Millennium Challenge Corporation Signs Over $110 Million Compact with Cape Verde

In Business Today

Posted: Tue, 05 Jul 2005 10:20 | © Moneyweb Holdings Limited, 1997-2005

Today, the United States, through the Millennium Challenge Corporation, signed an historic five-year Compact in excess of $110 million with the Republic of Cape Verde to support the country's goal of poverty reduction and economic growth. The Compact will help transform Cape Verde by making sizeable investments in water resources, agricultural productivity, major port and road improvements, and initiatives to promote the private sector, including investment climate and financial sector reforms.

"MCC is proud to be Cape Verde's partner, and we congratulate the people and government of Cape Verde for this remarkable achievement," said MCC CEO Paul Applegarth. "Cape Verde earned this unique opportunity by qualifying for the Millennium Challenge Account, an opportunity that it has seized enthusiastically. It has demonstrated strong commitment to and ownership of the process. Cape Verdeans designed and developed this program after a broad consultation with all segments of their society. This agreement is a testament to Cape Verde's strong commitment to transparency and good governance, and to putting in place a policy framework that uses aid effectively. I want to recognize Prime Minister José Maria Neves for his leadership and his team for their hard work in developing a program that will improve the lives of Cape Verdeans by transforming its economy from aid-dependency to sustainable, private-sector led growth. MCC looks forward to continuing our partnership as Cape Verdeans chart a path to their development."

Launched by President Bush with bipartisan support, the MCC represents an innovative approach to providing development assistance by rewarding countries that have sound policies and good governance. These attributes are critical to poverty reduction and economic growth in developing countries. Even though it was started just last year, MCC is already showing results. MCC has signed Compacts with Madagascar, Honduras, and now Cape Verde, and in the ten months since it began receiving country proposals, has approved over $600 million in Compacts and pre-Compact funding in eight different countries. Of equal importance, independent observers are already reporting they are seeing an "MCC effect" on good governance as countries implement significant reforms to improve their chances of qualifying for the Millennium Challenge Account.