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## **U.S. Millennium Challenge Corporation and the Government of Timor-Leste advancing compact development in Timor-Leste**

**December 2, 2019:** The United States Embassy in Timor-Leste and the Timor-Leste Compact Development Team on behalf of the Government of Timor-Leste are pleased to announce a new phase of the U.S. Government’s Millennium Challenge Corporation’s work in Timor-Leste. This new phase is the project development phase. Representatives from the U.S. Millennium Challenge Corporation (MCC), an independent U.S. development agency helping lead the fight against global poverty, visited Timor-Leste to begin work on the project development phase. This follows extensive work with the Government of Timor-Leste that has been ongoing since December 2017, when the U.S. MCC’s Board of Directors selected Timor-Leste as eligible to develop a compact program.

A “constraints to growth” analysis identified key challenges to economic growth. Based on that analysis, U.S. MCC is working closely with the Government of Timor-Leste through its Compact Development Team Timor-Leste (CDT-Timor-Leste) to develop investments for a potential compact – a large five-year grant program. The compact will focus on sectors critical to addressing the human capital constraint, including water, sanitation, and drainage infrastructure, and skills development.

“The U.S. MCC has the potential to play a major role in advancing Timor-Leste’s economic future in a transparent and sustainable way,” said U.S. Ambassador Kathleen M. Fitzpatrick. “The goal is to complement Timor-Leste - led efforts to invest in its people and help guarantee a brighter future for all Timorese.”

In September 2019, the Government of Timor-Leste through CDT-TL submitted two project proposals for U.S. MCC’s consideration to address these constraints and promote economic growth. In November, U.S. MCC approved moving these projects to the next phase of compact development. “The fact that MCC advanced the project proposals to the next phase is a testament to its support of Timor-Leste’s efforts in achieving its development goals by Year 2030, and will contribute to the creation of a prosperous and democratic society,” said Ambassador Constâncio Pinto, National Executive Director of CDT-Timor-Leste.

“The Government of Timor-Leste has worked hard over the years to become eligible for U.S. MCC grant assistance and it is now developing a compact program to reduce poverty through economic growth,” said Hana Scheetz Freymiller, MCC’s Country Team Lead. “U.S. MCC is proud to be a partner with Timor-Leste in its drive toward economic development, and we look forward to bringing a compact program to the MCC Board of Directors for approval next year”.

MCC compact programs are significant grant investments designed to reduce poverty through sustainable economic growth. Projects approved for MCC compact funding must meet rigorous criteria including high economic rates of return, manageable risk profiles, demonstrated impact on the poor, and must be implemented within five years.

A technical review process is currently underway to ensure that the proposed investments in Timor-Leste meet MCC's investment criteria. MCC and the Government of Timor-Leste are also working with other development partners to align investments for maximum impact. The proposed compact investments that are currently undergoing evaluation would focus on:

**Water, Sanitation, and Drainage Improvement:** The project would address the disease burden by diminishing the level of fecal contamination in the environment, thereby reducing the incidence of diarrheal and other water-borne diseases in the capital city of Dili, and the municipalities of Bobonaro, and Ermera.

**Skills for Employability and Productivity:** With investments to improve secondary education, the project would train current and future secondary school teachers and school leaders around the country to improve the quality of secondary education, and equip students with the necessary skills to succeed in jobs and tertiary education.

MCC was created by the U.S. Congress in 2004 with strong bipartisan support to serve as an innovative foreign aid agency in the fight against global poverty. MCC is led by a Board of Directors comprised of members from the public and private sectors and chaired by the Secretary of State.

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