



**MILLENNIUM
CHALLENGE
CORPORATION**
REDUCING POVERTY THROUGH GROWTH

Transcript

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Millennium Challenge Corporation Hosts a Public Outreach Meeting

Speakers

Ambassador John J. Danilovich,
CEO, Millennium Challenge Corporation

Chairwoman Nita Lowey

Congressman Joe Knollenberg

Senator Norm Coleman

Henrietta Fore,
Administrator, USAID

Transcript

DANILOVICH: Thank you very much. Thank you, all, for being here this morning. Very briefly, members have to return to their duties and obligations this morning. So I don't want to miss the opportunity of having their here with us, to introduce them to you, and have them say a few words.

Chairwoman Nita Lowey from New York, we're delighted she's here this morning. Congressman Joe Knollenberg; our board member, Alan Patricof; our board member, Henrietta Fore for USAID; Ken Hackett from Catholic Relief Services, also our board member.

I'd like at this time to ask Chairwoman Lowey if she would say a few words.

LOWEY: Well, thank you very, very much. And what a pleasure it is for me to be here this morning with all of you who are involved in some good way with the Millennium Challenge Account or all the other good work we do around the world. And I'm particularly pleased to congratulate Ambassador Danilovich on the important work and the important leadership; and of course to be here with my colleague, Joe Knollenberg, my good friend from New York; a member of the board, Alan Patricof; Henrietta Fore -- what a pleasure. Anybody else?

I knew I forgot somebody -- Ken Hackett, nice to see you. You know, these introductions are always tricky, because as I look around the audience, I could use my one minute just welcoming so many good friends with whom I've worked.

I am so enthusiastic about the potential of the Millennium Challenge Account. I had the opportunity to visit several countries in Africa. And I know in Ghana, they are so enthusiastic. And in Morocco, they're looking forward to enhancing and revitalizing the fishing industry, and the artisan industry, and the agriculture industry. And I know you're about to go to Tanzania, where I visited several months before, to sign a compact.

The impact that this program can have is so exciting. And, of course, the countries are thrilled to have the amount of money that we're appropriating to them. And we make it clear that we're watching them. We look to those countries and make sure that it is really changing the way they are functioning; and that they will show us some great signs of success.

So I really want to thank and congratulate Ambassador Danilovich and your whole team. I look forward to getting out there with you in the field and actually see the successes as they are rolled out.

So thanks so much for giving me the opportunity to say hello. I know you have a great team. And I know we're going to see some good things on the ground. Thank you very much.

[APPLAUSE]

DANILOVICH: Thank you, Chairwoman Lowey. It's a pleasure to work with you and your staff. We're always very grateful for your interest and for your support and cooperation. And thank you for your time today. I know it's precious.

I'd like to also recognize my good friend, Rob Mosbacher, the head of OPIC, who's also here with us this morning; Also my friend Mary Bush of the Health Commission.

[APPLAUSE]

I'd like at this time to ask Congressman Joe Knollenberg to say a few words.

KNOLLENBERG: Thank you very, very much. This is going to be a birthday, I guess. Right? It's the fourth anniversary. So happy birthday, everybody. I think that's good news.

I understand people are standing in the rear of the room, because there weren't enough chairs. No one anticipated the crowd it was going to gather here, but congratulations for all of you coming.

Just very briefly, this is the fourth anniversary. And I really owe a great deal to Ambassador Danilovich, whom we've worked with, and the rest of these people back here I'm just meeting for the first time, except obviously my

chairperson. And that's Nita Lowey, who I have to mention, obviously, first of all because I think she does a great job. And she's very enthusiastic about this program as a mom.

Now, it takes money, but it also takes some productivity on the part of the participating countries, particularly those in the compact area, and those that are in the threshold arena as well. But we want to do what we can -- as much as we can -- to ensure that there is more resources out there for countries that are looking for help here. And I think we're up to 16. Is that right, ma'am? And it's a beautiful triumph, I think. And I look forward to many, many more.

So all of you, thank you for being here today. We support all these causes. And we'll do everything we can to bring the resources to the point where we can do the job.

Thank you very much. Ambassador, thank you.

DANILOVICH: I'd like to thank my good friend, Senator Norm Coleman, for joining us this morning and ask him to say a few words.

COLEMAN: Yes, thank you. Just very, very briefly, I had the great pleasure of working with the ambassador when he was the ambassador. I was chair of the West Hemisphere Subcommittee, from Costa Rica to Brazil. But I am a big believer in Millennium Challenge.

The Bible says: To whom much is given, much is expected. We are a great nation. And we've been blessed with incredible resources. And I think much is expected of us. And the greatness of Millennium Challenge is that what is given is in a way -- and it should be done. And it is not us simply saying this is what you must do. Rather, it's saying working hand in hand with nations across the world, who have needs, who say to us, "This is our need. This is what we need to do." And then we come back and say, "We want to work with you. But then we have expectations."

And that's a relationship that is not from here looking down here. It's a relationship of -- like this, and hopefully coming together. It is the right thing to do. It is making a difference. It is, I think, part of our obligation of a great nation. And we're fulfilling it in a wonderful way. And I'm proud to support this program. Thank you.

[APPLAUSE]

DANILOVICH: I'd now like to introduce my very good friend and colleague, Henrietta Fore.

[APPLAUSE]

FORE: I will join in with all of my colleagues to wish you a very good fourth anniversary. We are all very proud that you have come this far. I want to thank my colleagues from the Senate and the House for their wisdom in passing the Millennium Challenge Act. I think it has created a new model -- one that is country-based; one that

is performance-based. And Ambassador John Danilovich and Rodney Bent have led the organization well. And it is delivering results.

Since I carry, in addition to my Board member of the Millennium Challenge Corporation, also the hat of being the administrator for U.S. Agency for International Development, I want you to know how much we feel we are colleagues in the field. USAID helps in the threshold programs preparing countries, helping them to move economic growth and move their goals toward education for girls, or immunization, or any other area; so that they can govern justly and have economic growth and better lives and stronger prosperity for their people.

So United States Agency for International Development is a good friend and by your side. We'll look forward to another four years together. Thank you very much.

[APPLAUSE]

DANILOVICH: I'd like to thank our distinguished guests. I know some of them must return to their offices and duties. But our gratitude for coming for us this morning, to be here with us.

Thank you, Chairwoman.

[APPLAUSE]

I'd like to now make a few remarks. I appreciate you all being here this morning. I want to especially thank our distinguished guests who are just departing. I'm happy to say so many MCC board members here. As I've mentioned, Alan Patricof from Apax and Greycroft; USAID administrator, Henrietta Fore; Ken Hackett of Catholic Relief Services; my good friend, as I've mentioned, Rob Mosbacher from OPIC.

Many thanks to the honorable members of the diplomatic community, who are also here this morning; who have joined us, representing many of our MCC partner countries. Thank you, all, for being here this morning.

Anniversaries are a time to examine what we've done, so that we can outline a course of action to accomplish what needs to be done in the future. When I think of the impressive body of work that the MCC has achieved in the four short years, I am frankly astonished. It is remarkable that what was only a concept in 2004 is bringing positive, tangible results to the lives of the poor in 2008.

Today we are celebrating four years, not just of a program, but of America's continuing commitment to the poor -- people progressing toward a future of promise and prosperity; people like Justine Russell Rasoamanahirana of Madagascar.

Justine, like most of Madagascar's poor, inherited her land from her parents. Yet, traditional land rights are not registered at land administration offices. As a result, Justine has seen her four land parcels get smaller and

smaller as her neighbors slowly expanded their boundaries. Even though Justine's parcel of land totals less than half a hectare, this land sustains her livelihood of potato and rice farming.

After hearing about MCC's land tenure project, Justine set out to secure legal land title to her property. And last August, she received certificates to all four parcels. With such security, Justine went to work leveraging her assets, unlocking new and previously inaccessible economic opportunities.

She used two of her parcels as collateral for a \$500 micro loan, which she used to invest in her potato farm. The security on another parcel allowed her to invest in constructing a small house that she now rents. This rental income has brought in enough to pay the fees to send her children to school for the first time and to purchase oxen her family uses to transport their crop to market.

In these ways, Justine's life has been changed significantly for the better. Because MCC's program underscores land ownership, Justine, together with her husband and four children, now live a more secure, more productive, more hopeful life.

I am proud of MCC investments like this one in Madagascar -- investments that help spark entrepreneurship, empower women, allow children to go to school, secure property rights, create development opportunities throughout the value chain, impact the lives of many other producers. This is why Congress created the Millennium Challenge Corporation. And we are doing our work and doing it effectively and efficiently.

Turning four marks a turning point in the evolution of the Millennium Challenge Corporation. Like any other effective organization, we embrace the opportunity to make our work more efficient. This has required steps that, today, I consider milestones. As friends, who closely follow our work, who believe in our mission, and who share our goal of reducing poverty through growth, let me take a moment to recount these evolutionary steps since our creation in 2004.

First, we had to establish the MCC development model and organizational structure. This was a tall order for those first eight employees working out of borrowed offices, and tasked with fulfilling the MCC mandate -- the reduction of poverty through economic growth. Then, we had to engage with eligible partner countries to help them develop and eventually sign compacts.

MCC is a different and demanding form of development assistance. Country engagement and compact development were, of necessity, our focus at that early age. And we excelled at this, leading to an impressive portfolio of 16 approved compacts with partner countries in Africa, Central America, Eurasia and the Pacific, totaling \$5.5 billion; and 18 threshold programs with countries worldwide totaling almost \$400 million.

In a very short period of time, by any standard, we've come an incredibly long way since our founding, doing what Congress asked us to do. Now, we are in the process of supporting our partner countries with implement-

ing those compacts. Now, through implementation, results are emerging. And the success of our programs are becoming evident.

Early results are already impressive and include issuing land titles; increasing farmer incomes through better agricultural techniques and programs; creating jobs; increasing market access, improving infrastructure, such as seaports, bridges, roads, airports, storage facilities and irrigation canals; strengthening small-scale fisheries and artisan training; opening health clinics and containing the spread of HIV/AIDS and other diseases; building and operating girl-friendly schools; expanding vocational training; strengthening financial services and access to credit; improving access to water and sanitation services.

Through these efforts, we will see sustainable, measurable, transformative change take place in our partner countries. Together, we are laying a strong foundation for lasting economic growth. And without that strong foundation -- as any of you with experience in the private sector knows -- prosperity will not follow.

At four, the MCC has evolved from a great concept into a great reality. This vision for innovative development assistance has now been put into practice. And MCC is a tangible reality in our partner countries. When the HELP Commission reports that the most effective development assistance supports democratic principles, good governance, country-led development and economic growth, they are speaking of the very way that the MCC works.

At four, MCC is a groundbreaking way of delivering development assistance that is changing the global conversation about aid effectiveness. We are actually doing what many in the development community agree must be done. And others are also now looking at ways of emphasizing performance-based aid.

At four, MCC bundles the best lessons learned in development and requires sound policy performance and country ownership to reduce poverty through sustained economic growth. And, we believe that poverty anywhere is a threat to prosperity everywhere. This is why MCC matters to America and to the world.

MCC is part of the transformational process of creating prosperous, democratic and a secure world community. While some donors have a broader mandate, including support through humanitarian and important social safety nets, MCC's mission focuses on stimulating and sustaining economic growth. Countries, with few exceptions, that are growing economically are experiencing more rapid poverty reduction.

Our model is built on this relationship -- poverty reduction through growth -- and on the promise of expanding economic growth and opportunities in poor countries. And, as MCC turns four, our priorities reflect a coming of age, of sound compact development, of aggressive implementation and of seeing the initial results of those efforts.

Three key priorities will define MCC's work as we move forward. These are the priorities of implementation, empowerment and results. Let me explain.

First, implementation -- MCC has been successful at working with partner countries to develop, to create, compacts. Now, we must be just as successful at helping partner countries implement them. We have adopted significant internal reforms to transition from a compact development agency to an agency also dedicated to successful implementation of those compacts. We have reorganized our first-class professional team to fully utilize their expertise and experience to support our partner countries in effectively and efficiently converting investments of U.S. tax dollars into tangible and lasting results for the poor.

MCC's future depends on timely compact implementation. And we have realigned our goals, functions, and staff to meet that challenge and to better achieve our mission. And, we are doing this without compromising our ongoing commitment to fiscal and procurement accountability, to our gender policy, to accountable monitoring and evaluation, to sound economic underpinnings and to internal best practices for managing social and environmental issues.

Second, empowerment -- successful implementation requires that partner countries, not the MCC, lead the process. They must own their own development, navigating through the particular challenges of compact development and implementation and, in the end, celebrating their successes as the fruits of their own labors, not MCC's efforts.

As we pursue these core principles, we are reminded that development is difficult and challenging in the world's poorest countries, especially as they work to build their capacity. We can't do for countries what they aren't ready to do for themselves. This, at times, delays implementation.

But, I'd rather make the extra effort and take the extra time to empower countries to do more for themselves with their own solutions to their own challenges, with their own will and with own determination, than see MCC step in, do it for them and use us as a shortcut. I'd rather empower countries, which in turn empower all of their own people -- men and women side by side -- to lead their own development. This is essential for sustainable economic development.

By raising expectations and by placing responsibility and accountability on the shoulders of our partners, MCC is helping countries help themselves for the long term. For example, Ghana identified the lack of adequately trained procurement specialists as one of its obstacles to successful development. Ghana applies part of its MCC investment to the procurement capacity-building initiative designed to strengthen the effectiveness of procurement entities to help overcome this particular barrier to development.

We will remain focused on capacity building and ask countries to maintain and improve their policy performance, so development can be sustained long after our period of investment ends.

And, third, results -- through implementation and country capacity-building, results in the lives of the poor will continue to materialize and multiply. These results reflect the determination of partner countries to reduce pov-

erty through growth. These results stem from MCC's close coordination with other donors on the ground -- like PEPFAR, OPIC, and USAID -- to help synergies and build work in cooperation and not competition.

This cooperation is crystal-clear in MCC threshold programs usually administered by USAID. Such threshold programs are successfully fighting corruption, strengthening governance and improving health and education. And, these results validate the funding Congress has provided to MCC so far and justify further funding.

In four short years, we can already point to significant achievements. In Armenia, almost 2,500 participants have been trained in water management to increase agricultural production, of which almost a quarter are women farmers. In Madagascar, almost 900,000 documents have been inventoried to enable better land use. The agricultural project there is providing technical assistance to over 7,500 farmers.

In Georgia, the first round of emergency repairs to the North-South Gas Pipeline have been completed, improving the long-term security and diversification of the country's gas supply and providing reliable electricity and heating. In Nicaragua, thousands of farmers and rural entrepreneurs have benefited from technical assistance and business development services. Over 1,200 new jobs will be created as a result of MCC's investment promotion.

In Burkina Faso, the MCC threshold program has built 132 girl-friendly schools. And believe me, they are a joy to behold. In Malawi, threshold assistance supports ongoing anticorruption efforts, expands the work of civil society groups, strengthens independent news media coverage. These efforts helped Malawi improve its performance on the control of corruption indicator, now making that country compact-eligible.

In Jordan, the threshold program is expanding citizen participation, including the participation of women, in local elections and local government. In the last election, female candidates won 238 seats throughout the country.

These early direct results of MCC investments complement reforms countries are making to improve political, economic, and social policies. We see Paraguay slash the amount of time it takes to start a business and reduce the minimal capital requirement to do so. We see Lesotho pass a law removing the minority status of women, so that they can now have access to credit, participate in business, fully engage in economic activities as independent individuals without requiring a man's signature.

Good policies like these are not only the right thing to do, but also create conditions attractive to the private sector. And private enterprise, ultimately, is the true engine of economic growth. Private-sector engagement is the best way to leverage development assistance to deliver sustainable results. MCC grants open the gateway to such private investment. We will truly be successful in bringing about lasting change, as private-sector engagement drives sustainable poverty reduction.

MCC's fourth anniversary is a time of tremendous promise. We have met and conquered our start-up challenges. We have mastered the demands of developing and signing compacts. And now we turn four. Our work will be defined by how effectively we help our partner countries tackle implementation.

We are up to the task. Through our own internal reorganization and ongoing efforts to build capacity in partner countries, we are better positioned today than ever to enhance the speed of implementation and improve the lives of the poor worldwide.

The Millennium Challenge Corporation's fourth anniversary marks this moment and sets strategic priorities moving forward. The 2008 priorities of implementation, country empowerment through capacity building and results will lead to lasting change, which will be MCC's legacy in years to come. It is a legacy that the MCC shares with Congress, for having the bipartisan vision for a new approach to development assistance -- with the American taxpayers, whose compassion and generosity define the spirit and character of America's place in the world.

I thank each of you for taking the time to be here with us today, for your continuing support of the MCC, for being an important part of the Millennium Challenge Corporation's -- and America's -- historic contribution to eradicating poverty throughout the world.

Thank you very much.

[APPLAUSE]

Thank you very much for being here with us this morning. And I hope there's some coffee and danish and bagels left for you. Thank you very much. Thank you.