

# Congressional Budget Justification FY20



MILLENNIUM  
CHALLENGE CORPORATION  

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UNITED STATES OF AMERICA



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# Executive Summary

(in millions of \$)	FY 2018 Enacted	FY 2019 Enacted	FY 2020 President's Budget
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>905.0</b>	<b>800.0</b>
Total Compact Assistance	680.0	631.5	529.0
Threshold Programs	29.8	45.0	26.5
Compact Development/Oversight:	85.7	119.0	131.0
609(g)	26.6	30.0	36.0
Due Diligence	59.1	89.0	95.0
Administrative Expenses	105.0	105.0	109.0
Office of the Inspector General	4.5	4.5	4.5

The Millennium Challenge Corporation (MCC) is requesting \$800 million for fiscal year (FY) 2020 to support compacts in Timor-Leste, Lesotho, Kosovo, and Burkina Faso, and the development of compacts in Sri Lanka, Tunisia, Indonesia, and Malawi. This budget request would also provide funding for a selection of a new threshold program while supporting current threshold program developments in The Gambia, Ethiopia, and Solomon Islands. This request will advance U.S. values and interests overseas through programs that fight poverty, spur economic growth, and support stability in regions of significant strategic importance.

MCC's operations are guided by the same core principles the agency was founded on 15 years ago and reflect the Administration's focus on evidence-based decision-making, evaluation, and partnership with the private sector. With a goal of advancing developing countries from aid partners to trade partners, MCC's mission of reducing poverty and spurring economic growth has been demonstrated to be one of the most effective ways to achieve widespread and lasting reductions in poverty in the developing world. MCC's competitive selection system, which rewards political and economic policy advances, directly supports the President's priority of incentivizing reforms, as outlined in the National Security Strategy. With cost-effective projects, a dedicated staff, and an evidence-based approach, MCC is a good investment for the American people.

The agency's focus on transparency and accountability for results continues to be recognized. In November 2018, Results for America released the *2018 Invest in What Works Federal Standard of Excellence Report*, an annual scorecard of how federal agencies are using evidence and data to achieve better results. For the third consecutive year, MCC received the highest score of all federal agencies featured in the report for having built the infrastructure necessary to be able to use data, evidence, and evaluation in budget, policy, and management decisions.

The FY 2020 budget will support the following:

- Provide funding for compacts with Timor-Leste, Lesotho, Kosovo, and Burkina Faso, all targeted to be negotiated in FY 2020.
- Support development towards new country selections made by MCC's Board of Directors in December 2018 including Indonesia and Malawi and continue development progression on previously selected countries of Sri Lanka and Tunisia.

- Continue development of a threshold program in The Gambia, as well as the development of new threshold program selections made by MCC's Board of Directors in December 2018 in Ethiopia and Solomon Islands. Funds would also support development of new country selections to be made by the Board in December 2019.
- Operationalize MCC's new concurrent compact authority for regional programs by exploring regional integration opportunities in West Africa with five of our current country partners: Benin, Burkina Faso, Côte d'Ivoire, Ghana, and Niger. The Concurrent Compact Authority and Regional Programs section discusses the benefits of the new authority and our commitment to maintain core MCC principles as we move towards implementing regional programs.
- Establish a new accountable entity audit program ("Accountable Entity Audit Program") to oversee functions previously supported by USAID, Office of the Inspector General (OIG).

The FY 2020 request also supports MCC's successful model of data-driven, transparent operations that result in the most efficient and impactful development opportunities:

- Maintain MCC's rigorous oversight model, including review of compact and threshold programs and adjusting plans, modifying activities, or eliminating activities when deemed appropriate via regular monitoring mechanisms and oversight by MCC's Board of Directors.
- Manage the annual country eligibility process for compact and threshold programs. MCC's competitive selection process is a data-driven, transparent method for determining where the agency allocates its development dollars. To be considered for MCC funding, countries must first pass MCC's scorecard—a collection of 20 independent, third-party indicators that measure a country's policy performance in the areas of economic freedom, investing in its people, and ruling justly. The MCC scorecard represents one of the many ways MCC is distinctive in how it works to reduce poverty through economic growth around the world.
- Continue streamlining and improving the compact development process to leverage efficiencies and reduce timelines while ensuring and improving the quality of MCC's programs.
- Utilize the unique constraints analysis approach to identify the most severe, or binding, constraints to economic growth in a partner country. The MCC and the International Development Finance Corporation section identifies opportunities for MCC to share this model with the other development agencies.
- Uphold the successful implementation of the Star Report, a business process developed to streamline burdensome reporting requirements by MCC's country teams and consolidate existing programmatic information into a single comprehensive document. The Star Report collects critical information throughout a program's lifecycle in areas like performance, sustainability and lessons learned, serving as a core document of record for the agency, and a go-to resource for Congress and external stakeholders after a program is completed.
- Establish and implement a strong and dynamic knowledge management system, business practices, and tools to systematically share and deploy learning and results internally, externally, and with our partner countries, with the goal of improving efficiency in the development and implementation of country programs and increasing MCC's impact.
- Capitalize on blended finance strategies to leverage private and public resources to bring a greater development impact to the partner countries. In particular, MCC will continue to create an enabling environment for private investment and enterprise in MCC partner countries through critical public policy reforms and institutional capacity building. MCC will collaborate with the

private sector in the design, implementation, and sustainability of compact and threshold program activities and seek co-investment opportunities and follow-on investments that leverage host country government and MCC resources for potential public-private partnerships. The Blended Finance section outlines some examples of potential opportunities that may exist within MCC's current portfolio of programs.

## **Concurrent Compact Authority and Regional Programs**

On April 23, 2018, the President signed the African Growth and Opportunity Act (AGOA) and Millennium Challenge Act Modernization Act into law, which authorizes MCC to enter into one additional compact with a country if one or both of the compacts with the country are for the purpose of regional economic integration, increased regional trade, or cross-border collaborations.

At its December 2018 meeting, the MCC Board of Directors directed MCC to explore opportunities for regional programs in West Africa with five of its country partners currently implementing or developing compact programs: Benin, Burkina Faso, Côte d'Ivoire, Ghana, and Niger. The Board decision allows MCC to work with each of the countries to determine if there are regional project opportunities that meet MCC's strict investment criteria as well as evaluate the countries' ability to work with MCC and another partner country on a regional integration program. There is no guarantee a country selected as eligible to develop such a compact will be granted one. Not only must these eligible countries continue to demonstrate their commitment to MCC's eligibility criteria and scorecard performance, but they must also work with MCC to identify regional projects with a sound economic rationale and commit to timely, high-quality compact development. MCC will conduct initial engagement missions to eligible countries in FY 2019 to explore possible projects that meet MCC's strict investment criteria.

After over 15 years of successfully delivering large, complex infrastructure projects and supporting difficult policy reforms in its partner countries, MCC is now poised to tap into economies of scale to achieve greater impact through regional integration programs. Many of the world's most compelling opportunities for economic growth and development are regional in scope, and MCC provides assistance at a scale and magnitude that affects significant, sustainable change.

Developing countries can grow faster, create more jobs, and attract more investment when they are part of dynamic regional markets. Enhanced regional integration can connect countries to export opportunities and the resources they need to drive economic activity, such as power, water, and roads. Implementing this expanded authority allows MCC to broaden its proven successes to engage in cross-border, multi-country programs, leveraging regional investments that will spur economic growth, free trade, and open markets across strategic regional areas.

This new authority allows MCC to expand our impact while maintaining a singular focus on reducing poverty through economic growth, using a fully transparent business model underpinned with rigorous analysis, data-based decisions, and corporate accountability through public sharing of all program funding decisions and outcomes. MCC remains committed to maintaining MCC's principles while operationalizing the new authority, including maintaining competitive country selections, ensuring country ownership, continuing commitment for policy performance, sustaining MCC's high program approval criteria, preserving evidence-based decision-making, focusing on results including monitoring and evaluating throughout the program life-cycle. MCC will continue to hold its partner countries accountable for results and good governance, advancing greater stability and prosperity at home and abroad.

In order to be most impactful and incentivize the greatest policy and institutional reforms in MCC's partner countries, it is important that MCC begin building the resources necessary to finance these projects vital to regional integration.

## **Women's Economic Empowerment**

Strengthening economic opportunities for women is fundamental to MCC achieving its mission to reduce poverty through economic growth. As part of its data-driven model, MCC consistently works with partner countries to unlock the economic potential of women and break down financial, legal, and cultural barriers that prevent women from fully engaging in their countries' economies.

This work supports and aligns with the Administration's Women's Global Development and Prosperity (W-GDP) initiative. MCC supports the W-GDP initiative's ambitious, integrated framework to align the experience, commitment, and expertise of the U.S. government's international development agencies to advance women's economic progress around the world.

Since its inception, MCC has prioritized the incorporation of gender-inclusive initiatives into its country programs. Gender analysis and a rigorous evidence base informs all aspects of MCC's work, from selecting country partners to identifying gender-responsive binding constraints to economic growth to assisting partner governments to enact policy change. Each MCC compact and threshold program requires a Social and Gender Integration Plan, which provides a comprehensive roadmap for social inclusion and gender integration throughout compact and threshold programs. By design, MCC projects maximize opportunities to support women entrepreneurs, expand income-generating activities and employment opportunities for women, and increase women's access to land, education and skills development.

Through compact and threshold programs, which include significant assistance for policy and institutional reform as well as infrastructure, MCC lifts up the U.S. government's ability to change the landscape of women's economic empowerment around the world.

## **MCC and the International Development Finance Corporation**

The Better Utilization of Investments Leading to Development (BUILD) Act was signed into law by President Trump on October 5, 2018, establishing the United States International Development Finance Corporation (DFC) to facilitate the participation of private sector capital and skills in developing countries, extending the impact of U.S. foreign assistance and contributing to foreign policy objectives. The new DFC will promote lasting economic growth in developing countries, which is key to continued U.S. prosperity and national security.

The DFC aims to incentivize and leverage private sector investment in developing countries, making it easier for U.S. businesses and institutional investors to work abroad in developing economies. The DFC will modernize U.S. development finance tools so that they work more effectively with private sector counterparts by granting authority to make equity investments and offer loans and guarantees, including in instruments denominated in foreign currencies.

Since the enactment of the BUILD Act, MCC staff has been involved with the Development Finance Working Group to enhance interagency collaboration and facilitate the establishment of the DFC. Under the BUILD Act, the DFC must coordinate its development policies and implementation efforts with MCC and should consult MCC's constraints analysis on the binding constraints to economic growth as a source



of data to help inform DFC's decisions. MCC will be a strategic development partner to the DFC, which will provide the United States with development finance capabilities that match those now employed by other donors, allowing the U.S. to maintain global leadership. MCC programmatic activities, such as infrastructure grants tied to investor-friendly policy reform, will provide the DFC with a competitive development advantage as there is no global development player that offers a toolkit with such important synergies.

MCC's expertise in basing decisions on evidence and economic analysis, leveraging private sector investment, and incentivizing policy and institutional reforms position the agency to make significant contributions to the overall impact of the DFC and the ability of U.S. assistance to create jobs, expand markets, and reduce poverty through economic growth.

## Blended Finance

Blended Finance is an approach that combines structured investments from public and private resources with various actors, including private firms, governmental, state, or local agencies, or nongovernmental organizations, during different stages of a development project. MCC's approach to blended finance creates the right circumstances for businesses to invest in partner countries. MCC catalyzes private and commercial finance for development by helping partner countries design, strengthen and harness financial markets for sustainable development and growth. Because strategic, long-term capital support is key to achieving lasting results from programs, MCC will continue to attract private and commercial finance in and around our compacts, while also improving leverage ratios. The current MCC blended finance portfolio offers examples of how MCC employs grant facilities, public-private partnerships and catalytic investment strategies to increase the impact and sustainability of programs.

### Grant Facilities

**Indonesia:** The Green Prosperity project catalyzed greater private sector investment in low-carbon growth strategies for Indonesia, effectively jumpstarting the renewable energy market while achieving an almost 1:2 leverage ratio for commercial renewable energy projects.

**Morocco:** The Industrial Land Activity optimizes the way the government brings industrial land to market, shifting from a state- to a market-driven approach. A \$30 million grant facility launched in October 2018 will partially cover the development cost of zones with high economic, social and environmental performance. In addition, three sustainable industrial zone public-private partnerships (PPPs) in the region of Casablanca-Settat will come to market in 2019.

**Benin:** The Off-Grid Clean Energy Facility (OCEF) has attracted the interest of U.S. companies with innovative business models and technologies by providing competitive, matching grants to fund critical off-grid energy projects and energy efficiency measures. The OCEF has concluded a letter of agreement with a blended finance debt facility anchored by the African Development Bank, further attracting capital in and around MCC's work in Benin.

### Public-Private Partnerships

**Côte d'Ivoire:** MCC is supporting the development of a logistics center PPP for cargo movements through the Port of Abidjan. The center will provide truck parking facilities, a logistics platform, and ancillary services to help reduce congestion in Abidjan and increase efficiency of container traffic through the port. The project is expected to have spillover benefits for U.S. truck manufacturers.

**Benin:** MCC's largest solar generation project to date has attracted the interest of U.S. companies in PPPs that will be structured for four solar generation plants totaling 45 megawatts (MW). An independent power producer (IPP) transaction advisor has been contracted to develop the IPP framework and help structure the transactions. The projects are expected to be on the market in 2019.

#### *Catalytic and Co-Financing Programs*

**Kosovo:** MCC is pursuing an agreement to fund technical assistance to the Kosovo Credit Guarantee Fund and build its capacity to catalyze project-based lending by Kosovo commercial banks while spurring investment in Kosovo's energy sector. MCC funding will unlock project financing and deliver 25 MW of renewable energy projects to Kosovo, addressing the lack of reliable electricity.

**El Salvador:** MCC's Investment Compact is helping the Government of El Salvador develop and bring to market up to five PPPs. In addition, the El Salvador Investment Challenge has catalyzed a potential pipeline of \$244 million in private investment from \$65 million of funding—a leverage ratio of almost 1:4.

Use of these blended finance models helps attract private investments and introduces a multitude of actors into the development space, catalyzing new investments and promoting greater impact and longevity of MCC projects.

## Compacts in Development

(in millions of dollars)	FY 2018 Enacted	FY 2019 Enacted	FY 2020 President's Budget
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>905.0</b>	<b>800.0</b>
Total Compact Assistance:	680.0	631.5	529.0
Section 605			486.7
Section 609(g) Compact Development Funding (CDF)			42.3

*\*CDF amounts are estimated using MCC's recent historical average of approximately 8 percent of total compact assistance.*

MCC is requesting \$529 million in FY 2020 to continue development on key compacts in Timor-Leste, Lesotho, Kosovo, and Burkina Faso, including an estimated \$486.7 million in compact assistance and \$42.3 million in compact development funding.

Countries and Appropriations Used (in millions of \$)	Prior Years	FY 2019	FY 2020	Total
Timor-Leste			250	250
Lesotho		89	162	250
Kosovo	20		74	94
Burkina Faso		304	44	348
Sri Lanka	480			480
Tunisia	192	158		350
Indonesia				TBD
Malawi				TBD
Regional				TBD
<b>Total</b>	<b>693</b>	<b>550</b>	<b>529</b>	<b>1,772</b>

### Timor-Leste

#### *Estimated \$250 Million Compact*

In December 2016, MCC's Board of Directors selected Timor-Leste to develop a threshold program. As part of this program, MCC and Timor-Leste jointly completed a constraints analysis that identified poor public financial management, a weak business enabling environment, and low human capital as binding constraints to economic growth and private-sector investment. In December 2017, MCC's Board selected Timor-Leste to develop a compact. MCC is currently conducting sector analyses in collaboration with Timor-Leste, the private sector, development partners, and civil society. MCC expects Timor-Leste to develop concept papers for MCC consideration in FY 2019 that respond to the binding constraints highlighted above. The target date for negotiating the Timor-Leste compact is fourth quarter FY 2020.

## **Lesotho**

### ***Estimated \$250 Million Compact***

MCC's Board selected Lesotho for development of a second compact in December 2017 following a two-year hiatus when the Board deferred its vote during a period of political instability in the country. MCC began preliminary data collection in early January 2018, while awaiting the appointment and selection of staff for the government of Lesotho's compact development team. MCC kicked off the constraints analysis in February 2018 and performed stakeholder consultations and meetings in Maseru in late February. The MCC team and Lesotho's compact development team collaborated to complete the constraints analysis in April 2018, and identified two binding constraints to growth in Lesotho: (i) poor health primarily related to HIV/AIDS and (ii) ineffectiveness of policy planning, coordination and execution, including poor public financial management, within the government of Lesotho.

Lesotho's rate of new HIV/AIDS infections is the highest in the world and largely affects the working-age population. The disease hinders labor productivity, discourages investments in job-creating sectors, and imposes large direct costs on healthcare and care for HIV/AIDS orphans and other dependents. The second constraint to economic growth encompasses various inefficiencies within Lesotho's public domain, including inefficient public service delivery, investment management, and financial management as well as poor planning and coordination with the private sector. Poor financial planning of government funds, inefficient procurement processes and delayed payment for services rendered have had a significant negative impact on the operations and finances of private companies. MCC and Lesotho country teams continue to collaborate on the more detailed root cause analysis and concept papers to be presented for internal MCC review in the third quarter of FY 2019.

### ***Results from Lesotho's 2007 Compact***

The government of Lesotho and MCC signed a \$362.5 million compact designed to increase economic growth and reduce poverty in July 2007. The compact funded work with other international donors on one of the largest infrastructure improvement projects in Lesotho's history, the Metolong Dam, as well as work with the President's Emergency Plan for AIDS Relief (PEPFAR) to mitigate the negative economic impacts of poor maternal health, HIV/AIDS, tuberculosis and other diseases. By the end of the compact in September 2013, the government and MCC had spent nearly 99 percent of anticipated compact funds to improve water supply, increase access to essential health services, and remove barriers to private sector investment. Approximately 1 million people are expected to benefit from the compact. Over 29,000 ventilated improved pit latrines and 175 water systems were constructed by the end of the compact, with another 75 water systems completed post-compact with funding from the government of Lesotho.

## **Kosovo**

### ***Estimated \$94 Million Compact***

In September 2017, MCC and the Kosovo signed a \$49 million threshold program that addresses two key constraints to Kosovo's economic growth: an unreliable supply of electricity; and real and perceived weakness in rule of law, government accountability and transparency. In December 2018, MCC's Board of Directors selected Kosovo to develop a compact program that would proceed in addition to the ongoing threshold program. MCC is currently in discussions with Kosovo on compact development. Because of MCC's previous groundwork in developing the existing threshold program, it is expected that the compact development timeline for Kosovo will be truncated as MCC plans to use the existing constraints analysis and concept papers when developing this compact. MCC has included \$94 million in this request for the targeted negotiations of the compact in fourth quarter FY 2020.

## Burkina Faso

In December 2016, MCC's Board of Directors selected Burkina Faso to develop a second compact. Two binding constraints to economic growth were subsequently identified by the Government of Burkina Faso through the constraints analysis: the high cost, poor quality and low access to energy; and a low-skilled workforce. MCC and the Government of Burkina Faso have since been working to define and scope the future compact, which will focus on energy. Specifically, MCC is conducting due diligence and feasibility studies on three projects: Strengthening Electricity Sector Effectiveness (reform and capacity building); Cost-Effective and Reliable Energy Supply (generation); and Grid Development (transmission and distribution/access). This power investment has significant monetary and political support from the government of Burkina Faso. The proposed projects were presented for MCC consideration in September 2018, for an intended compact approval by the Board and compact signing in the first half of FY 2020.

### *Results of Burkina Faso's 2009 Compact*

MCC's \$480 million compact, which ended in July 2014, was characterized by Burkina Faso's commitment and high-level engagement. All conditions precedent were met. Notably, many of these required significant institutional reforms, and others required adoption of major new laws by the National Assembly and issuance of 52 implementing decrees and regulations. The compact consisted of projects in land reform, agriculture, transportation, and education. The compact successfully trained 8,700 local officials in lands rights and more than 13,000 land possession certificates were in process by the end of the compact—well over the original target of 6,000. The multifaceted agriculture project constructed 2,240 hectares of irrigated farmland and rehabilitated a dam, protecting compact-financed infrastructure from catastrophic flooding. MCC funded the paving, upgrade or periodic maintenance of 525 kilometers of roads by the end of the compact term and assisted in the development of a new road maintenance planning tool to facilitate future planning and continued management of the country's road network. The BRIGHT II Schools project built on the education component in the earlier MCC threshold program by supporting the construction of 396 classrooms and increasing access to girls' participation in primary school.

## Sri Lanka

Sri Lanka was selected for a threshold program in December 2015 and was selected to develop a compact in December 2016 after continued improvements in performance on the democratic rights indicators on the MCC scorecard. Following a series of joint analyses and consultations, MCC and the Government of Sri Lanka agreed to develop a compact program designed to tackle the binding constraints of poor transportation and logistics infrastructure and inadequate access to land through a Transport Project and a Land Project.

The Transport Project aims to (i) reduce traffic congestion in the Colombo Metropolitan Region by upgrading eight major road corridors, (ii) provide citizens with safe, reliable bus service – the main form of public transport; and (iii) rehabilitate a rural highway network that connects lagging regions in the central part of the country with markets and ports in the Western Province.

The goal of the Land Project is to increase the availability of underutilized state and private lands for investment purposes by increasing the amount of spatial data and land rights information available to investors and improving the regulatory environment so underutilized state lands can be more easily provided to the private sector for investment purposes. The Land Project also aims to increase tenure security and tradability of land for smallholders, women, and firms through policy and legal reforms.

## Tunisia

Since Tunisia's initial selection to develop a compact by the MCC Board in December 2016, MCC and the Government of Tunisia have been working diligently to define and scope the two projects that will comprise the Tunisia compact. The first project, aimed at improving Tunisia's business climate, may focus on modernizing the environment for doing business by reducing barriers to investment and facilitating logistics and commerce. The second project may address water scarcity and reduced investment in Tunisia's interior regions by increasing water supply, managing water demand, and promoting agricultural value chains.

Tunisia's constraints stem from pre-revolution patterns of unequal investment and job creation, unfair regulatory regimes that favored the elite, and inter-regional politics. Alleviating these constraints will generate growth, increase employment, and more evenly distribute economic opportunities. The country team continues to work toward compact development for a projected compact approval in late FY 2019.

## Indonesia

*Compact size to be determined*

In 2018, MCC completed a compact program with Indonesia that disbursed \$474 million through projects focused on nutrition and health to address stunting, sustainable energy and natural resource management solutions, and the modernization of Indonesia's procurement system. Based in part on the strength of the partnership of the first compact, the MCC Board selected Indonesia to develop a second compact in December 2018. MCC is currently in discussions with Indonesia on development of the second compact.

## Malawi

*Compact size to be determined*

In December 2018, MCC's Board selected Malawi to develop a subsequent compact. The Board's decision recognized the successful implementation of Malawi's first compact, designed to improve the availability, reliability and quality of the power supply, expanding access to power, and reduce the cost of doing business; Malawi's improved scorecard policy performance; and a commitment to further sector reform. MCC will launch the constraints analysis in FY 2019 to identify the binding constraints to economic growth.

## Potential Concurrent Compacts for Regional Programs

The recently enacted AGOA and Millennium Challenge Modernization Act authorizes MCC to enter into one additional compact with a country in order to support regional economic integration, increased regional trade, or cross-border collaborations. Regional integration projects involving multiple countries facilitate economic growth and can have a powerful impact through their potential to benefit from economies of scale, create potential connections of regional power, transport, and water networks, generate increased trade and investment, and open new market opportunities for U.S. businesses. Support for regional integration projects has tremendous potential to increase MCC's impact in reducing poverty with its compact partner countries.

In December 2018, the MCC Board selected Benin, Burkina Faso, Côte d'Ivoire, Ghana, and Niger as eligible to develop compacts for regional integration. This request supports work with each of the countries to determine if there are projects that meet MCC's strict compact approval criteria as well as evaluate the countries' ability to work with MCC and a partner country on a regional program. MCC will

simultaneously research and work with the selected countries to identify projects that would have a positive economic impact for each country involved, as well as the region. Regional programs will also continue to employ MCC's longstanding local implementation and accountability practices with countries that meet strict criteria for good governance.

In FY 2019, MCC will continue to focus best practices for operationalizing regional programs using this new concurrent compact authority, while adhering to the agency's accountability-driven, country-owned processes and the core elements of MCC's model to produce high economic rates of return. Though the process will be adjusted to accommodate multiple partners, projects will be subject to the same rigorous economic analysis and economic rate of return standards that ensure program logic is geared toward a measurable impact on poverty.

In FY 2019, MCC will continue to oversee nine compacts in implementation or reaching closure status, 3 compacts signed in previous fiscal years and progressing towards implementation, and 2 potential new compact signings. The chart below and the subsequent pages provide updates for all of the compacts currently in development, including estimated timing of board consideration and compact sizes. Program and sector data for countries already in implementation can be found online on MCC's public website at [www.mcc.gov](http://www.mcc.gov).

## Compact Development Process Overview

	<b>1 Preliminary Analysis</b>	<b>2 Problem Diagnosis</b>	<b>3 Project Definition</b>	<b>4 Project Development</b>	<b>5 Negotiation</b>
	<b>CONSTRAINTS ANALYSIS</b>	<b>CONCEPT NOTES</b>	<b>PROJECT PROPOSALS</b>	<b>INVESTMENT MEMO</b>	<b>COMPACT</b>
<b>Eligible Country</b>	<ul style="list-style-type: none"> <li>Names a National Coordinator and puts together a compact development team</li> <li>Analyzes constraints to economic growth, opportunities for private investment, and poverty</li> <li>Undertakes broad consultations with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Expands compact development team</li> <li>Analyzes key root causes of binding constraints</li> <li>Defines, develops initial project ideas to address constraints</li> <li>Submits Concept Notes</li> </ul>	<ul style="list-style-type: none"> <li>Defines and scopes specific projects and activities</li> <li>Builds strong project logic for proposed compact program</li> <li>Identifies intended beneficiaries</li> <li>Consults stakeholders on project design</li> <li>Submits detailed Project Proposals</li> </ul>	<ul style="list-style-type: none"> <li>Conducts feasibility, environmental and other studies</li> <li>Measures expected economic impact</li> <li>Identifies risks and mitigation measures</li> <li>Begins establishing structures needed in implementation</li> </ul>	<ul style="list-style-type: none"> <li>Finalizes monitoring and evaluation framework</li> <li>Negotiates legal, financial, technical terms of program</li> <li>Creates dedicated MCA unit for implementation</li> </ul>
<b>MCC</b>	<ul style="list-style-type: none"> <li>Staffs a country team</li> <li>Provides compact development guidance</li> <li>Advises and assists with analyses</li> </ul>	<ul style="list-style-type: none"> <li>Reviews, approves Concept Notes</li> <li>Approves concept projects for further development</li> </ul>	<ul style="list-style-type: none"> <li>Reviews, approves Project Proposals</li> <li>Approves projects for full development and appraisal</li> </ul>	<ul style="list-style-type: none"> <li>May fund necessary preparatory studies</li> <li>Oversees, manages procurements</li> <li>Conducts thorough project appraisal</li> <li>Makes final decision on projects</li> </ul>	<ul style="list-style-type: none"> <li>Notifies Congress of intent to negotiate</li> <li>Defines budget and commits funding</li> <li>Obtains approval of MCC's Board</li> <li>Signs agreements</li> </ul>



## Compact Portfolio Status Report

Country	Projected Signing	FY 2018				FY 2019				FY 2020				FY 2021				FY 2022		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Sri Lanka	Mar-19	Project Development				Neg.	Implementation Prep				Currently awaiting board approval									
Tunisia	Jan-20	Project Definition					Project Development				Neg.	Implementation Prep				Implementation				
Burkina Faso	Jan-20	Project Definition				Project Development				Neg.	Implementation Prep				Implementation					
Lesotho	Mar-20	Elig.	Preliminary Analysis			Project Definition		Project		Neg.		Implementation Prep		Implementation						
Timor-Leste	Oct-20	Elig.	Project Definition							Project Development		Neg.		Implementation Prep						
Kosovo	Sep-20					Elig.	Preliminary Analysis			Project Definition		Neg.		Implementation Prep						
Malawi	TBD					Elig.	Preliminary Analysis			Project Definition		Project Development		Neg.		Imp. Prep				
Indonesia	TBD					Elig.	Preliminary Analysis			Project Definition		Project Development		Project Development				Neg.		

# Threshold Programs

	FY 2018	FY 2019	FY 2020
(in millions of dollars)	Enacted	Enacted	President's Budget
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>905.0</b>	<b>800.0</b>
Threshold Programs	29.8	45.0	26.5

MCC is requesting \$26.5 million for threshold program assistance. The threshold program has proven to be an effective tool to incentivize and implement positive policy and institutional reforms in selected partner countries. The AGOA and MCA Modernization Act affirmed MCC's authorization to make up to 10 percent of its annual appropriation available for threshold program assistance. MCC's request for FY 2020, together with enacted funding from prior years, would support new threshold programs selected in December 2019 as well as thresholds under development including Togo, The Gambia, Ethiopia, and Solomon Islands.

## Background

MCC's threshold program assists candidate countries to become compact eligible by incentivizing them to demonstrate their commitment to just and democratic governance, economic freedom, and investments in their people. By advancing policy and institutional reforms to address the most binding constraints to economic growth, threshold programs complement the "MCC Effect"<sup>1</sup> created by the scorecard and allow MCC to assess the opportunity for an impactful and cost-effective partnership before committing to a larger compact. MCC uses the same rigorous, evidence-based approach in threshold programs as it does in compacts, leading to high-quality programs that maximize potential systemic impact and lay the foundation for larger funding.

Threshold programs help countries to reduce constraints to faster economic growth, increase transparency and accountability, and provide MCC critical information about their political will and capacity to undertake the types of reforms that would have the greatest impact in compacts. Current programs are:

- Honduras: supporting greater budget transparency and reducing opportunities for corruption in public procurement;
- Guatemala: mobilizing customs and tax revenues and improving secondary education;
- Sierra Leone: creating the foundation for more effective and financially sustainable provision of critical water and electricity services; and
- Kosovo: fostering the use of data for more transparent and accountable governance.

Countries with threshold programs are not guaranteed compact eligibility. However, successful implementation of a threshold program yields significant advantages for a potential future compact. For example, a threshold program country will likely have enhanced its ability to design and implement programs that will generate the greatest results and have a head start on the work necessary to design a high-impact compact. Even if a country does not become compact eligible, its threshold program can help create the conditions for additional investment from the private sector or by other donors. Threshold programs also help governments to mobilize domestic resources, spend their budgets more transparently, deliver services more efficiently, and ultimately help countries finance their own development.

<sup>1</sup> The "MCC Effect" refers to the positive impact of MCC's rigorous commitment to sound policies beyond MCC's direct development assistance in the form of compacts and threshold programs in partner countries.

## **New and Developing Threshold Programs**

### **Togo**

MCC and Togo signed a \$35 million threshold program with Togo on February 14, 2019. As the result of a dedicated reform effort, Togo has moved from passing 5 of 20 indicators in FY 2014 to 14 of 20 indicators in FY 2019, including the “hard hurdle” Control of Corruption indicator. The Government of Togo has worked closely with MCC to conduct a constraints analysis and developed an ambitious program to address critical constraints in its information and communications technology (ICT) and land sectors. The program will seek to improve access to high quality and affordable ICT services to Togolese citizens by encouraging private sector investments in the ICT sector and developing an independent regulatory regime. In the land sector, the program aims to expand access to formalized land through the recognition and protection of legitimate land rights in order to accelerate agricultural productivity.

The Togo threshold program presents the government with a unique opportunity to undertake major reforms in challenging and politically sensitive areas. If successful, the program would mark a positive step towards Togo becoming a more open and inclusive society and foster a more market-oriented economy. Both the ICT and land projects will also challenge deeply-rooted sources of corruption.

### **The Gambia**

MCC’s Board of Directors selected The Gambia for a threshold program in December 2017, creating the opportunity for MCC to engage with the country on needed reforms as its transition to democracy continues. The Gambia is an important partner in West Africa, where MCC already has a strong presence. The program is expected to focus on power sector reform and be ready for presentation to the MCC Board in September 2019.

### **Ethiopia**

MCC’s Board of Directors selected Ethiopia as eligible to develop a threshold program in December 2018. The decision underscores the Board’s recognition of the recent reforms made by the Government of Ethiopia. In early 2019, MCC expects to begin the constraints analysis in partnership with the government to identify the binding constraints to private investment and entrepreneurship in the country.

### **Solomon Islands**

MCC’s Board of Directors selected Solomon Islands as eligible to develop a threshold program in December 2018, which also supports the Administration’s Indo-Pacific economic strategy. In early 2019, MCC expects to begin the constraints analysis in partnership with the government to identify the binding constraints to private investment and entrepreneurship in the country.

### **Future Programs**

The funding request for FY 2020 will support programs within countries that are to be selected by the Board in December 2019. With an average program size of approximately \$30 million, the funding requested would allow MCC to begin development with an additional country should promising candidates emerge in the annual selection process.

## Compact Development and Oversight: 609(g) Assistance and Due Diligence

(in millions of dollars)	FY 2018	FY 2019	FY 2020
	Enacted	Enacted	President's Budget
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>905.0</b>	<b>800.0</b>
Compact Development/Oversight:	85.7	119.0	131.0
609(g) Assistance	26.6	30.0	36.0
Due Diligence	59.1	89.0	95.0

The compact development and oversight portion of the FY 2020 budget request will support pre-compact planning, post-compact evaluations, and oversight that are critical to the success of MCC programs and to ensuring that MCC, partner countries, and the development community are able to take advantage of the learning opportunities inherent in MCC programs. Of the requested \$131 million under compact development/oversight, \$36 million would support 609(g) assistance, while \$95 million would be programmed for due diligence to support program assessment, monitoring, oversight, data collection and evaluation. With these increased funding levels over the FY 2019 baseline level, MCC can fully support the pre-compact planning activities in the countries selected for potential development of regional compacts.

### 609(g) Assistance<sup>2</sup>

Section 609(g) of MCC's authorizing statute allows for assistance to partner countries to facilitate the development and implementation of compacts. Laying the groundwork for compacts is a critical component of MCC's successful implementation of a compact. These key preparatory activities include project design studies, feasibility studies, environmental impact assessments, engineering and geotechnical designs, economic baseline surveys, technical assessments of financial management and procurement capabilities, and other specialized analyses that help partner countries fully prepare projects that can be implemented within the fixed five-year timeframe, within budget, and provide substantial returns to MCC's compact programs.

### Due Diligence

MCC utilizes due diligence funds at every stage of the compact and threshold program lifecycle. Due diligence funds allow MCC to obtain information necessary to evaluate, assess, and appraise proposed projects during compact and threshold program development, to effectively oversee and monitor projects during implementation, and to evaluate the results after closeout. These funds are utilized to finance the technical expertise required throughout the compact and threshold program life cycles and allow MCC to right-size its staffing requirements based on the relative size and diversity of its portfolio. The number of compacts and threshold programs MCC oversees is projected to grow between FY 2019 and FY 2020. In addition, MCC's new concurrent compact authority in support of regional economic integration, trade and cross-border collaborations will require additional due diligence oversight in support of operationalizing this new authority and maintaining MCC's high-quality programs. Due diligence funds are also utilized after compact closure to conduct independent impact evaluations that use rigorous statistical methods to measure changes

<sup>2</sup> The funds outlined within this 609(g) Assistance budget line are for preparatory activities in support of potential projects and are intended for use prior to compact approval and are exclusive of funds included under the Compact Assistance budget line, under the Section 609(g) Compact Development Funding (CDF) sub-line.

in beneficiary incomes related to MCC activities. In addition to offering valuable lessons on how MCC can improve, impact evaluations provide critical information about program successes.

Due diligence funds also support data and technical expertise needed for calculating economic rates of return for compact programs. Through pre-project economic modeling of expected economic rates of return, MCC chooses which projects are most likely to generate benefits, particularly increased income for program beneficiaries, and refines program design to optimize results. Economic modeling done after compact closeout helps to assess the cost effectiveness of the agency's programs.

# Administrative Expenses

(in millions of \$)	FY 2018 Enacted	FY 2019 Enacted	FY 2020 President's Budget
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>905.0</b>	<b>800.0</b>
Total Administrative Expenses	105.0	105.0	109.0
Human Capital	56.0	56.0	57.5
Training	1.0	1.0	1.0
Overseas Operations	10.0	10.0	10.5
Contracted Services	10.0	8.9	10.0
Information Technology	14.0	15.0	15.0
Rent, Leasehold & Improvements	6.0	6.3	6.4
Travel	7.3	7.4	7.9
Other Administrative Expenses	0.7	0.4	0.7

MCC's FY 2020 funding request for administrative expenses is \$109 million. With this noted increase to administrative expenses as compared to prior years, MCC anticipates staffing the regional compact initiative with up to nine new full-time equivalents (FTE), plus contracted support, travel, and overseas operations costs. In addition, MCC will be standing up the new Accountable Entity Audit Program and requires an additional FTE and contracted services in support of the augmented function.

## Accountable Entity Audit Program

After MCC establishes a partnership with a country, the partner country sets up a local accountable entity that is responsible for compact, threshold program, or grant implementation overseen by MCC. Due to MCC's heavy reliance on financial reporting from accountable entities to produce its annual financial statements and Agency Financial Report (AFR), MCC must have reasonable assurance that accountable entity financial reporting is reliable and accurate. Sufficiently robust audits of that financial reporting by qualified Independent Public Accounting firms (IPA) are a central component of building that assurance.

In July 2017, the USAID Office of the Inspector General (OIG) notified MCC that, as a result of the findings of a peer review, it would no longer be performing certain functions related to accountable entity financial audits. Previously, the USAID OIG provided oversight that contributed to the assurance that IPAs selected to perform financial audits for the accountable entities had the appropriate skills and capabilities to undertake those audits, and that their audit reporting was adequate to support that reasonable assurance. With the notification by USAID OIG to MCC that these functions would no longer be performed, MCC assumed the USAID OIG responsibilities to perform the audit oversight functions. Beginning in the third quarter of FY 2018, MCC began establishing the new Accountable Entity Audit Program to assume the responsibilities central to the successful performance of audits of the accountable entities within its partner countries, and the associated costs have been included in this budget request. MCC is now responsible for the following:

- Assuring compliance with MCC's audit guidelines, as well as:
  - Review and approve Independent Public Accounting (IPA) firms audit planning documents.
  - Review and approve the draft and final accountable entity external financial audit reports.
  - Provide technical guidance to IPAs.
  - Transmit final accountable entity external financial audit reports to USAID OIG.

- Ensuring appropriate vetting of independent audit firms to be contracted by accountable entities to perform their external financial audits to include addressing auditor qualifications within the procurement process, and potentially issuing an approved auditors list based on that vetting.
- Issuing guidance to accountable entities regarding the scope of external financial audits performed by local IPA.

MCC created an approach to address the new responsibilities and expects the new oversight program to be implemented in two phases to ensure continued high-quality accountable entity financial audits. During the first stage, MCC assigned responsibilities to the accountable entities through modifying current audit contracts. The modifications include revising payment approval language and deliverable approval timelines. Additionally, MCC will review audit planning documents and reporting deliverables for compliance with MCC Audit Guidelines.

In phase two, MCC will implement a risk-based external financial audit oversight program, designed and overseen by a new MCC unit specifically tasked with these responsibilities. The MCC unit would provide consultant support that closely resemble the functions previously conducted by the USAID OIG, including:

- Developing and issuing audit guidelines for accountable entities that detail the scope of external financial audits performed by local IPA (to replace the prior guidance from the USAID OIG).
- Vetting potential IPAs to be contracted by accountable entities to perform their external financial audits, and issuing an approved auditors list based on that vetting.
- Reviewing and approving IPA audit planning documents and accountable entity financial audit reports.
- Providing technical guidance to IPAs.

MCC believes this approach will lead to significant opportunities for improvement in the quality of audit oversight along with more timely and predictable oversight of the accountable entity auditors. Costs related to the new Accountable Entity Audit Program of roughly \$1.8 million are included in the request for Administrative Expenses in FY 2020.

## Human Capital

The chart below illustrates the actual and planned FTEs from FY 2018 to FY 2020.

<b>Budgeted Full-Time Equivalents (FTE)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total FTE</b>	<b>343</b>	<b>354</b>	<b>362</b>
Washington D.C. Headquarters	317	325	330
Overseas	26	29	32

MCC continues to make strategic investments to better motivate and develop these human capital resources. In FY 2018, MCC expanded the functionality of the corporate performance management system to include real-time feedback, rewards, and recognition. In addition, MCC implemented a new learning management system, MCCLearn, to support the training and development of FTEs. As a complement to these efforts, in FY 2019 MCC plans to automate the rewards and recognition process and deploy a talent management dashboard, which will allow the agency to reduce repetitive administrative tasks per OMB Memo M-18-23 and facilitate data-driven human capital decisions.

## **Overseas Operations**

MCC is planning \$10.5 million in FY 2020 to continue supporting overseas administrative operations, including local-engaged staff salaries and benefits, rent, residential allowance, relocation expenses, travel, shipping, office and residential furniture, IT equipment, official vehicles, and International Cooperative Administrative Support Services (ICASS). Although MCC maintains a small footprint overseas, it continually faces the pressure associated with ICASS and Capital Security Cost-Sharing (CSCS) burden sharing and cost arrangements established by the Department of State to maintain and operate embassy compounds. Likewise, MCC anticipates growing overseas costs in FY 2020 related to the addition of FTEs related to regional compacts and the new Resident Threshold Country Director positions. As part of MCC's Integrated Planning, Budgeting, and Execution framework (IPBE), MCC continuously reviews the costs related to overseas operations in order to maximize the use of funding while providing adequate support towards our relatively small overseas presence.

## **Information Technology (IT)**

MCC is planning \$15 million for information technology (IT) support in FY 2020. As part of IPBE, MCC was able to include less funding for IT support in the President's FY 2018 budget request by capitalizing on the use of available funding from prior years to maintain the level of ongoing IT capabilities. While IT support in the President's previous budget reflected a concerted effort to minimize the request level based on available funding from prior years, this budget request reflects the actual need for IT support in FY 2020. MCC continues to explore ways to keep IT costs lower, including consolidation of IT service contracts in FY 2019, which will reduce the duplication of overhead costs from contracting with multiple service providers. MCC also continues to leverage umbrella agreements to staff its initiatives and upgrades rather than administering multiple contracts or using employees for special limited projects. As noted in the executive summary, IT plays an integral role in supporting agency-wide initiatives including a knowledge management system, learning and performance management systems, and ongoing improvements towards management information systems in support of MCC's country partners. Rising IT costs continue to be offset through reinvestment of any savings, allowing MCC to maintain quality IT service without large increases in baseline resources.

## **Rent**

Beginning with FY 2018, MCC began full-year payments for rent for the headquarters space. The FY 2020 budget request reflects the nominal percentage increase within the occupancy agreement. As in the prior fiscal years, MCC continues to maximize the use of its headquarters space, proactively using space planning technology for seat management as well as conference and meeting space requirements. As such, MCC maintains a small space footprint.



## Office of the Inspector General

	FY 2018	FY 2019	FY 2020
(in millions of \$)	Enacted	Enacted	President's Budget
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>905.0</b>	<b>800.0</b>
Office of the Inspector General	4.5	4.5	4.5

The estimates for the funding level of the Office of the Inspector General in this submission is based on a straight-lined enacted level and within the current amount authorized by the Millennium Challenge Act of 2003, as amended, for this purpose.

## Proposed Legislative Changes

The AGOA and MCA Modernization Act ([P.L.115-167](#)) (MCAMA) was signed into law on April 23, 2018. As a result, MCC's proposed yearly appropriations language can be updated to eliminate provisions that have now been codified by the MCAMA. The updated text is as follows:

*For necessary expenses to carry out the provisions of the Millennium Challenge Act of 2003 (22 U.S.C. 7701 et seq.) (MCA), \$800,000,000 to remain available until expended: Provided, That of the funds appropriated under this heading, up to \$109,000,000 may be available for administrative expenses of the Millennium Challenge Corporation: Provided further, That section 605(e) of the MCA shall apply to funds appropriated under this heading: Provided further, That funds appropriated under this heading may be made available for a Millennium Challenge Compact entered into pursuant to section 609 of the MCA only if such Compact obligates, or contains a commitment to obligate subject to the availability of funds and the mutual agreement of the parties to the Compact to proceed, the entire amount of the United States Government funding anticipated for the duration of the Compact: Provided further, That of the funds appropriated under this heading, not to exceed \$100,000 may be available for representation and entertainment expenses, of which not to exceed \$5,000 may be available for entertainment expenses.*

# Appendix: Annual Performance Report

## Compact Amounts at Signing\*

Partner Country	Compact Amount (in millions)	Signed	Entry Into Force	Closed
Madagascar	\$109.8	4/18/2005	7/27/2005	8/31/2009
Honduras	\$215.0	6/14/2005	9/30/2005	9/30/2010
Cabo Verde	\$110.1	7/5/2005	10/18/2005	10/17/2010
Nicaragua	\$175.0	7/15/2005	5/26/2006	5/26/2011
Georgia	\$395.3	9/12/2005	4/7/2006	4/7/2011
Benin	\$307.3	2/22/2006	10/6/2006	10/6/2011
Vanuatu	\$65.7	3/2/2006	4/28/2006	4/28/2011
Armenia	\$235.7	3/27/2006	9/29/2006	9/29/2011
Ghana	\$547.0	8/1/2006	2/16/2007	2/16/2012
Mali	\$460.8	11/13/2006	9/18/2007	8/24/2012
El Salvador	\$460.9	11/29/2006	9/20/2007	9/20/2012
Mozambique	\$506.9	7/13/2007	9/22/2008	9/22/2013
Lesotho	\$362.6	7/23/2007	9/17/2008	9/17/2013
Morocco	\$697.5	8/31/2007	9/15/2008	9/15/2013
Mongolia	\$284.9	10/22/2007	9/17/2008	9/17/2013
Tanzania	\$698.1	2/17/2008	9/17/2008	9/17/2013
Burkina Faso	\$480.9	7/14/2008	7/31/2009	7/31/2014
Namibia	\$304.5	7/28/2008	9/16/2009	9/16/2014
Senegal	\$540.0	9/16/2009	9/23/2010	9/23/2015
Moldova	\$262.0	1/22/2010	9/1/2010	9/1/2015
Philippines	\$433.9	9/23/2010	05/25/11	5/25/2016
Jordan	\$275.1	10/25/2010	12/13/11	12/13/2016
Cabo Verde II	\$66.2	2/10/2012	11/30/2012	11/30/2017
Indonesia	\$600.0	11/19/2011	4/2/2013	4/2/2018
Malawi	\$350.7	4/7/2011	9/20/2013	
Zambia	\$354.8	5/10/2012	11/15/2013	
Georgia II	\$140.0	7/26/2013	7/1/2014	
Ghana II	\$498.2	8/5/2014	9/6/2016	
El Salvador II	\$277.0	9/30/2014	9/9/2015	
Benin II	\$375.0	9/9/2015	6/22/2017	
Liberia	\$256.7	10/2/2015	1/20/2016	
Morocco II	\$450.0	11/30/2015	6/30/2017	
Niger	\$437.0	7/29/2016	01/26/18	
Nepal	\$500.0	9/14/2017		
Côte d'Ivoire	\$524.7	11/07/17		
Mongolia	\$350.0	7/27/2018		
Senegal II	\$550.0	12/10/2018		

\* Please note that the values above are the signed compact amounts and do not reflect lower actual expenditures due to early terminations or funds for a compact not being fully spent. The table on the following pages reflect the net obligations/commitments associated with each compact.

## Compact Commitments, Obligations, and Plan

*As of First Quarter FY 2019*

	Fiscal Year of appropriation										
Country/Description	2012 & Prior	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Closed Compacts	\$ 7,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,995	
El Salvador II	\$ 117	\$ 160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277	
Georgia II	140	-	-	-	-	-	-	-	-	140	
Ghana II	17	283	198	-	-	-	-	-	-	498	
Liberia	-	-	-	257	-	-	-	-	-	257	
Malawi	351	-	-	-	-	-	-	-	-	351	
Zambia	355	-	-	-	-	-	-	-	-	355	
Benin II	-	207	-	168	-	-	-	-	-	375	
Morocco II	114	1	169	166	-	-	-	-	-	450	
Niger	58	-	-	-	379	-	-	-	-	437	
Nepal	108	10	-	69	107	129	77	-	-	500	
Cote d'Ivoire	41	9	272	10	26	167	-	-	-	525	
Mongolia II	100	-	-	1	-	95	154	-	-	350	
Senegal II	21	-	1	-	-	-	447	81	-	550	
Committed & Obligated	\$ 1,421	\$ 670	\$ 640	\$ 671	\$ 512	\$ 391	\$ 678	\$ 81	\$ -	\$ 5,064	

	Planned Fiscal Year of appropriation or budget request										
Country/Description	2012 & Prior	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Burkina Faso II		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 304	\$ 44	\$ 348	
Sri Lanka	112		44	11	105	188	20	-	-	\$ 480	
Tunisia	63	-	-	-	76	51	2	158	-	\$ 350	
Lesotho II	-	-	-	-	-	-	-	89	162	\$ 250	
Timor-Leste	-	-	-	-	-	-	-	-	250	\$ 250	
Kosovo	8	-	-	1	7	4	-	-	74	\$ 94	
Indonesia II	-	-	-	-	-	-	-	-	-	\$ -	
Malawi II	-	-	-	-	-	-	-	-	-	\$ -	
Potential Regional Compacts	-	-	-	-	-	-	-	-	-	\$ -	
Committed & Obligated	\$ 184	\$ -	\$ 44	\$ 12	\$ 187	\$ 243	\$ 22	\$ 550	\$ 529	\$ 1,772	

Total Compact Funding	\$ 9,600	\$ 670	\$ 684	\$ 683	\$ 699	\$ 634	\$ 700	\$ 632	\$ 529	\$ 14,831
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## Closed Compacts

*As of First Quarter FY 2019*

Country/Description	Fiscal Year of appropriation										Total
	2004	2005	2006	2007	2008	2009	2010	2011	2012		
Armenia	\$ -	\$ 177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177	
Benin	-	302	-	-	-	-	-	-	-	\$ 302	
Burkina Faso	-	-	-	-	475	-	-	-	-	\$ 475	
Cabo Verde I	109	-	-	-	-	-	-	-	-	\$ 109	
Cabo Verde II	-	-	-	-	-	-	-	-	66	\$ 66	
El Salvador	-	-	362	88	-	-	-	-	-	\$ 450	
Georgia	290	24	-	17	56	-	-	-	-	\$ 387	
Ghana	-	536	-	-	-	-	-	-	-	\$ 536	
Honduras	204	-	-	-	-	-	-	-	-	\$ 204	
Indonesia	-	50	-	-	-	-	-	477	-	\$ 526	
Jordan	-	-	-	-	-	55	218	-	-	\$ 273	
Lesotho	-	-	-	358	-	-	-	-	-	\$ 358	
Madagascar	86	-	-	-	-	-	-	-	-	\$ 86	
Mali	-	-	434	-	-	-	-	-	-	\$ 434	
Moldova	90	16	8	1	9	86	49	-	-	\$ 259	
Mongolia	-	-	-	269	-	-	-	-	-	\$ 269	
Morocco	-	72	578	-	-	-	-	-	-	\$ 650	
Mozambique	-	-	-	448	-	-	-	-	-	\$ 448	
Namibia	-	-	-	219	76	-	-	-	-	\$ 296	
Nicaragua	113	-	-	-	-	-	-	-	-	\$ 113	
Philippines	-	-	-	-	-	-	385	-	-	\$ 385	
Senegal	-	-	-	-	-	433	-	-	-	\$ 433	
Tanzania	-	-	-	-	695	-	-	-	-	\$ 695	
Vanuatu	-	65	-	-	-	-	-	-	-	\$ 65	
Closed Compacts	\$ 891	\$ 1,243	\$ 1,383	\$ 1,400	\$ 1,310	\$ 574	\$ 652	\$ 477	\$ 66	\$ 7,995	

### Threshold Program Amounts at Signing\*

Country	Threshold Program Amount (in millions)	Signed	Closed
Burkina Faso	\$12.9	7/22/2005	9/30/2008
Malawi	\$20.9	9/29/2005	9/30/2008
Albania	\$13.9	4/3/2006	11/15/2008
Tanzania	\$11.2	5/3/2006	12/30/2008
Paraguay	\$34.6	5/8/2006	8/31/2009
Zambia	\$22.7	5/22/2006	2/28/2009
Philippines	\$20.7	7/26/2006	5/29/2009
Jordan	\$25.0	10/17/2006	8/29/2009
Indonesia	\$55.0	11/17/2006	12/31/2010
Ukraine	\$45.0	12/4/2006	12/31/2009
Moldova	\$24.7	12/15/2006	2/28/2010
Kenya	\$12.7	3/23/2007	12/31/2010
Uganda	\$10.4	3/29/2007	12/31/2009
Guyana	\$6.7	8/23/2007	2/23/2010
São Tomé & Príncipe	\$8.7	11/9/2007	4/15/2011
Kyrgyz Republic	\$16.0	3/14/2008	6/30/2010
Niger	\$23.1	3/17/2008	12/31/2015
Peru	\$35.6	6/9/2008	9/30/2012
Rwanda	\$24.7	9/24/2008	12/31/2011
Albania	\$15.7	9/29/2008	7/31/2011
Paraguay	\$30.3	4/13/2009	7/31/2012
Liberia	\$15.1	7/6/2010	12/15/2013
Timor-Leste	\$10.5	9/22/2010	3/31/2014
Honduras	\$15.7	8/28/2013	
Guatemala	\$28.0	4/8/2015	
Sierra Leone	\$44.4	11/17/2015	
Kosovo	\$49.0	9/12/2017	
Togo	\$35.0	2/14/2019	

\* Please note that the values above are the amounts of threshold program agreements at signing and do not reflect lower actual expenditures due to early terminations or funds for a threshold program not being fully spent.

## Results of Recently-Closed Compacts

<b>Indonesia</b>	<p>MCC's Compact Indonesia successfully closed on April 2, 2018. The Compact cumulatively disbursed approximately \$474 million (79% of \$600 million Compact total) and achieved a number of important successes. Notably, the Community-Based Health and Nutrition Project changed the national conversation around stunting and elevated anti-stunting efforts to a national priority. The Procurement Modernization Project achieved or exceeded many output level targets, ultimately trained over 1,000 individuals on the appropriate skills, systems, processes, and operating standards to reduce costs and achieve efficiency and greater transparency in procurement. Among the trained professionals, 24% are women who continue to build their career in this profession. The Green Prosperity Project achieved 73% of its revised multi-year financial plan and leveraged roughly \$38 million in private sector and other outside financing. MCC and the Government of Indonesia are continuing to work together on post-compact reporting and sustainability measures.</p>
<b>Policy Reforms</b>	<p>The Indonesia compact achieved sector policy reforms through its Procurement Modernization and Green Prosperity projects.</p> <ul style="list-style-type: none"> <li>• The Government of Indonesia (GOI) established procurement as a functional position within the government and successfully realized reforms to national regulations governing the procurement of public-private partnerships. At the sub-national level, several local governments passed regulatory reforms and institutionalized the practice of public procurement through local parliament legislation.</li> <li>• Adoption of improved spatial planning guidelines as national regulations, thereby improving transparency in land governance administration and management of natural resources at the village, district, and provincial levels</li> </ul>
<b>Outputs</b>	<p><b>GREEN PROSPERITY PROJECT</b></p> <ul style="list-style-type: none"> <li>• 253,559 Hectares of peatland mapped</li> <li>• 432,971 Estimated hectares improved, rehabilitated, or protected through sustainable practices</li> <li>• 232 canal blocking structures built</li> <li>• 12.73 Mw of generation capacity added</li> <li>• 169 Kilometers of distribution lines upgraded or built</li> <li>• 127,487 Farmers trained</li> </ul> <p><b>COMMUNITY-BASED-HEALTH AND NUTRITION PROJECT</b></p> <ul style="list-style-type: none"> <li>• 17,276 Generasi Activity proposals approved</li> <li>• 218 open-defecation-free villages in MCA-Indonesia working areas</li> <li>• 1,182 sanitary toilets constructed by Private Sector Response Activity grant partners</li> <li>• 35,626,390 iron folic acid tablets delivered to districts</li> <li>• 0 Taburia (micronutrient) packets delivered to district</li> <li>• 4,225 sanitation triggering events held at sub-village level</li> <li>• 1,564 service providers trained on growth monitoring</li> <li>• 17,531 service providers trained on Infant and Young Child Feeding</li> <li>• 6,724 f service providers trained on community-led total</li> </ul>

	<p>sanitation triggering</p> <ul style="list-style-type: none"> <li>• 1,207 service providers trained on supportive supervision</li> </ul> <p><b>PROCUREMENT MODERIZATION PROJECT</b></p> <ul style="list-style-type: none"> <li>• 43 pilot procurement support units permanently established</li> <li>• 66 framework agreements signed</li> <li>• 675 PSU staff trained on procurement skills (Basic)</li> <li>• 589 PSU staff trained on procurement skills (Intermediate)</li> <li>• 494 PSU staff trained procurement skills (Advanced) 494</li> <li>• Management information system (PMIS) launched on March 15 2018</li> <li>• 4 Public Private Partnership standard bidding documents produced</li> </ul>
<b>Preliminary and Expected Outcomes</b>	<p><b>GREEN PROSPERITY PROJECT</b></p> <p>The Participatory Land Use Planning Activity expects to improve local capacity for administrative boundary setting, updating and integration of land use inventories, and enhancing spatial plans at the district and provincial levels. Technical Assistance and Oversight Activity expect to improved quality and design of renewable energy and natural resources management projects. Green Prosperity Facility Activity expects to increase investment in renewable energy and natural resources management, increased productivity, and reduced GHG emissions. The Green Knowledge Activity expects to improve local, provincial, and national capacity to drive forward Indonesia's national low carbon development strategy within the context of the GP Project.</p> <p><b>COMMUNITY-BASED-HEALTH AND NUTRITION PROJECT</b></p> <p>The Community Projects Activity expects to improve health and education outcomes, including nutrition. The Supply-side activity expects to improve the ability of health service providers to prevent, diagnose, and treat stunting; improved nutrition of pregnant women and infants; improved sanitation behavior; and reduced incidence of diarrhea. The Communications activity plans to increase awareness about stunting.</p> <p><b>PROCUREMENT MODERIZATION PROJECT</b></p> <p>The Procurement Professionalization activity expects to improve procurement capacity and function of procurement service units and related spending units. The Policy and procedure activity expects to increase the rate and success of PPPs and improved environmental sustainability of government procurements</p>
<b>Evaluations</b>	<p><b>PROCUREMENT MODERIZATION PROJECT</b></p> <p>The impact evaluation/pre-post mixed methods design will answer whether there were changes to the shared culture and values; structure, leadership, and management; systems, including policies, procedures, and processes; skills and knowledge; and staffing of the PSUs as a result of the project.</p> <p><b>COMMUNITY-BASED-HEALTH AND NUTRITION PROJECT</b></p> <p>The impact evaluation will measure the project's impact on child and maternal health outcomes (including stunting), behavioral practices related to nutrition and sanitation, and receipt of health services. The key findings of the interim evaluation of the Nutrition Project include:</p>



	<ul style="list-style-type: none"> <li>• The share of respondents who had received training was significantly higher in project areas, but there were high levels of similar trainings in comparison areas. Child nutrition training was implemented as intended and was of high quality. Finally, sanitation training was implemented, though not as comprehensively as intended.</li> <li>• As it relates to short-term outcomes, there were modest improvements in health provider knowledge, but not uniformly. Impacts varied by question and provider. No impacts were found on the frequency of nutritional group counseling sessions, which were of mediocre quality, nor on the fraction of beneficiaries receiving one-on-one health services. Village-level meetings to initiate behavior change around sanitation occurred more frequently in project areas, but these meetings omitted key steps conveyed in the training. Villages received grants as intended and most funding went toward health-related activities.</li> </ul> <p><b>GREEN PROSPERITY PROJECT</b></p> <p><b>Green Prosperity: Participatory Land Use Planning (PLUP)</b></p> <p>This performance evaluation measure the program’s effect on spatial certainty, land disputes, transparency in land governance administration, and management of natural resources. Interim evaluation findings indicated the following:</p> <ul style="list-style-type: none"> <li>• Stakeholders from the village- to the national-levels considered the PLUP activities to be relevant and important.</li> <li>• There is evidence of improvements across expected short-term outcomes, including improved spatial certainty among villagers, resolution of land conflicts and disputes, and more strategic thinking about land use planning at the district level.</li> <li>• The evaluation identified four key areas of risk related to the achievement and sustainability of PLUP results: 1) program design and approach, 2) design and management of implementation contracts, 3) coordination of closeout and sustainability, and 4) engagement at the national level.</li> </ul> <p><b>Green Prosperity: Grant Facility</b></p> <p>This performance evolution and quality of the design and implementation of the GPF. The evaluation focused solely on the implementation phase and did not assess the results of the grants funded by the GPF; some grant results are assessed by other evaluations. The key findings of this evaluation include:</p> <ul style="list-style-type: none"> <li>• The GPF was not well-defined upfront and design continued, largely reactively, well into the compact implementation period. This delayed and shortened grant implementation. However, the GPF was an innovative model that addressed GOI priorities and provided access to international donor finance by non-traditional groups.</li> <li>• With three months of implementation remaining, the GPF had disbursed 45 percent of the funding amounts estimated in 2014. Eighty-five percent of awarded grants continued to completion. The limited implementation timeframe and high operational costs diminished the GPF’s potential cost-effectiveness.</li> <li>• Grantees perceived the GPF’s requirements and standards, particularly environmental, to be largely beneficial for their capacity to</li> </ul>
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	<p>take on future grant funding. The GPF is linked to positive changes in the policy and enabling environment nationally and locally.</p> <ul style="list-style-type: none"> <li>• The high administrative burden and changing guidance from MCC and GPF managers led to significant delays for grant implementation.</li> </ul> <p><b>Green Prosperity: Community-Based Off-Grid Renewable Energy Grant Portfolio</b></p> <p>This impact evaluation will assess the impacts of the new provision of grid electricity to households and businesses in remote areas.</p> <p><b>Green Prosperity: Cocoa Grant Portfolio</b></p> <p>A performance evaluation designed to assess the efficacy of training approaches, the validity of the theory of change, sustainability, and lessons learned. Cocoa Interim Evaluation key findings include:</p> <ul style="list-style-type: none"> <li>• Most of the farmers in all three grants learned from the training and changed their farming practices in the short term. Farmers require ongoing mentoring and more time to see the results of their improved practices.</li> <li>• GPF grantees Green Prosperity-Sustainable Cocoa Production Program and Cocoa Revolution progressed well against their training targets and achieved short term behavior changes, but there were obstacles to creating sustainable input markets and extension services. Another grantee, Economic, Quality and Sustainability Improvement, experienced delays in implementation.</li> <li>• The sustainability of improved farmer practices is not assured. Prior to being funded by MCC, Green Prosperity-Sustainable Cocoa Production Program operated in 13 districts. It has expanded to 50 districts and will continue to operate post-compact. However, Cocoa Revolution and Economic, Quality and Sustainability Improvement will not continue their initiatives post-compact.</li> <li>• Weather extremes and market conditions had significant negative effects on project results. Implementers must develop mitigation measures to increase the likelihood of achieving higher yields.</li> </ul> <p><b>Green Prosperity: Peatland Grant Portfolio</b></p> <p>This performance evaluation will assess the effectiveness and sustainability of the GPF's grants regarding peatland rewetting.</p> <p><b>Green Prosperity: Social Forestry Grant Portfolio</b></p> <p>This performance evaluation will consist of an Evaluability Assessment to investigate whether grants categorized as social forestry were truly designed around and applied a common theory of change related to agro-forestry and the sustainable management of forest lands.</p> <p><b>Green Prosperity: On Grid Renewable Energy Grant Portfolio</b></p> <p>This performance evaluation will assess the sustainability of the GPF's on-grid infrastructure grants in terms of continued power sales to the national utility and benefit sharing with communities surrounding the generation sites. Specifically, the four evaluation questions concern:</p> <ol style="list-style-type: none"> <li>1. The effect on energy consumption patterns of households and businesses.</li> </ol>
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	<ol style="list-style-type: none"> <li>2. Whether the electricity provided by the renewable energy infrastructure has been used for economic purposes at the community and household level.</li> <li>3. Whether any changes in household expenditure will lead to reduced GHG emissions.</li> <li>4. Whether the Special Purpose Vehicle has been an effective intervention to improve community buy-in and sustainability of the infrastructure.</li> </ol>
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<b>Malawi</b> <p>The Malawi Power Compact successfully closed on September 20, 2018. In 2013, MCC partnered with Malawi—a land-locked nation in southeastern Africa, one of the world’s poorest—to implement a US \$350.7 million compact focused on the power sector, designed to reduce poverty through economic growth. The compact took a comprehensive approach to strengthening the nation’s power sector, providing funding for infrastructure, policy reform and environmental management. The compact modernized the power grid, transmission backbone, and hydropower generation to move power reliably throughout the country, and supported reforms to create a more sustainable power sector that can attract private investment in power generation. Compact funding for the construction of substations and the upgraded grid will allow Malawi to connect to the South Africa Power Pool so it can trade electric power with its neighbors. Several U.S. companies, including General Electric, Cardno, Maryland-based Ellicott Dredges, and Wisconsin-based Aquarius all delivered elements of the compact.</p>	
<b>Policy Reforms</b>	<p>Modernized and created an enabling environment for future expansion of Malawi’s power sector by strengthening institutions and enhancing regulation and governance of the sector.</p> <ul style="list-style-type: none"> <li>• Transformed the Electricity Supply Corporation of Malawi (ESCOM) into a better managed utility with new tools to improve revenues and customer service.</li> <li>• Amended Malawi’s Electricity Act to unbundle the state-owned utility (ESCOM) and create an Independent Power Producer framework that improved the power market structure and can attract more private investment in power generation.</li> <li>• Improved regulatory oversight capacity of the Malawi Energy Regulatory Authority (MERA).</li> <li>• Introduced a Social and Gender Inclusion &amp; Anti-Sexual Harassment Policy at the power utility (ESCOM).</li> </ul>
<b>Outputs</b>	<p><b>INFRASTRUCTURE DEVELOPMENT PROJECT</b></p> <ul style="list-style-type: none"> <li>• Added 12 Megawatts of generation capacity at the Nkula A Hydropower Plant</li> <li>• 3.4 kilometers of new distribution 11 kV cables were added</li> <li>• Under the Transmission Network Upgrade Activity, the Compact upgraded or built 367 kilometers of transmission lines</li> <li>• 809 MW of transmission substation capacity were added</li> </ul> <p><b>POWER SECTOR REFORM PROJECT</b></p> <ul style="list-style-type: none"> <li>• Billing system was installed in January 2018</li> </ul>

	<ul style="list-style-type: none"> <li>• Power Market Restructure Report was produced in December 2014</li> <li>• Electricity Act amended in December 2016</li> <li>• Independent Power Producer Framework approved in March 2017</li> <li>• 866 ESCOM and EGENCO employees participated in gender trainings</li> </ul> <p><b>ENVIRONMENTAL AND NATURAL RESOURCE MANAGEMENT PROJECT</b></p> <ul style="list-style-type: none"> <li>• 7,751 community leaders were trained on natural resource management issues</li> <li>• 4,222 women enrolled in and completed leadership training</li> <li>• 27,096 community members participated in operational Village Savings and Loans (VSLs)</li> <li>• Supported the purchase and use of large-scale equipment, including a dredge, weed-harvesting equipment, conveyers, and disposal trucks</li> </ul>
<b>Preliminary and Expected Outcomes</b>	<ul style="list-style-type: none"> <li>• The compact is estimated to generate US \$232 million worth of net benefits over 20 years and benefit almost one million Malawians.</li> <li>• Improve the availability, reliability and quality of the power supply by increasing the throughput capacity and stability of the national electricity grid.</li> <li>• Create an enabling environment for future expansion by strengthening sector institutions and enhancing regulation and governance of the sector.</li> <li>• Increase efficiency of hydropower generation.</li> </ul>
<b>Evaluations</b>	<p><b>INFRASTRUCTURE DEVELOPMENT PROJECT &amp; POWER SECTOR REFORM PROJECT</b></p> <p>MCC has commissioned a rigorous, independent, performance evaluation of the Power Sector Reform Project. Midline data collection took place in November 2016 and was compared with data collected by the evaluation team in February and March 2015. Interim findings focused on the consultancies and their effectiveness, and highlighted lessons for policy and institutional reform projects, many of which are implemented through short term consultancies.</p> <ul style="list-style-type: none"> <li>• The evaluation found that coordinating these consultancies and getting buy-in from the utility proved very difficult, while the short-term nature of the technical assistance limited MCC and MCA-Malawi's ability to adapt to new information and address emerging issues.</li> <li>• At midline, the evaluation found initial positive impacts of the project on ESCOM's finances and creation of an enabling environment, while gains in ESCOM's operations and governance have been limited, suggesting that long-run outcomes of the project are in question.</li> <li>• The final evaluation for the Power Sector Reform Project will be produced in conjunction with the Infrastructure Development Project evaluation.</li> <li>• At the household level, the evaluations will focus on household and individuals impacts, specifically, income; expenditures, consumption and access to energy; and individual time devoted to leisure and productive activities. At the enterprise level, the evaluation will focus on the activities' potential impact of the program/project/activities on</li> </ul>

	<p>business profitability and productivity; value added production and investment; employment and wage changes; energy consumption and sources of energy used; and business losses. At the regulatory, institutional and policy level, the evaluation will explore the potential impacts on utility operating costs and losses; financial sustainability; private investment, particularly in generation; and expansion of electricity access for customers, particularly the poor.</p> <p><b>ENVIRONMENTAL AND NATURAL RESOURCE MANAGEMENT PROJECT</b></p> <p>MCC has commissioned a rigorous, independent performance evaluation of the ENRM Project to determine how the overall project and individual activities help to improve the efficiency of hydropower generation and reduce costly generation disruptions.</p> <ul style="list-style-type: none"> <li>• The ENRM Project evaluation will address research questions on project outcomes, implementation, and sustainability, and will include a remote sensing analysis to examine land use changes over time in the Shire River Basin.</li> <li>• The evaluator will also model how changes in land use management affect sedimentation rates in the Shire.</li> <li>• The performance evaluations of the ENRM and SGEF grant facility and the Shire BEST Trust will examine activity implementation, achievement of results, and longer term sustainability. The performance evaluation of the ENRM and SGEF grants will include in-depth qualitative case studies with five grantees to examine activity implementation, changes in sustainable land management practices, changes in gender roles and household decision-making, and sustainability of results.</li> <li>• Lastly, based on the results of each activity, the evaluation will seek to identify which implementation factors supported or hindered the effectiveness of the ENRM Project overall.</li> </ul>
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## **Zambia**

The Zambia Compact successfully closed on November 15, 2018. The Compact aimed to deliver expanded and rehabilitated water, sanitation and drainage infrastructure to 1.2 million people in the capital of Lusaka, including the establishment of a new solid waste management company to keep the new drains free of trash and debris. The compact's reform activities are designed to improve service delivery provided by the Lusaka water utility and the Lusaka municipal government. New asset management, social and gender and peri-urban policies have been developed and are now in place. Seven infrastructure projects were largely completed and two will finish in 2019 with Government of Zambia funds. Vice President and General Counsel Jeanne Hauch visited Zambia in early November to showcase the compact's achievements and meet with President Lungu.

<b>Policy Reforms</b>	<p>The Zambia compact achieved many water and sanitation sector policy reforms.</p> <ul style="list-style-type: none"> <li>• Passed new legislation establishing an autonomous entity to improve waste collection and recycling in the city of Lusaka to improve drainage and environmental health.</li> <li>• Established Social and Gender policies and related training at the Lusaka City Council (LCC) and Lusaka Water and Sewerage Company (LWSC).</li> <li>• Revised the Peri-Urban Policy at LWSC that set out utility priorities for extending and maintaining services in peri-urban areas.</li> <li>• Established new pro-poor approaches to bill payment and debtor management at LWSC.</li> <li>• Established environmental and health and safety requirements, including an improved regime for the disposal of sludge and asbestos according to international standards.</li> </ul>
<b>Outputs</b>	<p><b>WATER, SANITATION and DRAINAGE INFRASTRUCTURE ACTIVITY</b></p> <ul style="list-style-type: none"> <li>• 11,437 meters installed/replaced</li> <li>• 81.6 Km of pipes replaced</li> <li>• 26 Km of new pipes installed</li> <li>• 333 Km water distribution network constructed</li> <li>• 799 water connections</li> <li>• 23.6Km drains constructed / rehabilitated</li> </ul> <p><b>INSTITUTIONAL STRENGTHENING ACTIVITY</b></p> <ul style="list-style-type: none"> <li>• 316 people trained in hygiene and sanitary best practices</li> <li>• 12,319 households reached with messages on hygiene and sanitary best practices</li> <li>• 91,682 Beneficiary Individuals from the Innovation Grant Program for Pro-Poor Service Delivery</li> </ul>
<b>Preliminary and Expected Outcomes</b>	<p><b>WATER, SANITATION and DRAINAGE INFRASTRUCTURE ACTIVITY</b></p> <p>Expects to decrease the incidence and prevalence of water-related disease through increased access to clean water and decreased incidence of flooding</p> <p><b>INSTITUTIONAL STRENGTHENING ACTIVITY</b></p> <p>Expects to improve the financial sustainability, operations and maintenance, environmental management and social inclusion of LWSC (Lusaka Water Supply and Sewage Company), LCC (Lusaka City Council) and support Compact outcomes through the Innovation Grant Program.</p>
<b>Evaluations</b>	<p><b>WATER, SANITATION and DRAINAGE INFRASTRUCTURE PROJECT</b></p> <p>This randomized impact evaluation is designed to measure impacts on water-related diseases and time savings for households and businesses, including the beneficiary populations in the peri-urban neighborhoods of Lusaka where water and sanitation networks have been extended for the first time.</p> <p><b>INSTITUTIONAL STRENGTHENING ACTIVITY</b></p>

	<p>An independent performance evaluation will assess the performance of the LWSSD project in contributing to the water, sanitation, and drainage sector sustainability through its effect on institutions (LWSC and LCC). This evaluation is expected to be completed by 2022.</p> <p><b>INNOVATION GRANT SUB ACTIVITY</b></p> <p>This sub-activity is being evaluated separately to examine the overall performance of the IGP in relation to key programmatic and compact objectives, potential gaps or inefficiencies in IGP implementation, areas in which implementation can be improved, and positive aspects of the IGP that could potentially be expanded or replicated in other contexts.</p>
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## Estimating Compact Beneficiaries and Benefits

Under MCC's results framework, beneficiaries are defined as an individual and all members of his or her household who will experience an income gain as a result of MCC interventions. We consider that the entire household will benefit from the income gain and counts are multiplied by the average household size in the area or country. The beneficiary standard makes a distinction between individuals participating in a project and individuals expected to increase their income as a result of the project. Before signing a compact, MCC estimates the expected long-term income gains through a rigorous benefit-cost analysis. MCC may reassess and modify its beneficiary estimates and the present value of benefits when project designs change during implementation.

**Projected Beneficiaries and Income Benefits by Compact <sup>1,2</sup>**

Compact	Estimated Number of Beneficiaries	Estimated Long Term Income Gain Over the Life of the Project (PV of Benefits) <sup>4</sup>	Estimated Net Benefits over the Life of the Project (Present Value) <sup>6</sup>
Armenia	428,000	\$303,200,000	\$150,400,000
Benin	14,059,000	\$85,500,000	N/A
Benin II	1,969,000	\$276,400,000	\$24,800,000
Burkina Faso	1,181,000	\$131,500,000	(\$123,300,000)
Cape Verde I	385,000	\$134,000,000	\$84,600,000
Cape Verde II	604,000	\$142,800,000	\$72,000,000
El Salvador	706,000	\$559,600,000	\$251,900,000
El Salvador II	6,446,000	\$224,500,000	N/A
Georgia	143,000	\$123,300,000	\$175,600,000
Georgia II	1,770,000	\$59,800,000	\$18,200,000
Ghana	1,217,000	\$979,500,000	\$520,400,000
Honduras	1,705,000	\$1,626,800,000	\$190,400,000
Indonesia <sup>5</sup>	1,700,000	\$217,000,000	N/A
Jordan	3,000,000	\$398,900,000	\$71,300,000
Lesotho	1,041,000	\$701,700,000	\$84,700,000
Liberia	528,000	\$182,500,000	\$8,000,000
Madagascar <sup>3</sup>	480,000	\$123,200,000	\$46,800,000
Malawi	983,000	\$567,200,000	\$234,100,000
Mali <sup>3</sup>	2,837,000	\$299,100,000	\$136,300,000
Moldova	414,000	\$137,100,000	\$39,900,000
Mongolia	2,058,000	\$1,479,700,000	\$114,600,000
Morocco	1,695,000	\$1,139,300,000	\$617,000,000
Mozambique	2,685,000	\$314,200,000	\$120,900,000
Namibia	1,063,000	\$405,300,000	\$125,000,000
Nicaragua	119,000	\$83,500,000	N/A
Niger	3,888,000	\$486,200,000	\$238,700,000
Philippines	125,822,000	\$493,700,000	\$159,700,000



Senegal	1,550,000	\$279,600,000	\$110,600,000
Tanzania	5,425,000	\$1,230,700,000	\$776,300,000
Vanuatu	39,000	\$73,800,000	N/A
Zambia	1,200,000	\$306,600,000	\$62,200,000
<b>Total for All Compacts<sup>7</sup></b>	<b>187,138,000</b>	<b>\$13,566,200,000</b>	

Notes:

1. The table includes estimates for projects which have economic rates of return (ERRs) estimates from which income benefit calculations can be drawn in compacts that have entered into force and
2. These estimates do not include the projected beneficiaries of projects or activities that have been terminated or suspended by MCC (Madagascar, Honduras, Nicaragua and Armenia). In the case of Madagascar, the estimates account for the compact's early termination.
3. Two compacts have been terminated, Madagascar and Mali. Madagascar's estimates reflect the early termination while Mali's do not.
4. The Present Value (PV) of Benefits is the sum of all projected benefits accruing over the life of the project, typically 20 years, evaluated at a 10 percent discount rate. Estimates are reported in millions of U.S. dollars in the year that the ERR analysis was completed. Because the PV of benefits uses a discount rate, these figures cannot be compared directly to the undiscounted financial costs of MCC compacts, but must be compared to the PV of costs instead.
5. Indonesia entries are currently available for only one of three projects. Liberia entries are currently available only for the energy project. Benin II entries are unavailable for the off-grid clean energy facility.
6. The Net Benefits column is new this year and will replace the Total Benefits column next year and thereafter. To accommodate the change, both the total and net benefit numbers are calculated from ERRs currently posted on the MCC website, meaning many of the numbers will be different from last year.
7. Column totals may not equal the sum of the individual rows due to rounding.

## Post Compact Economic Rates of Return

All MCC projects are independently evaluated, and these independent evaluations often include evaluation-based ERRs. Independently calculated ERRs complement the closeout ERRs that MCC calculates at the end of the compact. Because independent evaluations occur two to five years after compact closure, evaluation-based ERRs offer an updated assessment of a project's costs and benefits post-compact. These ERRs still rely on forecasts for the later portion of MCC's CBA evaluation horizon, which spans 20 years. Nonetheless, independent evaluation-based ERRs complete the accountability loop in a way that is rare among donors. Two examples are below.

### Results of the Mozambique Farmer Income Support Project

MCC's Farmer Income Support Project (FISP) was designed to reduce damage to the incomes of 1.7 million Mozambican farmers due to Coconut Lethal Yellowing Disease (CLYD). This was to be accomplished through (i) short term surveillance, control and mitigation services, prompt eradication of diseased palms, and replanting with the less susceptible Mozambican Green Tall coconut variety, and (ii) Technical advisory services to introduce crop-diversification options. Given forecast benefits to farmers' incomes and the costs of the program, MCC originally forecast a project economic rate of return of 25.1 percent.

An independent evaluation of the FISP project's impacts found that cutting trees and burning tree stumps in epidemic areas did reduce CLYD prevalence, but not to the degree originally forecast, resulting in lower than expected productivity impacts. Likewise, endemic area alternative crop uptake was lower than expected, likely due to insufficient input and output market linkages. The resulting updated, evaluation-based ERR estimate was 16.8 percent. Greater detail on the evaluation and lessons learned are available in MCC's public evaluation catalogue.<sup>3</sup>

### Results of the Nicaragua Transportation Project

MCC's Nicaragua Transportation Project was designed to stimulate economic development and improve access to markets and social services by reducing transportation costs. It upgraded and rehabilitated 68 km of roads, consisting of two secondary roads and a trunk road. MCC originally forecast an economic return from the project of 13.2 percent based on reduced vehicle operating costs and travel time savings for road users, including new users expected to travel on the road due to improved road conditions resulting from the project.

The independent evaluation of this project estimated actual impacts using data from 2 years after the roads were completed. It found that the road roughness, a key indicator of transport costs, decreased 80 percent on average, and traffic increased 12 percent on average over the 2 years to 3,062 vehicles per day. At the same time, the capital costs for the road works came in on average 2.2 times those estimated prior to implementation. Given this balance of measured benefits and costs, the resulting evaluation-based ERR fell to 2.1 percent, primarily due to these higher costs. (Benefits were roughly consistent with ex-ante estimates.) Greater detail on the evaluation and lessons learned are available in MCC's public evaluation catalogue,<sup>4</sup> and recently published Principles into Practice: Lessons from MCC's Investments in Roads.<sup>5</sup>

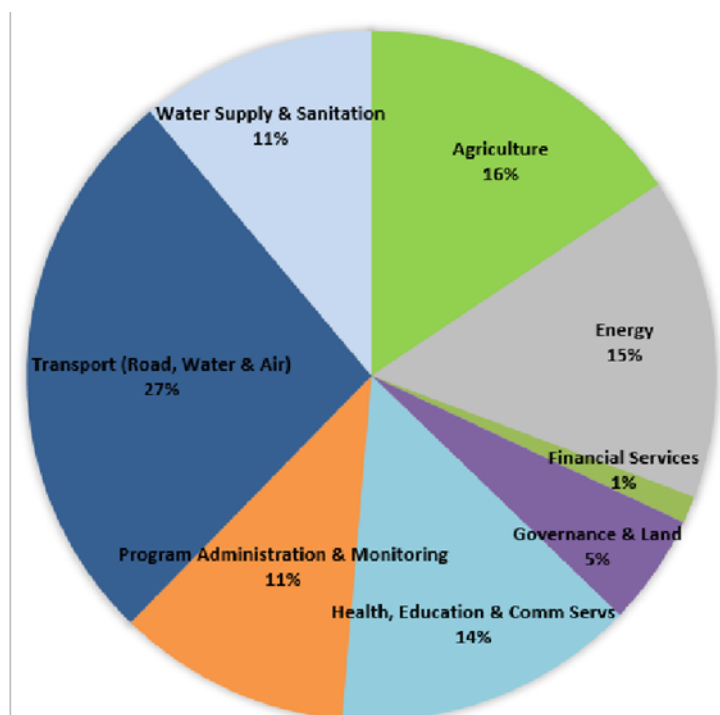
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<sup>3</sup> <https://data.MCC.gov/evaluations/index.php/catalog>

<sup>4</sup> <https://data.MCC.gov/evaluations/index.php/catalog>

<sup>5</sup> <https://www.MCC.gov/our-impact/principles-into-practice>

## Investments by Sector as of FY 2018 Q4



Sector	Amount (\$ Millions)
Transport (Road, Water & Air)	\$3,328.2
Agriculture	\$1,956.8
Health, Education & Community Services	\$1,770.0
Energy	\$1,885.7
Program Administration & Monitoring	\$1,367.9
Water Supply & Sanitation	\$1,387.7
Governance & Land	\$652.7
Financial Services	\$159.8
<b>Total</b>	<b>\$12,508.8</b>

## Results by Sector as of FY 2018 Q4

Sector	Indicator	Total Portfolio Actuals	Data points	Active and Completed Countries Tracked
	<i>Indicators listed are MCC's common indicators, which are selected to aggregate sector results across countries.</i>	<i>Cumulative value for the indicator for both closed and active</i>	<i>Number of compacts with available</i>	<i>Underlined text indicates compacts that are still active.</i>
ROADS	Temporary employment generated in road construction	50,245	7	Armenia, Burkina Faso, Cabo Verde, El Salvador, <u>El Salvador II</u> , Georgia, Ghana, Honduras, <u>Liberia</u> , Mali, Moldova, Mongolia, Mozambique, Nicaragua, <u>Niger</u> , Philippines, Senegal
	Kilometers of roads completed	3,035	15	
AGRICULTURE & IRRIGATION	Farmers trained	404,477	14	Armenia, Burkina Faso, Cabo Verde, El Salvador, Georgia, Ghana, Honduras, Indonesia, Madagascar, Mali, Moldova, Morocco, <u>Morocco II</u> , Mozambique, Namibia, Nicaragua, <u>Niger</u> , Senegal
	Farmers who have applied improved practices as a result of training	126,592	10	
	Hectares under improved irrigation	203,963	8	
	Value of agricultural and rural loans	\$87,074,694	9	
WATER & SANITATION	Temporary employment generated in water and sanitation construction	21,776	6	Cabo Verde II, El Salvador, Georgia, Ghana, Jordan, Lesotho, Mozambique, Tanzania, <u>Zambia</u>
	People trained in hygiene and sanitary best practices	12,386	6	
	Water points constructed	1,191	4	
	Operating cost coverage	86%	4	
	Access to improved water supply	68%	3	
EDUCATION	Students participating	217,474	8	Burkina Faso, El Salvador, <u>El Salvador II</u> , <u>Georgia II</u> , Ghana, Mongolia, Morocco, <u>Morocco II</u> , Namibia
	Facilities completed	804	6	
	Graduates from MCC-supported education activities	62,483	6	
LAND	Legal and regulatory reforms adopted	134	7	Benin, Burkina Faso, Cabo Verde II, Ghana, Indonesia, Lesotho, Madagascar, Mali, <u>Morocco II</u> , Mongolia, Mozambique, Namibia, Nicaragua, <u>Niger</u> , Senegal
	Stakeholders trained	77,968	11	
	Land administration offices established or upgraded	399	8	
	Parcels corrected or incorporated in	352,975	8	
	Land rights formalized	320,722 <sup>1</sup>	7	
POWER	Kilometers of lines completed	4,487	5	<u>Benin II</u> , El Salvador, Georgia, Ghana, <u>Ghana II</u> , Indonesia, <u>Liberia</u> , <u>Malawi</u> , Mongolia, Tanzania

Notes:

1. Number decreased due to data revision post-compact.

# Common Indicators

## Agriculture and Irrigation Common Indicators:

A focus on results is one of the core principles on which the Millennium Challenge Corporation (MCC) was founded. Within country-specific plans, MCC uses common indicators to aggregate results across countries within certain sectors. MCAs are not required to report on certain common indicators where collecting that data is too costly or infeasible given existing data collection plans.

			Process Indicators					Output Indicators				Outcome Indicators		
Country	Region	(AI-1) Value of signed irrigation feasibility and design contracts (USD)	(AI-2) Percent disbursed of irrigation feasibility and design contracts	(AI-3) Value of signed irrigation construction contracts (USD)	(AI-4) Percent disbursed of irrigation construction contracts	(AI-5) Temporary employment generated in irrigation	(AI-6) Farmers trained	(AI-7) Enterprises assisted	(AI-8) Hectares under improved irrigation	(AI-9) Loan borrowers	(AI-10) Value of agricultural and rural loans (USD)	(AI-11) Farmers who have applied improved practices as a result of training	(AI-12) Hectares under improved practices as a result of training	(AI-13) Enterprises that have applied improved techniques
MCC Total		54,498,907	83.9%	698,425,169	90.2%	6,908	404,477	4,223	203,963	1,195	87,074,694	126,592	42,226	1,016
EAPLA Total		10,686,574	93.0%	190,892,731	88.1%	2,975	213,082	1,597	11,926	1,099	66,414,932	56,496	7,279	418
AFRICA Total		43,812,333	81.7%	507,532,438	90.9%	3,933	191,395	2,626	192,037	96	20,659,762	70,096	34,947	598
Armenia		4,601,073	100.0%	106,653,443	100.0%	2,389	45,639	227	-	1,008	13,133,200	26,424	-	178
El Salvador		-	-	-	-	-	15,363	281	-	29	4,598,748	11,520	-	163
Georgia		1,155,881	53.4%	-	-	-	-	291	-	-	19,880,003	-	-	-
Honduras		-	-	-	-	-	7,265	464	400	-	17,100,000	6,996	-	-
Indonesia		-	-	-	-	-	129,142	-	-	-	-	-	-	-
Moldova		4,929,620	95.7%	84,239,288	73.0%	586	6,569	334	11,526	62	11,702,981	2,452	7,279	77
Nicaragua		-	-	-	-	-	9,104	-	-	-	-	9,104	-	-
Burkina Faso		17,268,474	74.8%	74,339,448	95.3%	2,414	12,307	278	2,240	96	2,802,000	8,237	3,369	28
Cabo Verde I		-	-	5,167,848	97.6%	-	553	-	13	-	617,000	106	-	-
Ghana		5,202,887	100.0%	13,009,963	100.0%	-	66,930	1,724	514	-	16,740,762	59,060	-	535
Madagascar		-	-	-	-	-	31,366	324	-	1	-	1,892	-	1
Mali		9,077,220	98.2%	148,951,503	98.3%	-	1,308	-	97,503	-	500,000	801	-	-
Morocco		-	-	111,353,027	99.0%	-	40,863	114	53,376	-	-	-	31,578	34
Mozambique		-	-	-	-	-	28,830	186	-	-	-	-	-	-
Namibia		-	-	-	-	-	9,238	-	-	-	-	-	-	-
Niger		2,573,579	15.8%	-	-	-	-	-	-	-	-	-	-	-
Senegal		9,690,173	86.3%	154,710,649	75.0%	1,519	-	-	38,391	-	-	-	-	-
Gender*						227	92,524	107		121	924,102	17,660		20
Female						4,292	205,839	413		1,066	13,580,879	40,077		85
Male														

All program data are as of September 10, 2018. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts. \*Gender totals may not match overall totals due to lack of gender counting in earlier Compacts.

## Education Common Indicators:

A focus on results is one of the core principles on which the Millennium Challenge Corporation (MCC) was founded. Within country-specific plans, MCC uses common indicators to aggregate results across countries within certain sectors. MCAs are not required to report on certain common indicators where collecting that data is too costly or infeasible given existing data collection plans.

		Process Indicators			Output Indicators			Outcome Indicators		
Country	Region	(E-1) Value of signed educational facility construction, rehabilitation, and equipping contracts (USD)	(E-2) Percent disbursed of educational facility construction, rehabilitation, and equipping contracts	(E-3) Legal, financial, and policy reforms adopted	(E-4) Educational facilities constructed or rehabilitated	(E-5) Instructors trained	(E-6) Students participating in MCC-supported education activities	(E-7) Graduates from MCC-supported education activities	(E-8) Employed graduates of MCC-supported education activities	
MCC Total		224,523,414	92.1%	5	804	4,951	217,474	62,483	-	
EAPLA Total		82,216,321	80.7%	5	98	2,342	50,466	16,524	-	
AFRICA Total		142,307,093	98.7%	-	706	2,609	167,008	45,959	-	
El Salvador I	EAPLA	9,857,585	99.8%	-	22	378	30,672	4,285	-	
El Salvador II		1,849,447	100%	-	-	-	494	-	-	
Georgia II		42,329,961	64.2%	-	58	594	1,820	272	-	
Mongolia		28,179,328	97.6%	5	18	1,370	17,480	11,967	-	
Burkina Faso	AFRICA	22,758,211	99.9%	-	396	557	31,065	4,035	-	
Ghana		18,689,747	100.0%	-	250	-	41,019	-	-	
Morocco		4,568,837	76.2%	-	-	2,052	93,424	41,383	-	
Morocco II		-	-	-	-	-	-	-	-	
Namibia		96,290,298	99.2%	-	60	-	1,500	541	-	
Gender*										
Female						2,500	73,506	37,031	-	
Male						2,451	65,792	20,744	-	

All program data are as of September 10, 2018. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts. Indicators in this Results Framework may be added, removed, or modified as MCC's investments in education evolve over time. ‡ All MCC education programs have as their long-term end goal an increase in individual or household income and a corresponding decrease in poverty.

\*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

## Land Common Indicators:

A focus on results is one of the core principles on which the Millennium Challenge Corporation (MCC) was founded. Within country-specific plans, MCC uses common indicators to aggregate results across countries within certain sectors. MCAs are not required to report on certain common indicators where collecting that data is too costly or infeasible given existing data collection plans.

Country	Region	Output Indicators						Outcome Indicators	
		(L-1) Legal and regulatory reforms adopted	(L-2) Land administration offices established or upgraded	(L-3) Stakeholders trained	(L-4) Conflicts successfully mediated	(L-5) Parcels corrected or incorporated in land system	(L-6) Land rights formalized	(L-7) Percentage change in time for property transactions	(L-8) Percentage change in cost for property transactions
MCC Total		134	399	77,968	12,484	352,975	320,722	NA	NA
EAPLA Total		6	15	8,383	10,639	18,336	20,672	NA	NA
AFRICA Total		128	384	69,585	1,845	334,639	300,050	NA	NA
Indonesia	EAPLA	-	-	4,463	-	-	-	-	-
Mongolia		6	15	3,920	10,639	18,336	20,672	-	-
Nicaragua		-	-	-	-	-	-	-	-
Benin		-	-	50	-	-	-	-	-
Burkina Faso	AFRICA	54	78	61,057	1,364	18,490	4,793	-	-
Cabo Verde II**		36	38	442	229	37,495	11,365	-	-
Ghana		4	3	427	23	1,481	-	-	-
Lesotho***		11	1	575	151	53,296	19,325	-93	-
Madagascar		4	237	-	-	-	-	-	-
Mali		-	1	1,354	-	-	-	-	-
Mozambique		-	26	1,516	-	205,005	251,556	-	-
Morocco II		-	-	-	-	-	-	-	-
Namibia		19	-	2,524	-	8,869	4,356	-	-
Niger									
Senegal		-	-	1,640	78	10,003	8,655	-	-
Gender*									
Male				54,816			85,400		
Female				21,717			54,903		
Joint							19,575		
Location*									
Urban						200,922	156,232		
Rural						98,757	124,493		

All program data areas of September 10, 2018. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts.

\*Gender and location totals may not match overall totals due to lack of counting by gender and location in earlier Compacts.

\*\*Number decreased due to a correction in data.

\*\*\*[L-6] Value was corrected after verifying closeout data.

## Power Common Indicators:

A focus on results is one of the core principles on which the Millennium Challenge Corporation (MCC) was founded. Within country-specific plans, MCC uses common indicators to aggregate results across countries within certain sectors. MCAs are not required to report on certain common indicators where collecting that data is too costly or infeasible given existing data collection plans.

		Process Indicators					Output Indicators						
Country	Region	(P-1) Value of signed power infrastructure feasibility and design contracts	(P-2) Percent disbursed of power infrastructure design contracts	(P-3) Value of signed power infrastructure construction contracts	(P-4) Percent disbursed of power infrastructure construction contracts	(P-5) Temporary employment generated in power infrastructure construction	(P-6) Generation capacity added	(P-7 and P-10) Km lines upgraded or built	(P-8) Transmission throughput capacity added	(P-9 and P-11) Substation capacity added	(P-12) Customers added by project	(P-13) Maintenance expenditure-asset value ratio	(P-14) Cost-reflective tariff regime
MCC Total		66,770,017	57.9%	513,244,714	80.6%	6,407	79	4,487	NA	84	44,507	NA	NA
EAFLA Total		-	0.0%	0	0.0%	-	13	1,692	NA	-	44,507	NA	NA
AFRICA total		66,770,017	57.9%	513,244,714	80.6%	6,407	66	2,796	NA	84	-	NA	NA
El Salvador		-	-	-	-	-	-	1,523	-	-	35,412	-	-
Georgia	EAFLA	-	-	-	-	-	-	-	-	-	-	-	-
Indonesia		-	-	-	-	-	13	169	-	-	9,095	-	-
Mongolia		-	-	-	-	-	-	-	-	-	-	-	-
Benin II		11,490,471	15.9%	-	-	-	-	-	-	-	-	-	-
Ghana		-	-	-	-	-	-	99	-	-	-	-	-
Ghana II	AFRICA	20,390,434	23.3%	-	-	-	-	-	-	-	-	1.0	-
Liberia ***		-	-	136,638,866	100.0%	-	66	24	-	84	-	-	-
Malawi		19,141,688	78.4%	223,053,295	65.5%	2,334	-	-	-	-	-	13.8	-
Tanzania		15,747,424	108.6%	153,552,553	85.3%	4,073	-	2,673	-	-	-	-	-
T&D													
Transmission								24	-	-	-	-	-
Distribution								4,294	-	-	-	-	-
Gender*													
Female						170							
Male						2,164							
Grid													
On-grid							66	8					
Off-grid							-	5					
Tariff class													
Residential											-		
Commercial											-		
Industrial											-		
All program data are as of September 10, 2018. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts.													
P-13, P-15, P-23 and P-24 are classified as Level (cumulative) indicators. This means that the number will be reported at the end of Compact year as to represent the total value in a given year.													
*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.													
** This is a monitoring indicator and cannot be attributed solely to MCC investment.													
*** Not all common indicator data for Liberia was included for this quarter as the data is still being verified.													
****In Ghana II there are two utilities who report different number for Distribution System Losses, SAIDI, and SAIFI. P-19 - ECG: 25.46, NEDCo: 31.9 P-21 - ECG: 18.47, NEDCo: 26.5 P-22 - ECG: 17.04, NEDCo: 13.73													

All program data are as of September 10, 2018. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts.

P-13, P-15, P-23 and P-24 are classified as Level (cumulative) indicators. This means that the number will be reported at the end of Compact year as to represent the total value in a given year.

\*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

\*\* This is a monitoring indicator and cannot be attributed solely to MCC investment.

\*\*\* Not all common indicator data for Liberia was included for this quarter as the data is still being verified.

\*\*\*\*In Ghana II there are two utilities who report different number for Distribution System Losses, SAIDI, and SAIFI. P-19 -ECG: 25.46, NEDCo: 31.9 -ECG: 18.47, NEDCo: 26.5 P-22 - ECG: 17.04, NEDCo: 13.73



## Power Common Indicators (cont)

[illegible]

## Roads Common Indicators:

A focus on results is one of the core principles on which the Millennium Challenge Corporation (MCC) was founded. Within country-specific plans, MCC uses common indicators to aggregate results across countries within certain sectors. MCAs are not required to report on certain common indicators where collecting that data is too costly or infeasible given existing data collection plans.

Country	Region	Process Indicators						Output Indicators			Outcome Indicators	
		(R-1) Value of signed road feasibility and design contracts	(R-2) Percent disbursed of road feasibility and design contracts	(R-3) Kilometers of roads under design	(R-4) Value of signed road construction contracts	(R-5) Percent disbursed of road construction contracts	(R-6) Kilometers of roads under works contracts	(R-7) Temporary employment generated in road construction	(R-8) Kilometers of roads completed	(R-9) Roughness	(R-10) Average annual daily traffic	(R-11) Road traffic fatalities
<b>MCC Total</b>		130,499,160	96.7%	4,685	2,408,861,462	86.5%	3,944	50,245	3,035	NA	NA	655
<b>EAPLA Total</b>		64,075,771	93%	1,791	1,147,558,152	86%	1860.8	1,732	1,749	-	-	-
<b>AFRICA Total</b>		67,580,420	98%	2,895	1,261,303,310	87%	2083.4	48,513	1,286	-	-	651
Armenia		-	-	-	-	-	-	-	24.4	3.47	735	-
El Salvador I		18,321,410	99%	223	248,378,825	97%	223.0	-	223.32	-	-	-
El Salvador II		-	-	32.4	62,902,840	1%	26.6	423	-	-	-	-
Georgia		11,980,000	99%	-	197,299,030	100%	220.2	-	220.20	1.50	1,092	-
Honduras		9,500,000	75%	673	179,400,000	72%	673.0	-	610.10	-	-	-
Moldova		-	-	96	100,807,443	96%	96.0	1,309	96	-	-	4
Mongolia		6,083,650	89%	19.3	73,108,907	91%	176.4	-	176.40	1.90	353	-
Nicaragua		-	-	375.5	56,507,526	100%	74.0	-	-	-	-	-
Philippines		15,235,623	94%	222.0	173,156,531	81%	222.0	-	175.0	-	-	-
Vanuatu		2,955,088	100%	149.7	55,997,051	97%	149.7	-	149.70	3.00	-	-
Burkina Faso		8,339,651	115%	536	140,205,145	102%	419.1	4,162	277.80	-	-	6
Cape Verde I		3,520,000	92%	63	24,280,000	100%	40.6	-	40.60	2.00	-	-
Ghana		5,549,044	100%	943	250,604,022	100%	446.4	35,455	445.03	-	-	602
Liberia		-	-	-	-	-	-	-	-	-	-	-
Mali		-	-	-	42,918,038	35%	81.0	-	79.00	-	-	-
Mozambique**		17,669,992	85%	253	132,240,557	88%	253.0	2,308	253	-	-	-
Niger		1,157,031	-	220	-	-	-	-	-	-	-	-
Senegal		12,201,371	102%	406	271,128,882	70%	375.0	2,757	***	-	-	43
Tanzania		19,143,331	107%	473	399,926,666	91%	468.34	3,831	190.14	-	-	-
Gender*												
Male								13,613				45
Female								1,267				4
Road Type*												
Primary		65,222,944	23%	2,093	1,405,547,708	86%	1,894		1,177.58			
Secondary		24,735,623	87%	1,374	617,229,323	85%	1,133		478.65			
Tertiary		6,719,183	112%	935	164,505,401	66%	681		1,077.77			

All program data are as of September 10, 2018. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts.

\* Gender and road type totals may not match overall totals due to lack of counting by gender and road type in earlier Compacts.

\*\* The kilometers of roads completed for Mozambique is provisional data. Subject to change after verification of takeover certificates.

\*\*\* According to the Common Indicator definition, a road is completed when official certificates are handed over and approved. In Senegal, this was taken to mean final acceptance of the road works, which typically happens after the end of the 1 year defects liability period which starts when the construction is completed and the roads are provisionally accepted. As part of its Compact, Senegal intended to rehabilitate 372 kilometers of national roads. By September 2015, when the Senegal Compact closed, no roads had achieved final acceptance, and therefore were not officially completed, per the common indicator definition. However, by the end of the Compact, 185km of roads had been fully rehabilitated and had received provisional acceptance. An additional 72km were provisionally accepted in November 2015, and the remaining 116km are anticipated to be provisionally accepted with the support of the Government of Senegal by mid-2016.

## Water Supply, Sanitation and Hygiene Common Indicators:

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Country	Region	Process Indicators					Output Indicators		Outcome Indicators								
		(WS-1) Value of signed water and sanitation feasibility design contracts (USD)	(WS-2) Percent disbursed of water and sanitation feasibility design contracts	(WS-3) Value of signed water and sanitation construction contracts (USD)	(WS-4) Percent disbursed of water and sanitation construction contracts	(WS-5) Temporary employment generated in water and sanitation construction	(WS-6) People trained in hygiene and sanitary best practices	(WS-7) Water points constructed	(WS-8) Non revenue water	(WS-9) Continuity of service	(WS-10) Operating cost coverage	(WS-11)** Volume of water produced***	(WS-12) Access to improved water supply	(WS-13) Access to improved sanitation	(WS-14)** Residential water consumption	(WS-15)** Industrial/Commercial water consumption	(WS-16)** Prevalence of diarrhea
MCC Total		54,337,691	97.6%	817,638,658	85.6%	21,776	12,386	1,191	51.1%	NA	NA	218,574,530	NA	NA	NA	NA	NA
EAPLA Total		5,250,665	96.2%	303,498,694	98.8%	3,825	2,406	-	50.7%	-	-	-	-	-	-	-	-
AFRICA Total		49,087,026	97.8%	514,139,963	77.8%	17,951	9,980	1,191	51.4%	-	-	218,574,530	-	-	-	-	-
El Salvador		4,983,800	96.0%	10,451,448	97.5%	-	2,406	-	-	-	-	-	83.0%	88%	-	-	-
Georgia		266,865	100.0%	54,315,000	94.2%	-	-	-	-	-	-	-	-	-	-	-	-
Jordan	EAPLA	-	-	238,732,246	100%	3,825	-	-	50.7%	7.35**	-	-	-	-	54.1	-	3.1
Cabo Verde II		783,369	93.6%	19,315,569	97.5%	759	32	-	78.9%	7.7	45%	-	98.52%	74.8	15.6	-	-
Ghana		1,475,148	100.0%	13,949,465	100.0%	-	778	392	-	-	-	-	-	36.0	-	-	-
Lesotho*****		-	-	59,733,645	79%	11,527	454	175	27.0%	-	-	-	-	-	-	-	-
Mozambique	AFRICA	35,076,009	99.1%	169,500,497	87.5%	2,276	8,400	614	-	-	-	-	23.4%	-	19.5	-	-
Tanzania		6,861,280	102.1%	45,403,796	81.1%	387	-	-	48.8%	-	-	200,330,000	-	-	166.5	998,439.6	-
Zambia		4,891,220	82.5%	206,236,991	65.5%	3,002	316	10	51.0%	17	98.4%	18,244,530	-	-	-	-	-
Gender*																	
Female						1,123	5,913										
Male						8,739	6,019										

All program data are as of September 10, 2018. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts.

\*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

\*\* This is a monitoring indicator; any change over baseline data represents the current trend and does not represent the direct impact of the MCC investment.

\*\*\* Jordan's M&E Plan has, throughout the life of the compact, defined hours of supply as hours/week. As such all documentation is in this form. The value here has been divided by 7 here to accurately reflect supply hours per day.

\*\*\*\* (WS-8): In Cabo Verde II the utility is in transition and during this period it has experienced challenges with its billing system and low collection rates, which accounts for some of the high rates of Non revenue water.

\*\*\*\*\*The current unit for volume of water produced has a discrepancy. MCC M&E is in the process of revising this common indicator to clarify and align with current industry standards.

\*\*\*\*\*Value decreased after verifying closeout data.

## FY 2019 Corporate Goals

For FY 2019, MCC management established three specific goals to guide agency planning and performance for the year. As in past years, these corporate goals are the starting point for annual department and division goal-setting, from which staff develop their individual performance plans. Below you will find MCC's FY 2019 corporate goals with additional updates.

Corporate Priority	Updates
Strengthen MCC as a Leader in Development	To better support the US's priorities in development, MCC is intensifying its focus on data and evidence-driven results while actively participating in the National Security Strategy and related inter-agency efforts on foreign assistance. Additionally, MCC intends to closely assist with the set-up of the new International Development Finance Corporation in order to ensure seamless coordination with the DFC once operational. MCC had a key participating role in the President's launch of the Women's Global Development and Prosperity (WGDP) Initiative in February 2019, and will continue to incorporate the principles of WGDP into its programs, indicators, and reporting objectives.
Develop, Implement, Monitor and Evaluate High Quality and Innovative Programs	MCC signed a \$550 million compact with Senegal on December 2018, which includes a \$50 million contribution from the Government of Senegal. The agency is closely monitoring ongoing concerns in Sri Lanka to determine the best path forward. MCC is also working with The Gambia to present a successful threshold program to the MCC Board to at the end of FY 2019. In January 2019, MCC successfully completed close out of its first compact with Malawi, and is on schedule to complete close outs in Zambia, Georgia, and Honduras within the year. MCC will enter-into-force on \$524 million compact with Cote d'Ivoire in 2019 and is actively exploring regional integration opportunities in five of our current country partners in Africa. The agency is currently engaging with each country to determine if there are project opportunities that meet MCC's investment criteria, as well as evaluating the countries' ability to work together in a regional capacity. Lastly, MCC continues to monitor implementation progress across the compact and threshold program portfolio.
Enhance Organizational Health, Operational Effectiveness and Agility	For FY 2019, MCC is pursuing five initiatives for enhancing organizational health and operational effectiveness. This includes advancing the agency's internal knowledge management initiative, investing in human capital, focusing on compact implementation efficiencies, strengthening practice groups to improve the quality of operations, and increasing outreach to U.S. business around opportunities to participate in, leverage and invest alongside MCC's overseas activities. MCC's knowledge management initiative is well underway, with a detailed action plan in place to increase internal efficiency and development of a new intranet set to deploy this year. To better prioritize investment in human capital, MCC conducted an organizational health workshop and is codifying feedback from this event into a larger agency plan. Additionally, implementation of a new workforce management system is in progress and is set to launch in late summer. Following last year's success, MCC plans to conduct another "efficiency challenge" to review staff proposals on potential improvements to the compact implementation process. MCC also plans to strengthen internal practice groups by developing and updating technical guidance, and by issuing the first round of completed Star Reports for closed compacts.

**Compact Active**  
**Compact Completed**  
**Compact Eligible**  
**Threshold Active**  
**Threshold Completed**  
**Threshold Eligible**

GUATEMALA  
 EL SALVADOR  
 NICARAGUA  
 PERU  
 PARAGUAY  
 HONDURAS  
 GUYANA  
 KOSOVO  
 ALBANIA  
 MOLDOVA  
 UKRAINE  
 GEORGIA  
 ARMENIA  
 KYRGYZ REPUBLIC  
 MONGOLIA  
 NEPAL  
 JORDAN  
 NIGER  
 MALI  
 MOROCCO  
 SENEGAL  
 THE GAMBIA  
 CABO VERDE  
 BURKINA FASO  
 SIERRA LEONE  
 LIBERIA  
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