

MCC at a Glance

What is MCC?

The Millennium Challenge Corporation (MCC) is an innovative and independent U.S. foreign aid agency that is **helping lead the fight against global poverty**. Created by the U.S. Congress in January 2004 with strong bipartisan support, MCC is **changing the conversation on how best to deliver U.S. foreign assistance** by focusing on **good policies, country ownership, and results**.

MCC is “smart and strategic foreign aid that can earn back the U.S. public’s confidence in our ability to make a meaningful and compassionate response to the world poverty crisis.”

—*Indianapolis Star*
June 16, 2008

MCC forms partnerships with some of the world’s **poorest countries**, but only those committed to

- ★ good governance,
- ★ economic freedom,
- ★ and investments in their citizens.

MCC provides these well-performing countries with large-scale grants to fund country-led solutions for **reducing poverty through sustainable economic growth**. MCC grants complement other U.S. and international development programs.

There are two primary types of MCC grants: **compacts** and **threshold programs**.

- ★ **Compacts** are large, five-year grants for countries that *pass* MCC’s eligibility criteria.
- ★ **Threshold programs** are smaller grants awarded to countries that come *close to passing* these criteria and are firmly committed to improving their policy performance.

MCC is managed by a chief executive officer, who is part of the nine-member Board of Directors. The Secretary of State, the Secretary of the Treasury, the U.S. Trade Representative, and the USAID Administrator serve on the board along with four private sector representatives.

\$6.3 Billion
in Poverty
Reduction
Compacts

Compact Countries

- Armenia
- Benin
- Burkina Faso
- Cape Verde
- El Salvador
- Georgia
- Ghana
- Honduras
- Lesotho
- Madagascar
- Mali
- Mongolia
- Morocco
- Mozambique
- Namibia
- Nicaragua
- Tanzania
- Vanuatu

What is distinctive about MCC?

MCC is a prime example of *smart U.S. Government assistance* in action, benefitting both developing countries and U.S. taxpayers through:

- ★ **Competitive selection:** Before a country can become eligible to receive assistance, MCC's Board examines its performance on 17 independent and transparent policy indicators and selects compact-eligible countries based on policy performance.
- ★ **Country-led solutions:** MCC requires selected countries to identify their priorities for achieving sustainable economic growth and poverty reduction. Countries develop their MCC proposals in broad consultation within their society. MCC teams then work in close partnership to help countries refine a program.
- ★ **Country-led implementation:** MCC administers the *Millennium Challenge Account* (MCA). When a country is awarded a compact, it sets up its own local *MCA accountable entity* to manage and oversee all aspects of implementation. Monitoring of funds is rigorous and transparent, often through independent fiscal agents.

What is MCC achieving?

MCC has approved over **\$6.7 billion in compact and threshold programs** worldwide that support country-determined sectors such as:

- ★ agriculture and irrigation,
- ★ transportation (roads, bridges, ports),
- ★ water supply and sanitation,
- ★ access to health,
- ★ finance and enterprise development,
- ★ anticorruption initiatives,
- ★ land rights and access,
- ★ access to education.

The aggressive implementation of compacts and threshold programs is promoting growth opportunities, opening markets, raising the standard of living, and creating a more prosperous future for some of the world's poorest people:

- ★ More than **55,730 farmers** have been trained and more than **3,000 hectares of land** are under production.
- ★ More than **3,362 kilometers of roads** are under design, and road construction is underway.
- ★ More than **600 kilometers of irrigation canals** are being built.
- ★ Emergency repairs to Georgia's **gas pipeline** are already benefiting citizens.

**\$440
Million
in Poverty
Reduction
Threshold
Programs**

Threshold Programs

- Albania
- Burkina Faso
- Guyana
- Indonesia
- Jordan
- Kenya
- Kyrgyz Republic
- Malawi
- Moldova
- Niger
- Paraguay
- Peru
- Philippines
- Rwanda
- Saõ Tomé and Príncipe
- Tanzania
- Uganda
- Ukraine
- Zambia

Summary of Compacts Signed to Date

Recognizing that sustainable development is best achieved by fostering country ownership, good policies, and investment in people, the Millennium Challenge Corporation (MCC) gives selected countries the opportunity to identify their own priorities for achieving economic growth and poverty reduction. These priorities are reflected in an MCC Compact that defines responsibilities and includes measurable objectives and targets to assess progress. The compact also describes how the country will manage and implement its program, including how it will ensure financial accountability, transparency, and fair and open procurement. To date, MCC has signed 18 development assistance compacts totaling over \$6.3 billion. Below are summaries of these compacts:

Armenia



The five-year approximately \$235 million MCC Compact with Armenia is focused on increasing economic performance in the agricultural sector. The compact consists of a five-year program of strategic investments in rural roads and irrigated agriculture. Specifically the investments will upgrade 943 km of road, providing communities and rural residents with reduced transport costs and better access to jobs, markets and social services; and increase the productivity of 250,000 farmer households through improved water supply, higher yields, higher-value crops and a more competitive agricultural sector.

Benin



The five-year approximately \$307 million MCC Compact with Benin aims to increase investment and private sector activity in Benin. The compact is comprised of four projects: increasing access to land through more secure and useful land tenure, expanding access to financial services through grants given to micro, small, and medium enterprises; providing access to justice by bringing courts closer to rural populations; and improving access to markets by eliminating physical and procedural constraints currently hindering the flow of goods through the Port of Cotonou.

Burkina Faso



The five-year, approximately \$480.94 million MCC Compact will increase investment in rural productivity through improved land tenure security and land management; increase the volume and value of agricultural production through investments in water management and irrigation, technical assistance to farmers, and rural credit; increase opportunities for farmers to sell agricultural goods and livestock by rehabilitating rural and primary roads; and, as an extension of Burkina Faso's successful MCC Threshold Program, fund the construction of three classrooms each at 132 "girl-friendly" schools for grades 4 through 6.

Cape Verde



The five-year MCC Compact with Cape Verde will help it achieve its national development goal of transforming its economy from aid-dependency to sustainable, private sector-led growth. The approximately \$110 million dollar compact seeks to increase rural incomes of the poor by increasing agricultural productivity, integrating internal markets, reducing transportation costs, and developing the private sector through greater private sector investment and financial sector reform.

El Salvador



In El Salvador, the five-year, approximately \$461 million compact will seek to improve the lives of Salvadorans through strategic investments in education, public services, enterprise development, and transportation infrastructure. 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.

Georgia



The five-year approximately \$295 million MCC Compact will help Georgians reduce poverty by renovating key regional infrastructure and improving the development of regional enterprises. The compact's infrastructure projects will improve rural transportation, providing agricultural suppliers the opportunity to connect more easily with consumers and increase regional trade. Furthermore, by providing funding and technical assistance to targeted regional enterprises, the compact will enhance productivity in farms, agribusinesses and other enterprises that will increase jobs and rural income.

Ghana



The five-year approximately \$547 million MCC Compact aims to reduce poverty by raising farmer incomes through private sector-led, agribusiness development. Specifically, MCC investments are designed to increase the production and productivity of high-value cash and food staple crops in some of Ghana's poorest regions and to enhance the competitiveness of Ghana's agricultural products in regional and international markets.

Honduras



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 approximately \$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 their employees and reducing transportation costs between targeted production centers and national, regional and global markets

Lesotho



The five-year MCC Compact with Lesotho is expected to have an economy-wide impact affecting the entire population of Lesotho. The approximately \$363 million compact seeks to increase water supplies for industrial and domestic use, alleviate the devastating affects of poor maternal health, HIV/AIDS, tuberculosis and other diseases by substantially strengthening the country's health care infrastructure and human resources for health capacity, and remove barriers to foreign and local private sector investment.

Madagascar



The key goal of the five-year compact with Madagascar is to help the island nation move from the subsistence to market-driven economy, particularly in agricultural production. The approximately \$110 million compact will support a program designed to raise incomes in rural areas by enabling better land use, expansion of the financial sector, and increased investment in farms and other rural businesses.

Mali



The five-year approximately \$461 million compact with Mali seeks to increase the productivity of the agriculture sector and regional enterprises. The compact serves as a catalyst for sustainable economic growth and poverty reduction through key infrastructure investments that capitalize on two of Mali's major assets, the Bamako-Sénou International Airport, gateway for regional and international trade, and the Niger River for irrigated agriculture.

Mongolia



The five-year, approximately \$285 million compact with Mongolia seeks to increase economic activity through substantial improvement in the efficiency and capacity of the rail network. The compact will also improve the ability of Mongolians to register and obtain clear title to their land, expand vocational education in core technical skills and focus on the health and well-being of the labor force by reducing non-communicable diseases and injuries.

Morocco



The five-year approximately \$697.5 Millennium Challenge Compact seeks to increase productivity and improve employment in high potential sectors including investments in fruit tree productivity, small-scale fisheries, and artisan crafts. Small business creation and growth will be supported also by investments in financial services and support.

Mozambique



The five-year compact with Mozambique seeks to increase the productive capacity of the population in selected districts with the intended impact of reducing the poverty rate, increasing household income and employment, and reducing chronic malnutrition. The approximately \$507 million program aims to improve water systems, sanitation, access to markets, land tenure services, and agriculture in the targeted districts.

Namibia



The five-year, approximately \$304.5 million compact with Namibia will improve the quality of education and training for underserved populations, and capitalize on Namibia's comparative advantages (e.g., large areas of semi-arid communal land suitable for livestock, and diverse wildlife and unique landscapes ideal for ecotourism) to increase the incomes of poor Namibians in the northern areas of the country.

Nicaragua



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 approximately \$175 million to reduce transportation costs, improve access to markets, strengthen property rights, increase investment, and raise incomes for farms and rural businesses.

Tanzania



The five-year, approximately \$698 million compact seeks to rehabilitate roads and help connect road users and communities with markets, schools, health clinics, and promote the expansion of economic opportunities by reducing transport costs. The compact also funds water infrastructure improvements that will increase access to potable water and will mitigate the incidence of water-related disease, burdensome healthcare costs, and decreased workforce productivity.

Vanuatu



The five-year approximately \$65 million compact addresses the country's poor transportation infrastructure. Consisting of eleven infrastructure projects, including roads, wharfs, an airstrip and warehouses, the program seeks to benefit poor, rural agricultural producers and providers of tourist related goods and services by reducing transportation costs and improving the reliability of access to transportation services.

For more information about MCC Compacts, please visit the MCC website at www.mcc.gov.

Summary of MCC Threshold Programs

The Millennium Challenge Threshold Program is designed to assist countries that have demonstrated significant commitment to improving performance on MCC selection criteria for MCA Compact funding, but do not yet pass all three selection categories. The threshold program helps those countries improve a low score on at least one of MCC's policy indicators. To date, MCC has signed threshold program agreements with 18 countries totaling over \$440 million. Below are the summaries of MCC's Threshold programs:

Albania



Reducing corruption is the primary focus of the approximately \$13.8 million Albania Threshold Program.

Albania is receiving assistance from MCC to fund three programs aimed at reforming tax administration, public procurement and business administration. The program anticipates reducing the bribes and bureaucracy needed to start a business while increasing the national tax base. In October 2008, MCC signed a second, or stage II, threshold program worth over \$15.7 million which will build upon the successes of MCC's first program with Albania.

Burkina Faso



Burkina Faso's approximately \$12.9 million threshold program is a pilot program that seeks to improve

performance on girls' primary education completion rates. Specific interventions include: the construction of 'girl-friendly' schools, teacher training, providing take-home dry rations to girls who maintain a 90% school attendance rate, and providing literacy training for mothers.

Guyana



The approximately \$6.7 million threshold program with Guyana aims to improve its fiscal policies and

create a more business-friendly environment. The grant 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. The grant will also help reduce the number of days and costs to start a business by modernizing and streamlining the process to register businesses.

Indonesia



The approximately \$55 million threshold program with Indonesia seeks to immunize at least 80 percent of children under the age of one for diphtheria, tetanus, and pertussis and 90 percent of all children for measles. The threshold program also has a component aimed at curbing public corruption by reforming the judiciary.

Jordan



The approximately \$25 million Jordanian Threshold Program aims to strengthen democratic institutions by supporting Jordan's efforts to broaden public participation in the political and electoral process, increasing government transparency and accountability, and enhancing the efficiency and effectiveness of customs administration. The threshold program is part of Jordan's reform efforts focused on improvements in public administration, civil liberties, infrastructure and the economy.

Kyrgyz Republic



The approximately \$16 million program seeks to increase the independence and effectiveness of the judicial system, develop a more functional and trusted police force, improve the government's capacity to investigate and prosecute corruption cases, educate the public and media on the dangers of corruption and strengthen the financial disclosure system.

Kenya



Kenya's approximately \$12.7 million threshold program aims to reduce opportunities for corruption in public governance. Specifically, the threshold program will target corruption in public procurement, the delivery of health care, and the monitoring and evaluation of reforms.

Malawi



Malawi is implementing 15 specific interventions over the two-year period of its approximately \$20.9 million threshold program aimed at preventing corruption, enhancing oversight functions, and building enforcement and deterrence capacity. The interventions intend to create more effective legislative and judicial branches of government, provide support for lead anti-corruption agencies, strengthen independent media coverage, and expand and intensify the work of civil society organizations.

Moldova



The approximately \$24.7 million Moldovan threshold program seeks to reduce corruption in the public sector through reforms to the judicial, health, tax, and customs systems. The reforms will complement Moldova's national strategy aimed at reducing corruption.

Niger



The three-year, approximately \$23 million Niger Threshold program will focus on reducing public corruption within the health and education sectors, streamline the process of starting a business by establishing the administrative, legal and regulatory structures required to implement business facilitation reforms, reduce the time and costs associated with land ownership transfer, land valuation, building permitting and notarization and bolster girls' education by building "girl-friendly" schools.

Paraguay



The principal objective of the approximately \$37 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 threshold program includes a business development component aimed at reducing the number of days necessary to start a business.

Peru



The approximately \$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.

Philippines



The approximately \$22.1 million Philippines Threshold Program aims at improving revenue administration and anti-corruption efforts in the Philippines. Specifically, the program will reduce corruption by strengthening the Office of the Ombudsman and strengthen enforcement within three departments in the Department of Finance.

Rwanda



The two-year, approximately \$24.7 million program with Rwanda will strengthen civic participation and promote civil liberties and rights by providing training, technical support and grants to local and national civil society organizations, offering training on election monitoring and voter education and supporting independent community radio stations to enhance citizen engagement. The program will also reinforce Rwanda's

efforts to support judicial capacity building, legislative reforms and improve overall public administration. Finally, the program will provide training and technical assistance to journalists as well as the Rwandan National Police in an effort to increase transparency.

Saõ Tomé and Príncipe



The approximately \$8.66 million Saõ Tomé and Príncipe Threshold Program seeks to increase revenue as a result of improved tax and administration and enforcement. The program will also modernize Saõ Tomé and Príncipe's Customs Service to increase efficiency and reduce the time and cost of starting a business.

Tanzania



The approximately \$11.1 million Tanzania Threshold Program is focused on four specific anti-corruption initiatives that include: building the nongovernmental sectors monitoring capacity; strengthening the rule of law for good governance; establishing a Financial Intelligence Unit; and curbing corruption in public procurement.

Uganda



In Uganda, the approximately \$10.4 million threshold program aims to reduce corruption by improving public procurement and financial management practices, strengthening the role of civil society, and building capacity to facilitate more effective follow-up of reported malpractices.

Ukraine



The approximately \$48.1 million Ukraine Threshold Program that focuses on reducing corruption by strengthening their civil society's ability to monitor and expose corruption. The program will also enable the Ukrainian government to increase the monitoring and enforcement of ethical and administrative standards.

Zambia



The approximately \$24.3 million Zambia Threshold Program focuses on reducing corruption and improving government effectiveness. The Program is funding three components aimed at increasing control of corruption within the public sector, improving public service delivery to the private sector and strengthening border management of trade.

For more information about MCC Threshold Programs, please visit the MCC website at www.mcc.gov.

MCA Compact-Eligible Countries Low Income Countries

(\$1785.00 gross national income per capita for fiscal year 2009)

Africa		Eurasia	Latin America
Benin	Mali	Indonesia ^{1,5}	Honduras
Burkina Faso ¹	Morocco	Moldova ¹	Nicaragua ²
Ghana	Mozambique	Mongolia	
Lesotho	Senegal	Philippines ¹	
Madagascar	Tanzania ¹		
Malawi ¹	Zambia ^{1,5}		

Lower-Middle Income Countries

(\$1786.00–\$3705.00 gross national income per capita for fiscal year 2009)

Africa	Eurasia	Latin America
Cape Verde	Armenia ⁶	Colombia ⁵
Namibia	Georgia ⁶	El Salvador
	Jordan ¹	
	Vanuatu ⁶	

Threshold and Threshold-Eligible Countries

Africa	Eurasia	Latin America
Kenya	São Tomé and Príncipe	Guyana
Liberia ⁵	Uganda	Paraguay ³
Niger		Peru
Rwanda		
	Albania ³	
	Kyrgyz Republic	
	Timor Leste ⁴	
	Ukraine ⁴	

¹ Previously selected as a Threshold Program country and has a current or completed Threshold Program

² Nicaragua's MCC Compact was suspended by MCC's Board of Directors in December 2008 due to actions taken by the Nicaraguan government that are inconsistent with eligibility criteria. The Board will reevaluate its suspension decision at its March 2009 meeting based on the response of the government of Nicaragua

³ Selected as eligible for a stage II threshold program

⁴ Previously selected as a compact eligible country

⁵ Newly selected country for Fiscal Year 2009 funding

⁶ Graduated from Low Income to Lower Middle Income status in fiscal year 2009

MCC Funding Boosts Childhood Immunization Rates

Over three million children receive improved health care in Indonesia

Ensuring complete and proper vaccinations has been a challenge for many families in Indonesia, even though nearly all citizens have access to routine immunizations. This finding, derived from a recent nationwide survey conducted by the University of Indonesia and funded by the Millennium Challenge Corporation (MCC) threshold program, together with the World Health Organization and UNICEF, is a key tool in identifying and addressing a problem that affects millions of children throughout the islands of Indonesia.

Thanks to MCC's support, the household immunization survey has delivered the most accurate picture of immunization coverage in Indonesia in recent years. Providing province-specific data has allowed the government of Indonesia, through the Ministry of Health,

to hone its efforts to improve childhood immunization rates in Indonesia and overcome barriers specific to certain remote regions of the archipelago nation. Dr. Jane Soepardi, National Immunization Program Manager, notes the importance of accurate data. "For more than 20 years Indonesia has been without valid and precise data on immunization coverage. This survey helps to correct that," she said.

The MCC threshold program with Indonesia, administered by the U.S. Agency for International Development, totals \$55 million, with \$20 million focused on solely immunization, and is working to boost immunization rates by assisting the government of Indonesia to vaccinate children against measles, diphtheria, pertussis and tetanus.



Indonesia's MCC threshold program is helping to build a sustainable childhood immunization system by measuring vaccination coverage and ensuring the availability of quality vaccine supplies.

A major obstacle to complete childhood immunizations in Indonesia had been a lack of materials informing parents about how and when to have their children immunized. As a result of the recent study, the MCC threshold program has developed public service announcements focused on alleviating parents' worries about the costs and side effects of immunizations, as well as emphasizing proper childhood immunization schedules.

With MCC funding, nearly 80 percent of Indonesia's districts have implemented local monitoring tools for improved immunization coverage with nearly 8,000 health officials now trained in immunization program management, supportive supervision, and vaccine supply management. The program has documented that more than 3.5 million children under the age of one have been immunized with measles, diphtheria, pertussis and tetanus vaccines in provinces included in the threshold program. This proper documentation will help to ensure safe and dependable vaccinations and healthier and more prosperous lives for boys and girls throughout Indonesia.

Routine childhood immunization was identified by the government of Indonesia as a priority in its efforts to improve the lives of its citizens and reduce poverty. The country's average measles diphtheria, pertussis and tetanus childhood immunization rate is one of the 17 indicators on which countries are evaluated to assess eligibility for large-scale MCC grants, called compacts. MCC is proud to partner with Indonesia in its effort to tackle this problem and provide a brighter, healthier future for the children of Indonesia.



Paintbrush to Prosperity

Artisan Training Ramps Up in El Salvador's Northern Zone through MCC grant

In La Palma, a city in El Salvador's Northern Zone, artisans are painting a pathway from poverty to prosperity. By preserving and effectively marketing their artistic traditions, artisan shops and cooperatives are making the city a go-to destination for traditional Salvadoran art in a region otherwise known as one of the country's poorest. These shops and cooperatives are now preparing for further growth by participating in a unique artisan training pilot program made possible through El Salvador's \$461 million compact through the U.S. Government's Millennium Challenge Corporation (MCC), designed to reduce poverty through economic growth.

FOMILENIO, the Salvadoran organization implementing the compact, signed an agreement with Aid to Artisans (ATA) in August 2008 that will train approximately 850 artisans and directly benefit 340 artisan shops, cooperatives, or associations in the Northern Zone. The training will equip them with the technical know-how to expand product designs, grow sales, develop new markets, and increase incomes. As a testament to the effectiveness of coordinating with other donors to maximize impact, the FOMILENIO-ATA pilot program builds on USAID's successful work with artists in this previously war-ravaged area.

La Semilla de Dios, an artisan cooperative with 35 members, is among those to benefit from the MCC-funded training. Its president, Gregorio Diaz, explains how the anticipated training is "practical learning," creating a closer



La Palma's artisan craft provides a pathway out of poverty for residents of the Northern Zone. El Salvador's MCC compact focuses on alleviating poverty in this region, where more than half of the population lives below the poverty line.

link between what the artists will design and what consumers will purchase. The cooperative's members utilize their skills to manage various stages of the production cycle:

- ★ carpentry to fashion wooden designs,
- ★ drawing techniques to illustrate each piece,
- ★ painting and varnishing to complete every design,
- ★ and packaging and distribution to get finished artisan products to local and international markets.

Women play a principal role in the artisan sector as painters, either working from their homes or at shared workshops, many of which allow mothers to organize childcare. This benefit reduces the costs and strains on the family, while bolstering business productivity.

The training, already underway, will help artisans develop new product designs and strategies for marketing them. It includes instructing master artisans in best practices for working in wood, textiles, ceramics, and other innovative and environmentally-friendly materials like papier-mâché, natural fibers, and coffee beans.



Aminta Mancia talks about the benefits of the MCC-funded training for the artisan shop she founded, El Madero de Jesus.



Women artisans play a tremendous role in the Northern Zone's productive economy. Yolanda Mansilla spends her workday painting traditional wooden crosses at La Semilla de Dios cooperative.

These master artisans will then train other local artists to apply these practices to their specializations in carpentry, drawing, painting, and finishing.

Aminta Mancia, originally trained by internationally-recognized Salvadoran artist Fernando Llort and founder of El Madero de Jesus, a retail shop of artisan products that is participating in the training, summarizes the positive ripple effect of the pilot program best. "It will benefit me and give more work to more people."

Equipped with jobs, the artisans of La Palma not only will preserve their authentic art but also will generate income to pull themselves out of poverty and toward a more prosperous future.

For more information regarding the U.S. Government's \$461 million anti-poverty MCC compact with El Salvador, visit www.mcc.gov.

Small Crop Produces Large Dividends for Malagasy Farmers

Reinvigorating the economy of an entire region of a country can start with something as simple as taking a fresh look at a traditional crop. In Madagascar's Menabe region for example, the Tantsaha Mihary (TAMI) cooperative, a lima bean producer/marketing cooperative that consolidates small producer associations, is today preparing for their biggest export shipment ever—something that could transform their lives and help lift their region out of poverty. A traditional commodity as small as a lima bean holds within it some potentially ingenious answers to the complex issue of poverty reduction in this beautiful region of the country.

The Millennium Challenge Account (MCA)-Madagascar's \$17.7 million investment in the Agricultural Business Investment Project is helping farmers in rural regions like Menabe transition from subsistence agriculture to participating successfully in a market economy.



The Maharavo family. "We can now consider saving," says Mr. Maharavo, one of the farmers who produced the lima beans exported to Mauritius.

In the 1960s and 70s the Menabe region produced 40,000 tons of lima beans per year, exporting between 80 and 90 percent of their production. By the end of the 90s and into the new millennium, production had fallen to around 500 tons per year, Farmers' incomes dwindled due to a general decline in product quality making the beans unfit for export. Adding to these difficulties the farmers faced post-harvest storage issues, pushing them to sell their produce more quickly than necessary and at a sub-optimal price for fear that the beans would be devoured by insects.

Part of the solution has been the advent of Agricultural Business Centers (ABC). Brian Levy, a Program Officer in Compact Implementation at the Millennium Challenge Corporation (MCC), explains that "Agricultural Business Centers assist farmers in identifying potential markets and forming associations that allow them to access these

markets and meet greater demand.” They also provide farmers with technical assistance aimed at increasing production and improving product quality and post-harvest storage. The ABCs also facilitate greater access to credit for these farmers by assisting in the development of business and marketing plans which are required for loan approval. The MCA financed project further promotes credit access by providing a 50 percent loan guarantee to microfinance institutions lending to these local producers.

These programs have already proven successful in Madagascar. The production, harvesting, processing, packaging and transportation of 600 tons of lima beans in 2007 brought an overall \$200,000 increase in net income throughout the value chain, including input suppliers, private producers, the TAMI cooperative, transport companies, commodity bulkers and sorters, and even the maritime transportation company transporting the beans to markets in Mauritius.

Mr. Maharavo, a lima bean producer who has benefited from the ABC’s services, has seen tangible results – “Our quality of life has already improved. Our children are better dressed. We can afford better food for our children to better meet their nutritional needs.” 78 members of the TAMI cooperative who have sold their produce have earned up to \$940 each. This is an exceptional increase in incomes considering in the average per capita income in Menabe is \$138 a year with annual household incomes averaging \$648. “We can now consider saving,” Mr. Maharavo said.

The Agricultural Business Investment Project not only benefits producers and other actors in the value chain but it also helps build the capacity of local agricultural experts at the national level. Thanks to the project, ABC directors and personnel are gaining valuable experience in researching market opportunities and bringing producers closer to these markets. These are skills they will use to help other agricultural producers and businesses to thrive beyond the end of the MCC compact.

Helping reinvigorate Madagascar’s lima bean export industry is just one of the priorities identified by the Malagasy people that the United States Government is proud to be supporting through the \$110 million MCC compact. Long-term, sustainable economic growth, through solutions such as these, is helping reduce poverty and improve lives in a way that benefits Madagascar, the United States taxpayer, and the global community.

For more information about MCC’s compact with Madagascar, visit www.mcc.gov.

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