



# MILLENNIUM CHALLENGE CORPORATION

REDUCING POVERTY THROUGH GROWTH

## **MCC Overview**

### **A Case Study: The Mozambique Compact**

### **Procurement Structure**

**MCC is an innovative foreign assistance program designed to**  
***“reduce poverty through sustainable economic growth”***



***MCC links greater contributions from developed nations to greater responsibility from developing nations***

**MCC is managed by a Chief Executive Officer and a public-private Board of Directors comprised of:**

- MCC CEO
- Secretary of State
- Secretary of the Treasury
- U.S. Trade Representative
- USAID Administrator
- Individuals from the private sector

# MCC Core Principles



## 1. Sound governance, economic and social policies:

- To countries who can use assistance effectively
- Spur private investment and increased trade, the real engines of growth

## 2. Country ownership:

- Increases responsibility
- Builds capacity
- Yields better results

## 3. Clear objectives and measurement of results:

- Increase accountability
- Contribute to development success

## Policies Matter - Indicators for Eligibility

### Ruling Justly

- **Civil Liberties** (*Freedom House*)
- **Political Rights** (*Freedom House*)
- **Voice and Accountability** (*WBI*)
- **Government Effectiveness** (*WBI*)
- **Rule of Law** (*WBI*)
- **Control of Corruption** (*WBI*)

### Investing in People

- **Public Expenditure on Health** (*WHO, National*)
- **Immunization Rate** (*WHO*)
- **Primary Education Spending** (*UNESCO*)
- **Girls' Primary Education Completion** (*UNESCO*)

### Economic Freedom

- **Cost of Starting a Business** (*WB/IFC*)
- **Inflation Rate** (*IMF, WEO, IFS*)
- **Fiscal Policy** (*IMF, WEO*)
- **Days to Start a Business** (*WB/IFC*)
- **Trade Policy** (*Heritage*)
- **Regulatory Quality Rating** (*WBI*)

# Policies Matter – Annual Competition

## Country Scorecards



Tanzania

FY 2007

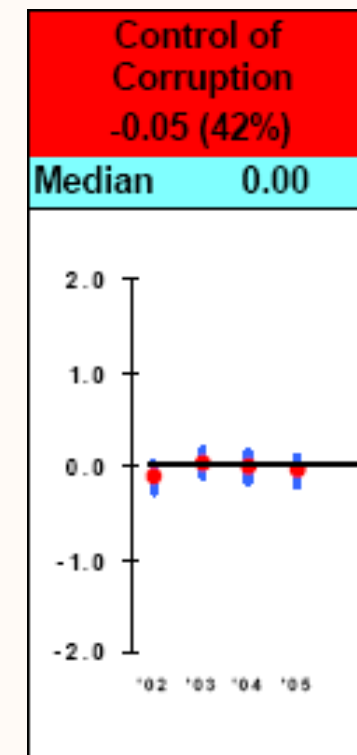
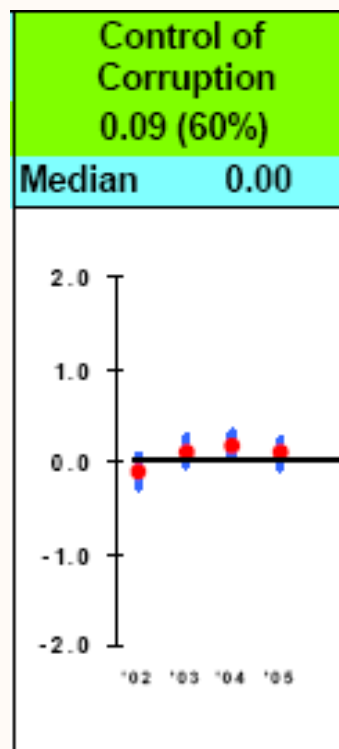
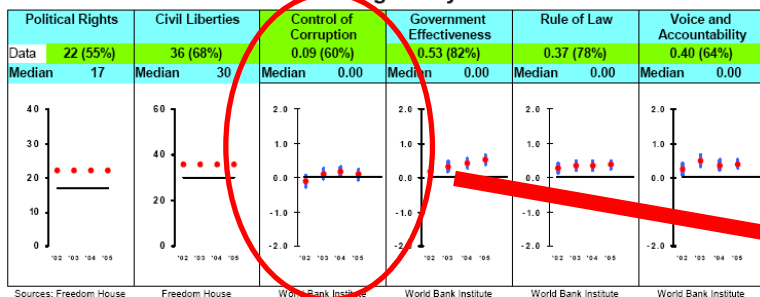
Uganda

Compact Eligible

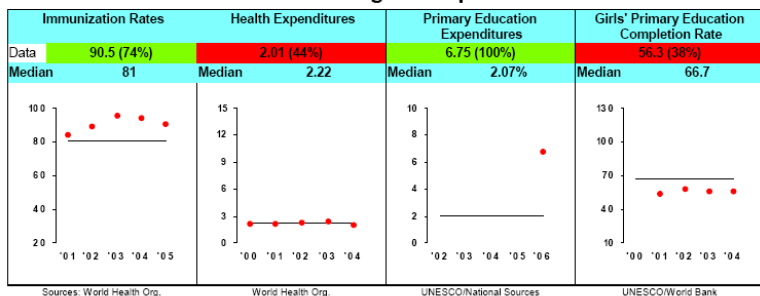
Threshold Eligible

MILLENNIUM CHALLENGE CORPORATION Tanzania FY07 Population: 37,626,920 GNI/Cap: \$340 LIC

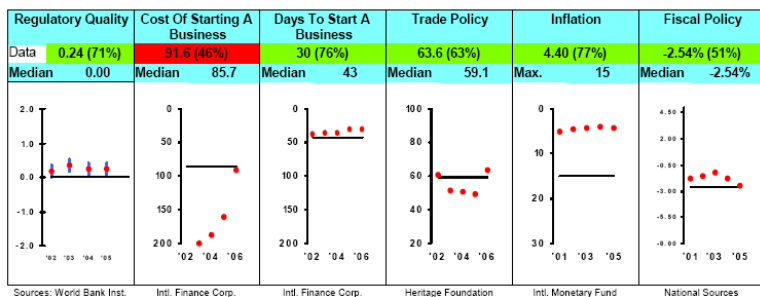
### Ruling Justly



### Investing In People



### Economic Freedom



# Policies Matter - Threshold Program

- **The Threshold Program**

1. Reinforces that eligibility intended as an incentive to improve policies.
2. Provides funding to specifically improve on MCC indicators
3. Is implemented by USAID

- **Threshold Countries:**

1. Close on the indicators
2. Demonstrated commitment to reform



## **Burkina Faso's Threshold Program: Increasing Girls' Primary School Completion**

Through the construction of new schools in provinces that lack sufficient schools, more girls will be able to attend primary school in Burkina Faso. Its Threshold program with MCC aims to enroll 1,650 new female students within the first year.

## Country Ownership is Critical – Proposal Development



*“We want to make decisions ourselves. It is our country, and we have to take on leadership and responsibilities. If you take a look at the last two issues, our vision and country ownership, you will realize why the MCA is so important for us. Here we have a new approach which helps us to implement our vision. We have opportunities to design and implement our own programs.”*

**--Marc Ravalomanana, The President of Madagascar**



# Results Count

*The Ghana Compact: \$547 million, signed August 1<sup>st</sup>, 2006*















Agricultural Project				
Indicator	Targets by Year (change from baseline)			
	2	3	4	5
<b>Land Activity</b>				
Number of days to conduct a land transaction	50% ▼	67% ▼		
Number of land disputes in the pilot registration districts		30% ▼		50% ▼
Registration of land rights in the pilot registration districts		30% ▲		100%
<b>Post-Harvest Activity</b>				
Volume of products passing through post-harvest treatment (metric tons)		111,820	129,900	143,400










## Expected Results over 5 years

- Develop the agronomic potential of **80,000 hectares** of land
- Create employment opportunities for over **260,000 persons**
- Improve the welfare and quality of life of over **1 million people**

## Over \$3.1 Billion in Compacts for African Countries

Country	Date Signed	Total Funding
 Benin	Feb 2006	\$307 million
 Burkina Faso	TBD	\$540 million proposed
 Cape Verde	Jul 2005	\$110 million
 Ghana	Aug 2006	\$547 million
 Lesotho	Jul 2007	\$362 million
 Madagascar	Apr 2005	\$110 million
 Mali	Nov 2006	\$461 million
 Morocco	Aug 2007	\$698 million
 Mozambique	Jul 2007	\$507 million
 Namibia	TBD	\$314 million proposed
 Senegal	TBD	\$255 million proposed
 Tanzania	TBD	\$698 million approved

## Almost \$100 million in Threshold Programs for African Countries

Country	Date Signed	Total Funding
 Burkina Faso	Jul 2005	\$12.9 million
 Kenya	Mar 2007	\$12.7 million
 Malawi	Sep 2005	\$20.9 million
 Niger	TBD	TBD
 Rwanda	TBD	TBD
 São Tomé and Príncipe	Nov 2007	\$8.7 million
 Tanzania	May 2006	\$11.2 million
 Uganda	Mar 2007	\$10.4 million
 Zambia	May 2006	\$22.7 million

## **MCC Overview**

### **A Case Study: The Mozambique Compact**

## **Procurement Structure**

# The Mozambique Compact



Water and Sanitation Project (\$203.6 M)

Transportation Project (\$176.3 M)

Land Tenure Services Project (\$39.1 M)

Farmer Income Support Project (\$17.4 M)



## Compact Status

Status..... Compact Signed

## Compact Information

Compact Amount ..... \$506.9 million

Compact Duration.....5 years

## Country Information

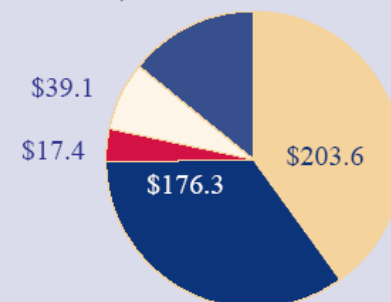
Population ..... 19,792,300

GNI Per Capita ..... \$310\*

## Program Components

in millions

\$70.5



- Roads
- Water/ Sanitation
- Agribusiness
- Land Tenure
- Admin., Oversight, Monitoring and Evaluation

# Water Supply and Sanitation Project (\$203.6 MM)



Activity	Amount
Improving water supply networks & sanitation of <b>Nampula, Pemba &amp; Quelimane</b>	\$86.9 million
Constructing/ rehabilitating water supply and sanitation systems in <b>Nacala, Gurue, and Mocuba</b> , under delegated management	\$60.0 million
Technical assistance and capacity building	\$21.0 million
Constructing or rehabilitating water supply systems in <b>Montepuez and Monapo</b>	\$15 million
Repairing and raising the <b>Nacala</b> Dam and reservoir, the main bulk water source for the city	\$11.7 million
Installing and rehabilitating approximately 600 rural water supply points in <b>Nampula</b> and <b>Cabo Delgado</b> provinces	\$9.0 million

## Road Rehabilitation (\$176.3 MM)



Route	Distance	Amount
Rio Lúrio – Metoro	74 km	\$23.5 MM
Nampula – Rio Ligonha	102 km	\$37.5 MM
Namialo - Rio Lúrio	148 km	\$50.0 MM
Nicoadala - Chimuara	167 km	\$60.1 MM

## Land Tenure Project (\$39.1 MM)



- Support to improved policy environment and regulatory review
- Build institutional capacity to implement policies and provide quality public land-related services
- Facilitate access to land use with:
  - clear information on land rights and access
  - resolution of conflict and commercial disputes
  - registering grants of land use, whether in the form of land titles to long-term or perpetual-use rights.



## Farmer Income Support Project (\$17.4 MM)

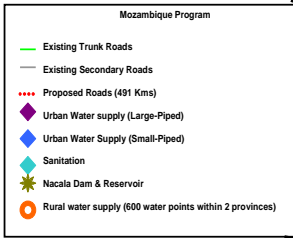
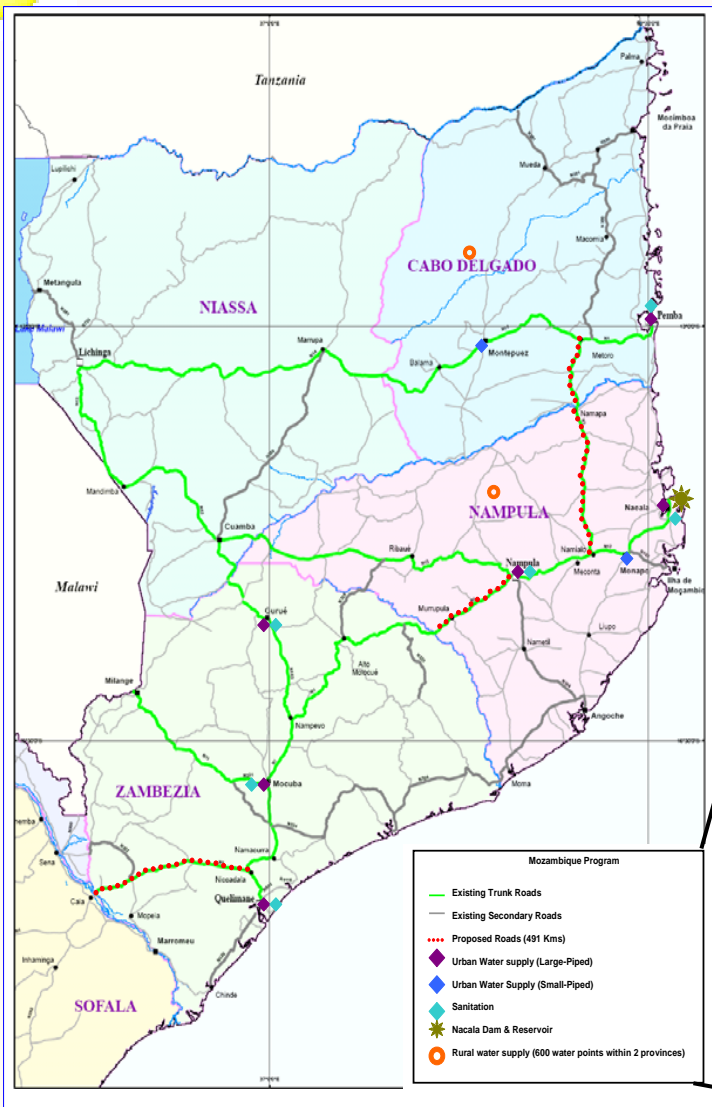


- Control and mitigation of diseased palms and replanting
- Replant all cleared coconut trees
- Technical advisory services to introduce alternate crop-diversification options



# Map of Proposed MCC Investments

*Focused on the Northern Mozambique provinces of Zambézia, Nampula, Cabo Delgado and Niassa*



## Legend

- Existing Trunk Roads
- Existing Secondary Roads
- Proposed Roads
- Urban Water Supply (Large-Piped)
- Urban Water Supply (Small-Piped)
- Sanitation
- Nacala Dam & Reservoir
- Rural Water Supply (600 points total)

# Timeframe for Implementation



*Engineering, socio-economic and environmental impact studies and detailed design of projects*  
*Procurements projected for 2008-9*

*Institutional Capacity Building Activities*  
*Procurements projected for 2008 to 2013*

*Construction and Supervision*  
*Procurements projected for 2009 to 2012*

# Procurement Opportunities in Mozambique Compact



## Consultancies & Services

- Engineering / design, socio-economic and environmental impact studies;
- Water and sanitation management services in various cities;
- Maintenance of roads, bridges, water and sanitation systems;
- Rural extension services;
- Construction supervision;
- Agro-processing services;
- Transportation services;
- Training and technical assistance in technical and social areas, administration.

## Construction Contracting

- Construction of Roads;
- Construction of Water Supply Systems
- Construction and Rehabilitation of Wells;
- Construction for Drainage and Sanitation.

## Supplies and Equipment

- Materials;
- Various Equipments;
- Chemical Products for Agriculture and Water Supply.

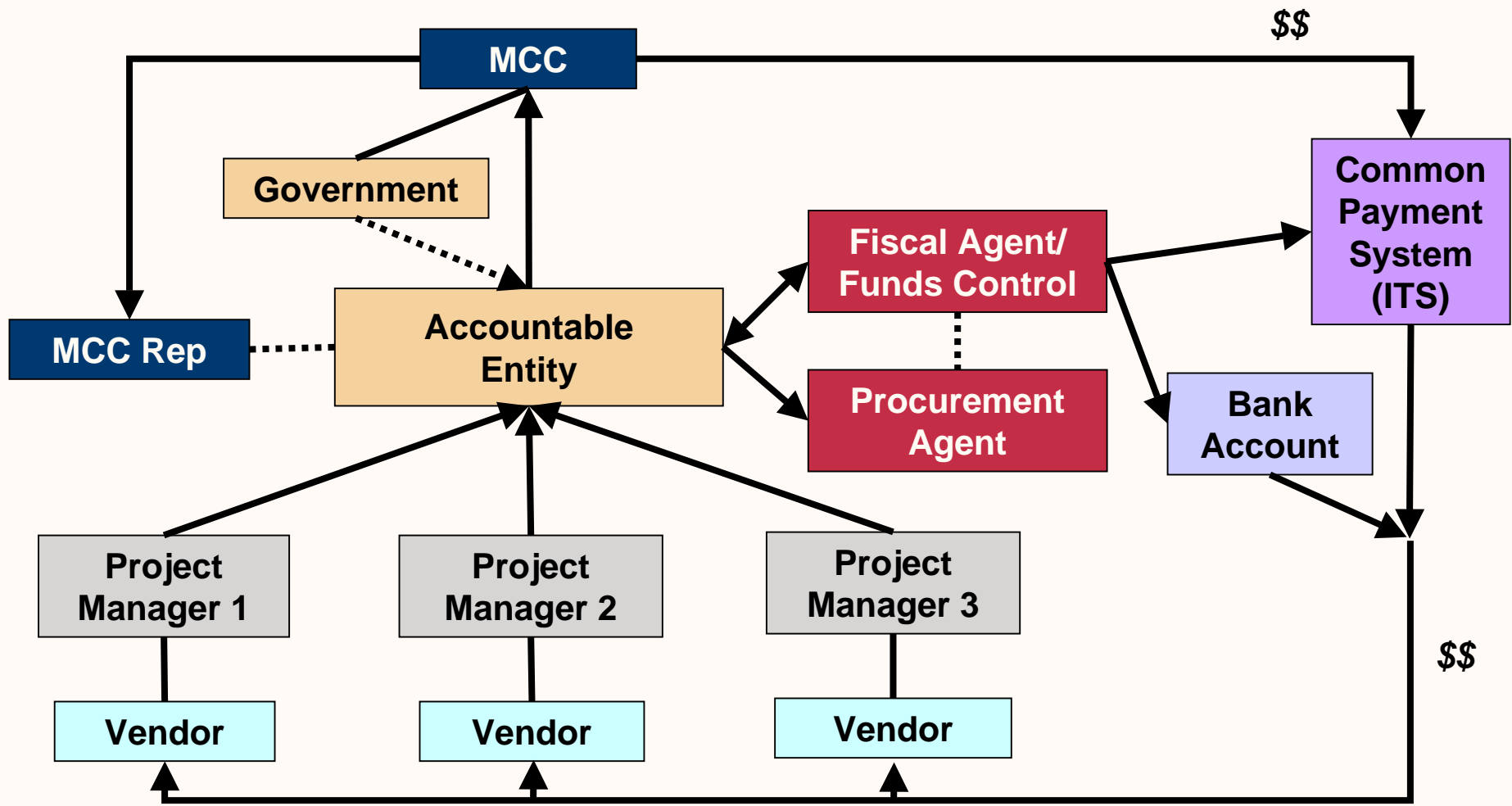
## Direct and Indirect Labor / Contractors

## **MCC Overview**

### **A Case Study: The Mozambique Compact**

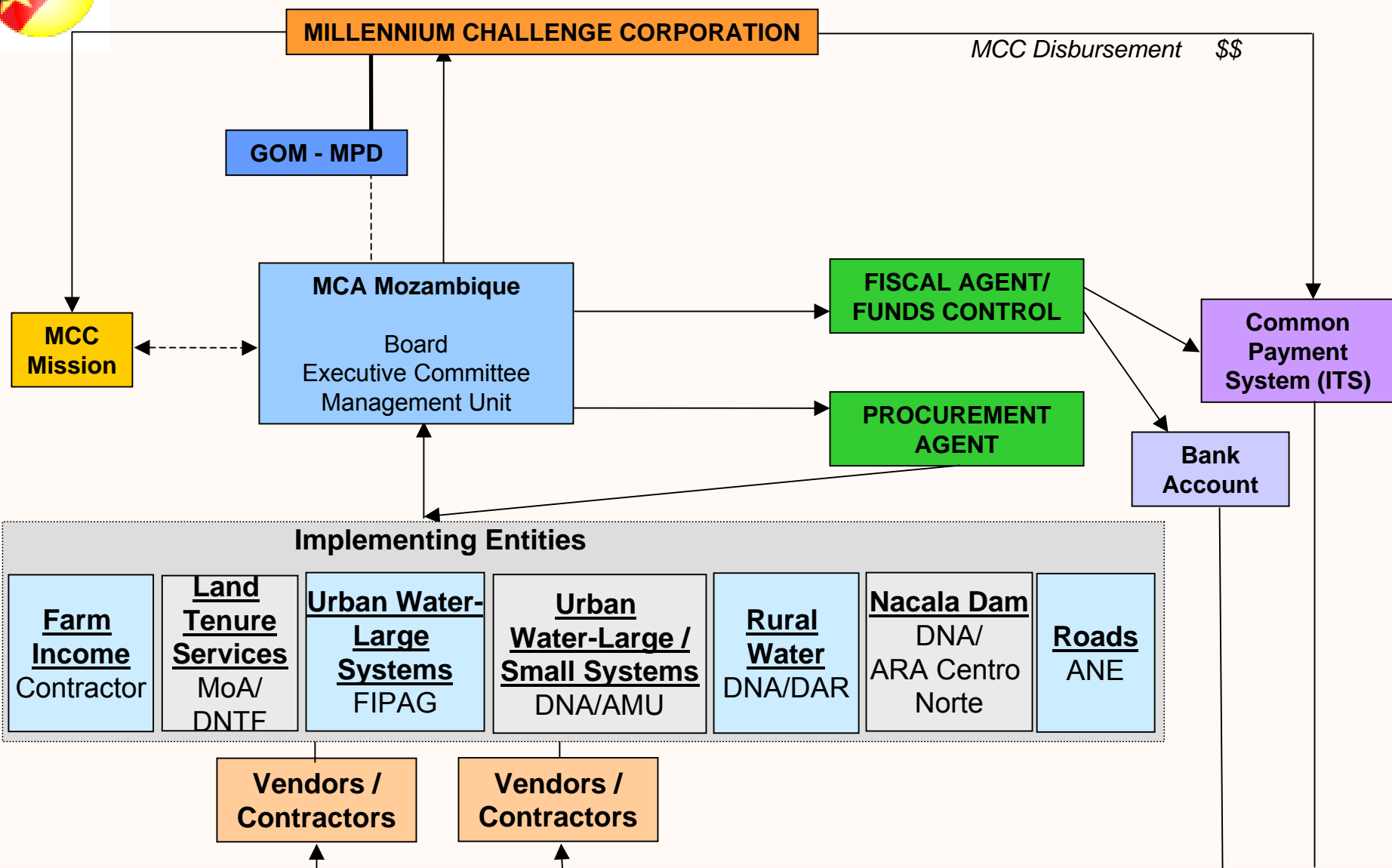
#### **Procurement Structure**

# Implementing Structure



This diagram is for illustrative purposes only.

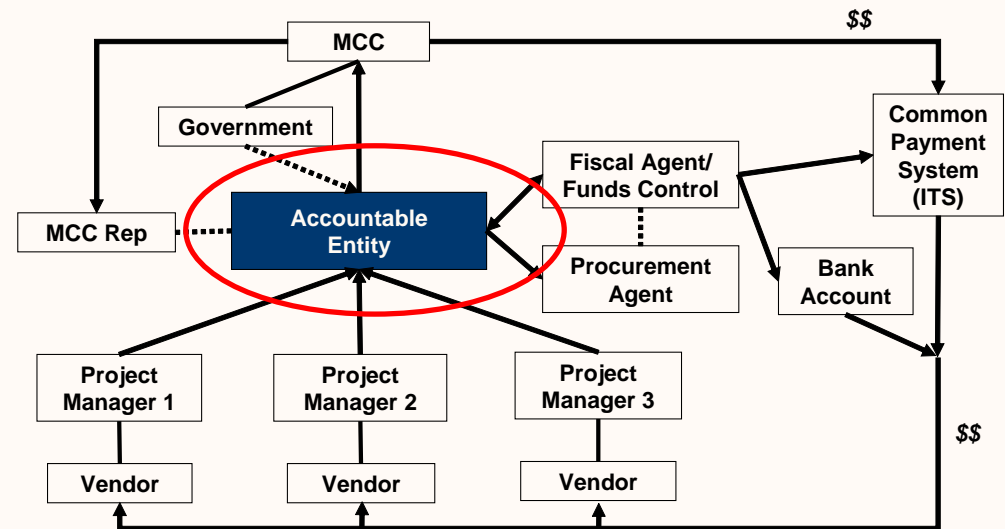
# MCA Mozambique – Implementation Structure



# The Accountable Entity

A legal entity that is accountable for the MCC funded Program, with the authority and responsibility to:

- Manage implementation
- Allocate resources
- Sign procurement contracts
- Serve as single point of contact

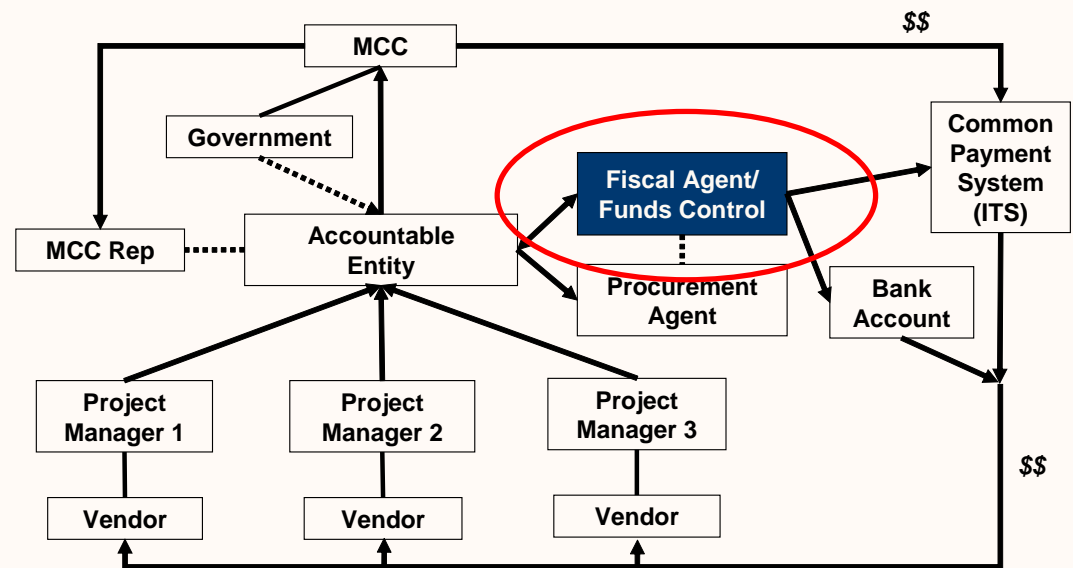




# The Fiscal Agent

**Provides a broad range of financial management services including**

- Serves as sole authority to instruct the bank to pay invoices

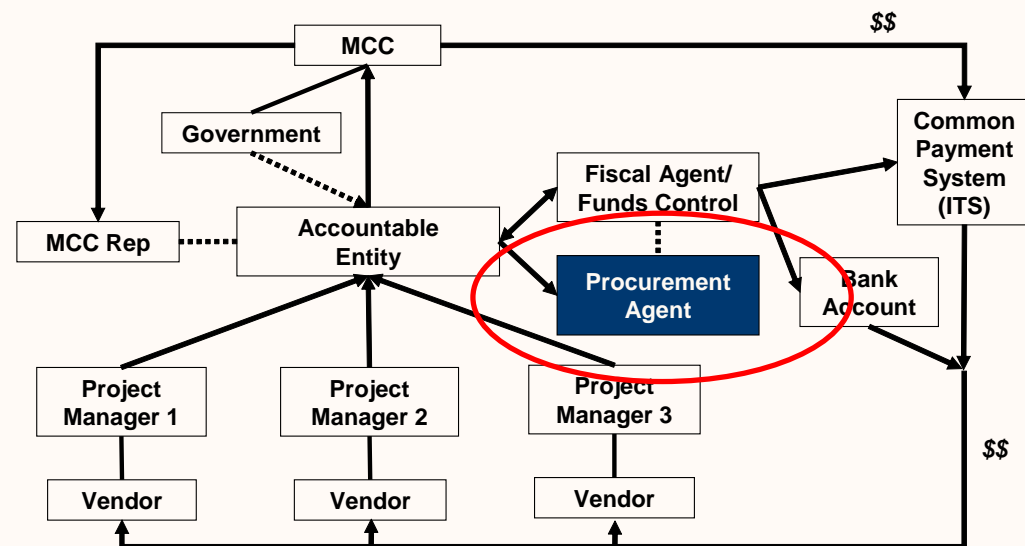


# The Procurement Agent

Manages the *procurement* of goods, works and services

A Procurement Agent can be:

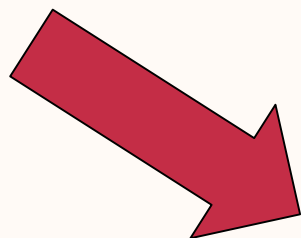
- An Implementing Entity
- An independent entity competitively procured
- A combination of both



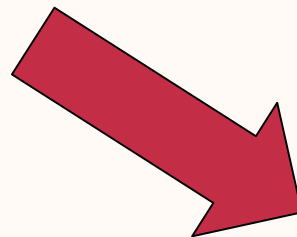
## Elements of sound Fiscal Accountability

*Entities, rules and processes that assure:*

**Checks & balances in decision-making**



**Fair, open, and transparent procurements**



**Proper management of funds**

# Procurement Models

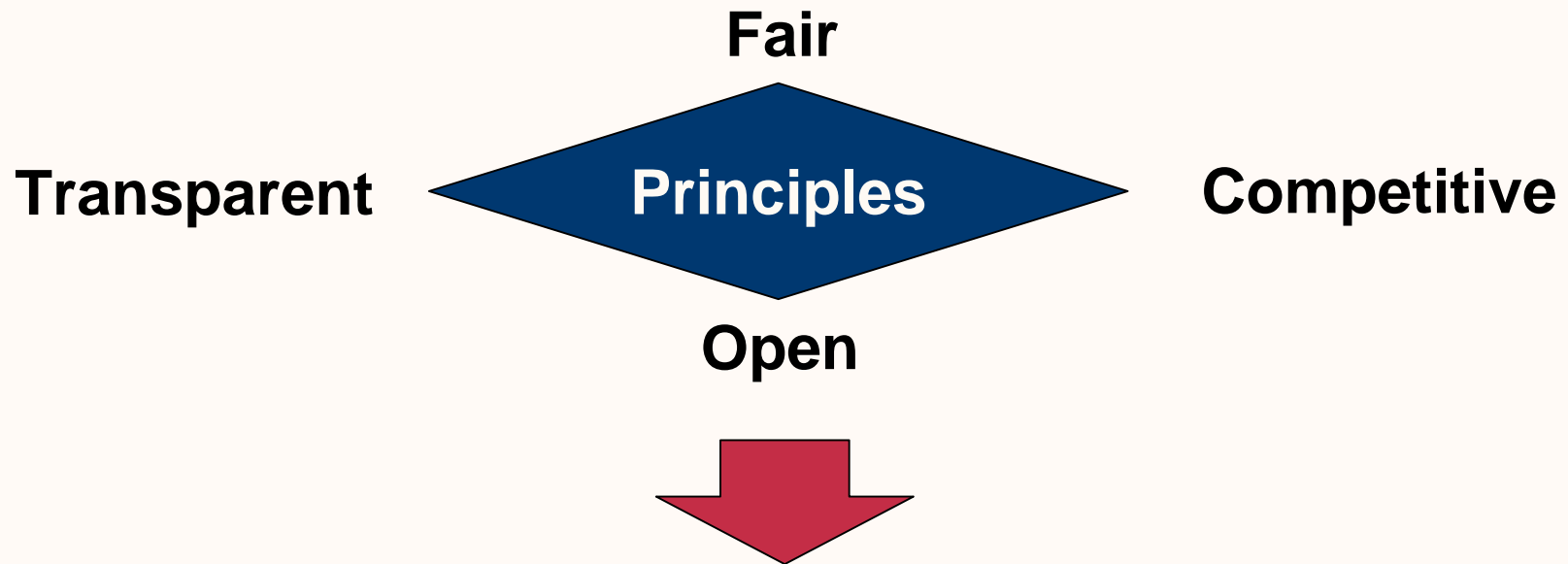
**Procurement Agreements  
&  
Procurement Guidelines**

**Benin, Cape Verde, Ghana, Madagascar**

**Program Implementation Agreements  
&  
MCC Program Procurement Guidelines**

**Lesotho, Mali, Morocco, Mozambique, Tanzania (to be signed)**

# MCC Program Procurement Guidelines



## Based on World Bank Procurement Guidelines with Key Exceptions:

- No Geographic Preferences
- US Prohibited Sources ineligible
- US or Local Currency only
- Required Use of English Language
- Low Advertising Thresholds



## MCC Program Procurement Guidance Papers

These papers, available at [www.mcc.gov/procurement/index.php](http://www.mcc.gov/procurement/index.php), expand on the following provisions of the MCC Program Procurement Guidelines:

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>– Advertising Procurement Opportunities Awards and Cancellations</li><li>– Business Language</li><li>– Choice of Contract Types for MCC Funded Procurements</li><li>– Contract Payments</li><li>– Currency Use and Risk</li><li>– Hiring the Procurement Director</li><li>– Organizing Technical Evaluation Panels</li><li>– Over-Specification in the Procurement of Goods</li></ul> | <ul style="list-style-type: none"><li>– Preparing the Procurement Performance Report</li><li>– Procurement Implementation Plans</li><li>– Procurement Plans Amendments and General Procurement Notices</li><li>– Property Leasing</li><li>– Requesting Waivers of the MCC Program Procurement Guidelines</li><li>– The Bid Challenge System</li><li>– The Price-Reasonableness Analysis</li><li>– Writing and Reviewing Terms of Reference</li></ul> |
|---|--|

# Procurement Opportunities



## Compact programs

- Administered by MCA Entities.
- Opportunities published to:
  1. <http://mcc.dgMarket.com/>
  2. <http://www.devbusiness.com/>

dgMarket®

 United Nations  
Development Business



## Threshold programs

- Administered by USAID.
- Opportunities published to <http://www.FedBizOpps.gov/>

FedBizOpps



MILLENNIUM  
CHALLENGE  
CORPORATION

## MCC corporate

- Administered by MCC.
- Opportunities published to <http://www.FedBizOpps.gov/>

FedBizOpps

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For more information, please visit  
<http://www.mcc.gov/procurement/>