearly 3,000 children were vaccinated with an additional dose of the measles vaccine as part of a measles immunization campaign in North Sumatra and over 1,500 mothers participated in a major breastfeeding campaign with the Indonesia Pediatric Association.


Albania Threshold Program

Albania’s Public Procurement Authority has expanded the e-procurement system (EPS) to 14 ministries. Before the EPS, there was a lack of reliable information on how many government procurements were open to competition versus those that were sole-sourced to one company. EPS can now generate these statistics. As a result, 97 percent of public procurements in Albania were completed via open competition.



Mark Tkach

Window to the Field: Marc Tkach in Tanzania

 “Just out of school on this warm day, these boys take a rest under the shade of an old tree in Morogoro, Tanzania. They sit atop part of the dilapidated Mambogo Water Treatment Plant from which their drinking water flows. Nestled against the Ulu-guru Mountains in the Tanzanian highlands, Morogoro is one of the largest and most picturesque towns in East Africa. Its water supply system, though, is undersized and the situation is quickly becoming worse as the population booms. MCC’s investment in Tanzania will replace the Mambogo water treatment plant, rehabilitate the larger Mafiga plant down the hill, install almost two kilometers of pressure main and finally upgrade

the town’s water storage capacity. Access to reliable, affordable and clean water is a key factor in the reduction of disease and increase in productivity that will benefit the entire Morogoro region.

MCC is investing in two other Tanzanian water activities. They are a 50 percent increase in production from the Lower Ruvu Water Treatment Plant, in Dar es Salaam, and a significant reduction in non-accounted water (e.g. water that leaks out of the system) in underserved parts of that city.”

Marc Tkach, Associate Officer in the Infrastructure division of the Department of Compact Development, took this photo while on mission in Tanzania last February.

Poverty: A Global Threat Deserving Global Action

by Ambassador John J. Danilovich
MCC Chief Executive Officer

Recent events remind us that the world’s economies are closely interconnected. At MCC, we know that finding solutions to fight global poverty is the right thing to do for our partner countries as well as for America’s own long-term economic stability.



Systemic poverty robs people of basic freedoms and choices. The sound economic, political, and social policies that MCC expects are creating societies where entrepreneurship can flourish. The roads, land titles, schools, and agricultural training that MCC supports are allowing men and women to choose their economic path. Instead of fleeing to urban areas or crossing borders, these people are building a solid economic future right at home. Greater economic stability for the world’s poor means improved living conditions, a more secure global community, and a healthier economic atmosphere.

MCC is proud to be delivering foreign assistance in a way that conveys our vision for a prosperous world. These programs are solutions that countries themselves request and develop. It is a partnership that impacts the lives of the poor, and is a smart use of U.S. taxpayer money. Through these partnerships and the innovative MCC model, the U.S. will continue tackling the problem of global poverty—a problem that affects us all.



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