



News from Congresswoman  
**Nita M. Lowey**

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*Chairwoman, State and Foreign Operations Appropriations Subcommittee*

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FOR IMMEDIATE RELEASE

April 14, 2010

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**Statement of Chairwoman Nita M. Lowey  
Subcommittee on State Foreign Operations and Related Programs  
FY 2011 Millennium Challenge Account Budget Hearing  
Daniel Yohannes, CEO of Millennium Challenge Corporation  
April 14, 2010**

Today, we welcome Daniel Yohannes, the Chief Executive Officer of the Millennium Challenge Corporation, for his first hearing with us to discuss the President's fiscal year 2011 request for the Millennium Challenge Account. Mr. Yohannes, you bring a wealth of experience in both the private and public sector to the MCC, and it is a pleasure to have you testify today.

The President's budget requests \$1.28 billion for the MCC, a 16% percent increase over the fiscal year 2010 enacted level.

As the MCC enters its sixth year of operation, we must examine accomplishments, shortfalls of the concluding country compacts, and lessons learned for future compacts. Although I share your belief that the MCC model holds tremendous potential to bring transformative change, reduce poverty and support sustainable long-term economic development, this committee needs to hear today about the results achieved with the over \$7 billion that has already been committed to the 20 compacts and 21 threshold programs.

Last year's hearing focused on the proposed compacts with Malawi, Jordan, and the Philippines and the Committee appropriated \$915 million in fiscal year 2010 to support them. Can you share the current status of these compacts and when you believe they will be signed?

For several years, we have discussed the need to clearly articulate the short, medium and long-term impacts of country compacts. In 2011, as country compacts in Benin, Georgia, and Vanuatu conclude, it is imperative to thoroughly evaluate effectiveness and continuing impact of these programs.

As you know, I believe that we must evaluate the poverty reduction successes of country compacts, not just general economic outputs. I hope you will provide insight on your efforts to do so in MCC's monitoring and evaluation programs.

The fiscal year 2011 request also includes two new country compacts in Zambia and Indonesia, and additional funding for a country compact in Malawi. I hope that accountability measures will be put in place- especially in a country as large as Indonesia – to ensure funds are not misused and to innovatively measure the impact of MCC assistance.

This year, MCC will complete its first five year compact in Cape Verde, making it the first country eligible for a second compact. Can you explain why MCC is choosing to pursue a second compact in Cape Verde rather than entering a new country? Isn't this a departure from the original MCC model?

Lastly, the success of all our federal agencies is dependent on the assurance that taxpayer dollars are spent effectively. The MCC was designed to improve development effectiveness by leveling the playing field and ensuring that the most effective companies are utilized. This model is predicated on fair and transparent contracting mechanisms. Are you satisfied with the current procurement mechanisms and that there are quality control mechanisms in place?

Mr. Yohannes, I appreciate your testimony today and look forward to discussing the fiscal year 2011 budget request for the MCC.

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