



Presents

Experiences from Senegal and Benin: The Millennium Challenge Corporation

[Transcript prepared from a tape recording]

This event was held in Washington, DC
on Thursday, February 2, 2006 at 9:00-10:30 a.m.

The Center for Global Development is an independent think tank that works to reduce global poverty and inequality through rigorous research and active engagement with the policy community.

Use and dissemination of this transcript is encouraged; however reproduced copies may not be used for commercial purposes. Further usage is permitted under the terms of the Creative Commons License. The views expressed in this transcript are those of the participants and should not be attributed to the directors or funders of the Center for Global Development.

www.cgdev.org

Steve Radelet: Good morning. Welcome. Glad you're all here. We have a full house. One of the great advantages to organizing an event like this is it guarantees that I get a seat, which is the most important thing. Some of the rest of you are going to have to stand, unfortunately. There are a couple of seats up front and we promise we won't throw anything so that these seats are actually safe. We're delighted to have a big crowd here this morning and we're absolutely delighted to have Representatives Kolbe and Rehberg with us this morning to share their thoughts and insights from their recent visit to Senegal and Benin.

It's fantastic when members take the time to go to the field and see how US taxpayers' money is being used and trying to be used effectively in the fight against global poverty, which is one of our important foreign policy objectives and it's great that they're willing to take the time to share with us their views as to what is happening on the fields, some of the success and some of the challenges and some of the issues that remain for the Millennium Challenge Corporation. You know we all know here that the MCC is one of the most important foreign assistance initiatives in the world right now. It's really on the cutting edge in many ways and struggling with the balance between what to take, what is good from the long experiences of other initiatives and to combine that with what is new to try and make our programs more effective in growth and poverty reduction. This is a key year for the Millennium Challenge Corporation as most of you know. It's entering its third year, 23 eligible countries that are eligible to submit proposals for funding. Eight compacts have been approved. At this point five have actually been signed and then another 13 threshold countries are also eligible and just yesterday the compact for the threshold program for Tanzania was approved as well.

So we're particular delighted to have the two Congressmen with us. What we want to do this morning is have each of them speak in turn for a few minutes to give their impressions of their trip, they traveled with, with Congresswoman McCollum to Senegal and Benin for a couple of days in early January, two days I believe each in both Senegal and Benin and we can't wait to see where things ah where things are. Congressman Kolbe will speak first. He's been one of the leaders on a whole wide range of foreign policy initiatives for over two decades and has grown extremely strong and wise leadership on a range of issues particularly with foreign assistance. We're very happy to have him here this morning. We will miss him dearly as he finishes this term at the end of this year. We'll lead off with Congressman Kolbe.

Representative Kolbe: Steve, thank you very much and I want to thank all of you for being here. This is a wonderful turnout for what seemed like a very arcane topic here. For those of you still in the back there we do have some seats up front here. This is not like church. Nobody wants to sit in the front pew, but we're not gonna ask you to tithe this morning. So you can come on up and sit here. There's at least three I see up here in the front. Let me just say, first of all, a word of kudos and a thanks to the Center for Global Development and to Steve Radelet and Nancy Birdsall for the work that they did in helping to bring about the creation of the Millennium Challenge Corporation. I think the work they did, the analysis, the research, the promotion that they did for it was absolutely essential. I'm not sure we would have ever the MCC had if it hadn't been for the good work of Steve Radelet. So I really want to give him a pat on the back, because I think it's really deserved. Very much deserved. Nancy Birdsall has done a superb job at the Center and we're going to miss her. She's going to be, as you know, going on

leave for a while, but, we'll see her back, I'm sure, at some point. This is gonna be a nice sabbatical time for her.

I also want to thank my member of my subcommittee, Denny Rehberg, for being here this morning and for the incredibly terrific job he's done as a member of my Subcommittee. I don't think I've ever seen a member that has thrown himself so totally into the work of the Subcommittee and to learning and understanding what we're doing internationally. Like me, he comes from a western state, not of the Eastern Seaboard, but he is thoroughly international in his outlook, and is really committed to making sure that we're doing the right thing so I really thank you, Denny, for being with us here today.

I want to give you just a little bit of background about MCC and our role in it, I think, because it's important to kind of set the context when we're talking about particular countries, in this case our recent trip to Benin and Senegal. The MCC started, of course, as an authorization bill, and the authorization work was done by the House Authorizing Committee but then stalled over in the Senate, so was picked up again as part of our annual appropriation bill three years ago in order to complete the authorization work for it. And I think actually the result was a better bill, if I may say so, because we reworked it. We made some improvements, we worked both with the authorizing committees in the House and the Senate. We worked with both of the appropriations committees in the House and the Senate, and we worked with the executive branch to make sure that we have the pieces of it right and we work with the NGOs, most notably here the Center for Global Development and with Steve Radelet, and I think the result was a piece of legislation that, while certainly not perfect – no piece of legislation ever is – I think got more of the kinks worked out of it than normally happens when you're creating a new either agency or a new concept, such as the Millennium Challenge Corporation. So I'm very pleased with what we came up with.

We have worked very diligently since that time trying to ramp up the appropriations for the Millennium Challenge Corporation, and last year we appropriated \$1.7 billion. Now, the administration of course requested \$3 billion, so some might argue that we fell way short in what we did. But I would point out that I think that we have given it a very high priority, particularly for a new program. Why aren't we able to meet the \$3 billion? Well, the amount of money allocated for the 150 account, for the foreign operations account, has not ever been enough to do all the things that we would like to do, especially when you add on a sum of this amount to it, and especially when you have other major presidential initiatives, like PEPFAR, the AIDS program, and now the new malaria program. So the President is very active in this field, and he's very active with requests for new appropriations. And unfortunately Congress lags behind in trying to bring that appropriation level up to that. Members of Congress sometimes when they look around, think that maybe their home districts might be a little more important than what we're doing in Benin or Senegal, so we don't usually get quite the same amount of money increase that we would like in foreign operations.

But we have gotten in my tenure as chairman of this subcommittee, more than a 50 percent increase in our foreign assistance budget over the last five years, so I think that's pretty substantial amount. And we poured a great deal of it into the MCC. Each year we've increased the funding and I could tell you that my commitment is to continue to do that. But we are

restricted, of course, by the fiscal environment that we have, and as I've said, by the margin of our presidential priorities in his request for foreign assistance. I've tried to also make it part of my business, and the business of the Subcommittee, to understand the MCC and to understand the proposals that are coming before it. We've held hearings, oversight hearings, as part of our regular budget hearings each year, that have included the MCC testifying and giving us their point of view as to what they are doing. I have personally visited four of the countries that are either compact or in the works for compacts, Nicaragua, Honduras, Senegal and Benin and will be planning a trip to Georgia and Armenia this spring.

So let me take a moment to the most recent ones that we have visited in Senegal and Benin, and let me talk a little bit about those two proposals. And I will do them just in the order that we went to them in first Senegal, and then Benin. As I said to the President of Senegal, and as I said to his ambassador yesterday who was in my office, and as I said to the MCC people and our own embassy people over there who are helping to coordinate the work of the MCC team, I have real concerns about the concept that is being proposed by Senegal for their MCC grant. I have yet to be convinced that this program which is centered around what they call the platform, but it's really the construction of an entire new town or city outside the city center of Dakar, I have real questions as to whether that's gonna be transformative for the Senegalese people. Whether it's going to result in long-term, sustainable economic development that will ultimately reduce poverty, which is, let us keep in mind, the goal of the MCC over the long haul.

Just a bit about the proposal. Dakar sits on a very narrow peninsula, one major road that goes in and out of it, road – I use the term loosely – that we in this country would find that hard to believe that that's the major highway going in and out of the city there, but it is. And it's very crowded and very difficult to move things in and out of. They would like to get off this peninsula and move much of the economy and some of the people and commerce off to a different location, and that idea, I think, makes some sense. But does it make sense to do it unless we have all the things around it that are gonna make sense, the transportation system that's gonna link it to the harbors, to the transportation to the rest of the country to move goods in and out of that area? Is it going to ultimately be occupied? Is it gonna be used at all? Well, you can build a city. We've certainly seen enough – I've seen some of them here in the United States. I can think of a lot in my own community in Tucson where we did a project downtown and a very large, huge project and for the last 25 years it's essentially been unoccupied and unused there – so I think it's absolutely essential that we make sure that this is going to work, that there's going to be the demand and that's gonna make the kinds of changes that we need.

The Millennium Challenge Corporation is conducting demand studies to determine whether the new platform is economically viable. Those studies will take us six months to a year to complete and I think that that's appropriate that we get those done before we move ahead with this proposal, and I don't think we should move ahead until what we see what those studies show. I have great confidence that the MCC staff is not only on top of this, but it's committed to making sure that this is done correctly and not just approving whatever Senegal comes up with. Now I put that comment in context of the fact that the whole concept of the MCC is, the countries come up with the proposals. They are supposed to be designing the proposals. But nonetheless, we as the ones providing the funds for it, have responsibilities just like the investor, to make sure that this is gonna be an investment that's going to do what it's, it sets out to do. And

I think that's the real question that we're looking at. Is this going to accomplish the kind of transformation in Senegal that we hope to see? Still to be determined yet. And there will be opportunities to go back and change this, to amend it, to perhaps revise it and hopefully we'll come up with a proposal that will be one that will be satisfactory to both Senegal and to the Millennium Challenge Corporation.

I'm a bit more positive about what we're doing in Benin. There the proposal's much further along. The compact is approved now, just this last week, by the Board, and I think it's going to become a driving force. What, what we're talking about there is a major transformation of port facility there and we'll be a driving force for improving the Benin, the economy. I was really particularly impressed with the strength of the civil society in Benin, and their commitment to this. This is a proposal that is economically viable, and its tendrils, or its pieces of it include the ancillary things that would be necessary – the improvement of roads and the system that would be necessary to make this port to make this port work. So I think it's a good proposal and it's one that I believe can actually make a real difference. Those of you that have been following the Millennium Challenge Corporation know how important civil society is to bringing us where we are today. Involvement of civil society both in economic and the compact development, and its implementation is no less important for the success in any country's proposal.

So I remain, as I think we are in the United States as a whole, committed to the concept that the private sector has got to be the driving force ultimately to making these compacts work. We're very clear in our legislation for the MCC that eligibility is a constantly evaluated status. That is, countries can and do fall out of eligibility, and Congress intends that the MCC keep a very close eye on countries to be sure that they're not violating the Millennium Challenge Corporation principles, and civil society has a role in making sure that happens and evaluating that. In Senegal and Benin the need for constant monitoring was made very clear. In Senegal, as you may know, the former prime minister has been imprisoned for treason and corruption charges. I was informed by the ambassador yesterday that the treason charges have been dismissed and only the corruption charges are still pending against him. But we have real concerns about whether or not these are legitimate and whether or not this is simply or whether this is simply a political move on the part of certain people within the country.

In Benin, there has been much talk even as we were there of the possibility that the, the elections, the presidential elections which are scheduled for early March of this year, might be cancelled. I can relate to that. I've often thought it would be very nice to cancel the elections for myself here, once in a while! But I guess I don't get to have that option too often here. But I certainly understand the mood of certain people to do that. We did make it very clear that we thought that the final approval of the compact and its implementation would clearly depend on going forward with these elections. But MCC's role in providing incentives for good government, governance, or good trade policies, investment in people – that's what it's all about, you know. It's a real step forward. It's a new paradigm for our foreign assistance in the United States. And I think it's doing exactly as we hoped that it would do.

Over and over again I find ambassadors knocking on my door and saying, How do we get on the list to be an MCC-eligible country? And time and again they come in with the laundry list

of new pieces of legislation they've introduced dealing with corruption, dealing with civil society, making a transparent society, an openness, an independence for the judiciary, protection of property rights, and most notably, fighting against corruption. And that's exactly what we want to see happen. That's exactly what we want to see these countries do in order to become eligible for the Millennium Challenge Corporation, so I think it's having the impact that we intended for it to have.

On this end, however, I have to make it, give a cautionary note here, and then I'll end at this point, but I want to make a cautionary note that we are going – we as in Congress, at least as long as I'm around here – going to be watching very closely to be sure that the core principles of the Millennium Challenge Corporation is not undermined. There have been some indications that I've heard, and I'm not suggesting this is come certainly from the MCC and perhaps not from anybody at any decision-making level in the administration, but there is a temptation when there's this pot of money out there that has not yet been spent, because of the total of, what are we at now, \$4 billion or, roughly, that has been appropriated over the last three years for the MCC, only a tiny amount has actually been expended. When you see that pot of money out there, there are those looking at foreign assistance and national security objectives and say, Aha! This is some money we could use to accomplish some other goals here. Why don't we just redirect the MCC in this way? And I want to say that that is, would be, very quite contrary to the purposes of the MCC, which was to try and remove it to take a longer look at transforming societies, rather than simply our near term national security objectives. So we do not want to undermine the countries that are aspiring to be MCC-eligible when suddenly they wake up one day and find that indeed it wasn't whether or not they were doing good governance things. It wasn't whether they were protecting the rule of law. It's whether they're doing the right things in terms of national security objectives of the United States that would make them eligible for it.

The MCC can't happen without the public and the private support, and NGOs need to continue to be active in this process. I think we have created a transparent compact and eligibility process that has as its long-term goal to reduce poverty and be transformational in society. The concept of the MCC is to move from a hand out to a hand up to really changing society in these countries, and I think we're seeing the potential for this transformational change, because of the MCC in the countries that are already selected and in countries that want to become eligible for it. And I believe that this is one of the major changes that we have made in foreign assistance that has, in the last 40 or 50 years, that has a real potential for making a real difference.

I want to stress again that we work very hard, and I want to say we in Congress, and organizations like Center for Global Development, in the administration, to be sure that the components of the MCC are transparent and that they work to make this kind of long-term difference. Your role, however, many of you that represent other organizations, is going to be increasingly important to making sure that the MCC stays on track and that it is successful. I'm optimistic. A lot of things in this day and age to be pessimistic about. But when it comes to the MCC I find myself very optimistic and look forward to seeing the success that it's going to have on years ahead. Thank you.

Steve Radelet: Thank you very much, Congressman Kolbe. We're delighted to have Congressman Denny Rehburg with us as well. He's a third-term member from Montana, the only congressman from Montana, and his service here follows many years of public service, distinguished public service, in Montana in both public sector and private sector and as Congressman Kolbe said in his remarks, Congressman Rehberg is an up-and-coming member of the committee that's really made his mark so far and we're delighted that he took the time to go to Senegal and Benin to take a closer look at the Millennium Challenge Account and see first hand how it's working and what's working well and what's not. So we look forward to hearing from him, and his impressions. Congressman?

Congressman Rehberg: Well, thanks for whipping them into a frenzy for me.

Steve Radelet: I do my best.

Congressman Rehberg: Yeah, it reminds me. I gave a speech at the National Roofing Convention Association last weekend, and as I stood up, the guy that was introducing me said, You know, we've had a lot of fun this evening, but all good things must come to an end. With that in mind, I'd – and I was the next speaker, and I didn't exactly know what they were gonna say! Jim, thank you. And thank you for those kind remarks. I know I probably didn't mention this to you on the trip, but my sister was the principal at the Grand Canyon National Park for about 15 years, so I was a superintendent down at the Grand Canyon and, I always remember, I was sitting here thinking about this project and how interesting and difficult it's going to be over time.

I remember a story a couple of years ago that I was down visiting my sister. We took our family down and, you know, it was over Christmas, and what do you do down at the canyon? All you do is look at the canyon. And it doesn't change much over the years. So we're standing there looking over the edge with the family and a tour group came up behind us, and there were about 150 people in the tour group, and I heard the guide say to the group, he said, Do you realize it took 240 million years for that canyon to be built? Somebody in the back of the group said, Government job? As I think about the problems that the Millennium Challenge is going to have to overcome, it is mindboggling, and I have thoroughly enjoyed being on this committee.

I told the chairman, up until this point – I got put on the Foreign Ops Committee, and up until the point of actually traveling to Africa, I thought foreign operations were like North Dakota, South Dakota, you know. This has really broadened my horizons as well, and you know, what I like about the project itself – you know, frankly, I can't waste time. I have a Congressional district that spans the distance of Washington, D.C. to Chicago. That's how far across my district it is. And while everybody represents about 700,000-750,000, I had 930,000 people in my Congressional district. So I have by far the highest populated Congressional district. So I only have so many hours in the day, like you; I have 24 hours. And I can't waste time. And so if this wasn't a project that I thought was going to actually have some impact on the future stability of the world, and how it relates to my constituency in Montana, frankly I wouldn't have gone on the trip. We referred to it as Kolbe's death march. Because they are fairly intense and I'm probably the only guy that's actually volunteered to go on two trips with you.

But the chairman doesn't waste time either and the committee doesn't waste time and what we find is that without the support of the people that are on the ground in the project – you know, it's easy to come up – and what I find exciting about this whole idea of the Millennium Challenge is it moves beyond just projects. I love the NGOs. They have a purpose and usually they have a vision attached to that purpose. They understand what they're trying to accomplish but usually, you know, you can look at a lot of what USAID does. It's actually seeing that the help gets to the people. But what I like about the Millennium Challenge is it's a vision. You've made a determination within this proposal that there's some greater good. And then you've come up with a strategy and the strategy are those thresholds that each of those countries have to meet. And then, after that's all done – then you work on the project. Is the project in Senegal going to be successful or not – and there's a continual – huh, they're coming to take you away, Mr. Chairman. Then ultimately they're going to be monitoring as to whether that is successful or not and so what's exciting about it is if you like to study public administration, this is the whole package. This really is what the Congress ought to be working on when you're talking about foreign assistance.

Are you going to try and effect a change within the world? And I'd say yes. And that's why, you know, you don't know what you're losing in having the Chairman retire and I kinda worked him over the whole trip, saying that are you sure you really want to quit. Because we're losing such a breadth of knowledge and experience on something that's so very important and that's why perhaps – and I'd like to do another trip with you before you leave – I'm not volunteering at this time. I haven't recovered from the last one. But I worry about the continuation. Is the next President going to have the same vision for the same kind of concepts that we are all interested in now as a result of seeing the successes in the Millennium Challenge?

Is the next Congress, depending on who the next Chairman of Foreign Operations – and I don't have any idea – is there going to be some continuity, because there would be nothing worse that we could do to the countries that are involved in it and excited about it than pull the plug out from under them at this point. And so I felt it important to travel along before the Chairman retires to not only become a supporter – something I think is so very important to global stabilization, but to also become an advocate then – a committed advocate, because you could – you could always support something on paper or within a committee, but you need people like yourself to help us with your enthusiasm to understand that this is something that needs to go forward and if we show signs of either a lack of support or a change in support it will serve no purpose internationally.

We didn't have a chance – and maybe we should've gathered together, Jim, you and I, to compare our notes but my notes are the same as your notes and we haven't talked about this. As I looked at Senegal I worry as well. Now I have full faith and confidence in the group that are going to be reviewing it to make a determination does the port in fact serve the purpose or the function ultimately that it's intended to serve. We've talked briefly about it. I don't know. It makes me nervous as well to take the community and move it out into another area and create a whole new city. I've seen that occur in some other places and not always with the best – either intentions or ultimate conclusion in mind. Kazakhstan is an example. They're moving the capital. For what purpose? You know, nobody wants it to occur. And so they're doing it perhaps just so they can build something to show that they have either monuments or temples to

their own governments – governance. And it makes me a little nervous but again, through the Millennium Challenge's structure we have the opportunity to make a determination along the way – is this is the best interest of that country from our perspective and – and the other part of this whole concept that I like is it's bottom up. It really is being driven by the people themselves. They threw a delightful rally for us so they're enthusiastic but I'm not sure they necessarily either understand or can visualize what in fact they're talking about and ultimately with our support and our help, maybe we can do that as well.

One of the other things that I noticed is that, yes, Benin is a long ways down the track and – and they're getting closer and such but the other part that I think is critical and it become – and incumbent upon all of us to pay attention and make sure that the criteria aren't changed because we get so enthusiastic we want these countries to succeed so we kinda turn our back on some of the things that really matter – like honesty in politics. The delay of the elections or the changing, as we found in some countries, of the constitution so the term limits don't really mean what they say. That they have the opportunity to run again and again and again and again. And if we back off from the criteria that we're reviewing the Millennium Challenge project under now, I think will help or hurt the credibility of the program as a whole. So it's incumbent upon us to see that we kind of stick to what the plan was in the first place and not change either that criteria or bend the rules a bit and so from the Benin standpoint, Mr. Chairman again I agree with you that we're enthusiastic, it's a long ways down the way, but we have some concerns about the government and we're going to need some commitments or at least a show of good faith if they're going to do what we thought they were going to do when we moved it down the track and regionally anticipated that Benin was going to be one of those locations.

So I don't want to take up much more of your time, because I think you stated it better than – far better than I ever could. But I do thank you all that are in this room. I don't have any idea what your interest is, but you have enough interest out of your busy days to be here to both listen to us share our experiences with you, but hopefully, with give and take be able to share your experiences as well that things are going right, things are going wrong, things that we need to know or just an esoteric conversation about the good will that the MCC is going to be able to provide, uh, the world, I think – not just this nation, but the world in years to come. So thanks for allowing me an opportunity to be involved in this project. Mr. Chairman, thanks for letting me be on the committee and to travel with you.

Steve Radelet: Thank you. What I thought we'd do is spend a few minutes just discussing a couple of topics and – and try to get a little bit of discussion going here and then turn to you for some questions. So start to get some of those questions in mind. But I had three topics that I wanted to raise and just get some short discussion going.

One of the topics that both of you touched on is kind of the tension between local ownership and some quality control from the top and both of you come from states where that tension plays itself out all the time. Where we want to encourage locally led solutions to problems and people don't like Washington to tell them what to do – but at the same time, we also need broad policy guidance and oversight from Washington on programs. So you find yourself in the middle of that tension, I think, all the time on other issues. And I'm wondering what advice or suggestions you might have to folks in the MCC about that tension. There's no

clean solution one way or the other. It's not an answer of we tell them what to do, period or we take whatever they say, period. There's some tension in between that. So I'm wondering what advice you might have from how you, uh, play that out with a range of other issues for folks in the MCC to think about this local led versus oversight quality.

Congressman Rehberg: Sure. Yeah, I guess that really summarizes the whole concept of grassroots organizations that – you know, anybody that's ever spent any time, as I'm sure you all have, in any kind of rural economic development, which is really what we're talking about, have to understand that first of all you organize, then you educate, and then you activate. You do something with it. What I can answer as I traveled over – because it would take more time. I'm – you know, I'm not in the UN so I'm not a statesman by any sense of the word. I legislate because I want to tell people what to do, not ask them. I tried the executive branch. I was a lieutenant governor for a while and just figured out I was the top bureaucrat and within the executive branch it moves too slowly for those of us who like to legislate because we just want to get a majority vote and move on to the next issue. And so I can't answer your question from the perspective – I have to rely on you and your organization to tell us how best to approach this because we ultimately are goal oriented.

We have established the program then you all manage it and we pay for it. And so ultimately with the governments of these countries, I don't know what they're expectation is. Are they a kind of a culture – and every one of those countries are different. Are they the kind of country with Senegal, where you can dictate to them and they're – they feel very comfortable in that? Whereas Benin might not like that. They're more collaborative and they want to have a constitution and they want to discuss the issue and such. And so I don't think after two days in each country I could make the judgment that each and every time it has to be a bottom up or a top down. We have to rely on the people within the organization that are on the ground to give us advice and then ultimately, you know, we can make determination whether it's heading off in the wrong direction or the right direction and we're really good at the second guessing thing. That's kinda what we define and perpetuate within Congress. And so it's ultimately up to – again, when I talked about the credibility, it's not just the credibility of the government themselves, but it's the credibility of your organization telling us this is working, this is not, this country's different, this one is not. So, I'm not sure that's a question that I could answer very quickly. So I didn't.

Congressman Kolbe: Steve – actually, I think you did, Denny, in a lot of ways answer. Steve, I think you answered it in – as you posed the question. When you said there isn't a clear answer to this. There is a natural tension that's going to exist. There is. And I – we anticipated that. We actually wrote it kind of into the law that it would be this way. Think of it a little bit like a venture capitalist. A venture capitalist doesn't come up with the business plan. I come up with the business plan and go to the venture capitalist with it and say this is what I'd like you to fund. The venture capitalist, however, doesn't say whatever you do, yes of course – here's your money. The venture capitalist says – looks it over, the business plan, and says I don't think this makes sense or this makes sense but you really need to change this or you need to tweak that and that's exactly what the MCC is – the venture capitalist here. The country is the new client that's coming up with the new business venture. And they designed the program and the MCC funds it. But both of them have a role in making that decision.

It is fundamentally different, however, than the kind of foreign assistance that we historically give through USAID, where we appropriate a certain amount for development assistance or for children – children's programs or for basic education, and the mission director of USAID in the country, in some consultation, of course, within the country. But mission director basically says here's the programs that I think we really need – that this country really needs. It's a nurse training program. It's to train secondary schoolteachers here and we're gonna contract with an NGO to come in and set up a program to train these nurses. And we give the grant and we do it – the government usually likes it, thinks it's a good idea. But we basically come up with the idea. We basically put it into place. This comes from the government. This comes from the country. The government and the civil society within the country. It is the client – it is the new business, if you will, in the venture capital model that I just mentioned. And the MCC is the venture capital funding part of the thing and the two of them play an integral role in making sure this thing works correctly.

Congressman Rehberg: If I could follow up then on the second part – and you'd mentioned the rural nature of our individual states and do we like the top down and such. One of the things you find in economic development – I've been involved in that issue long enough, both at the state level and now at the federal level – is that every time somebody comes up with an idea to create a new organization, that one of the reasons they do that is because of the – either the bureaucracy takes over the old organization and it doesn't serve the function that you want it to, or the arrogance of people that are working within the organization has become such that it does become dictatorial – you don't get my money unless. And I don't find that in this organization. Maybe it's so new. Maybe it's so creative – it's fairly entrepreneurial. I don't see that happening and so it – once again, can work, but it works, uh, if you've got good people on the ground working with them – you can dictate without hitting them over the head with it. And we don't like it in Montana. Nobody needs to come from federal government and tell us, but if they'll work with us, we love working with anybody that's gonna give us money. So we get our fair share of it much to the chagrin of some of my colleagues. And so ultimately it – it is determined based upon the personalities within the organization themselves and this is a good organization –

Steve Radelet: Right.

Congressman Rehberg: As we speak.

Steve Radelet: Right. Right. This discussion about local participation I think brings to the floor the issue about democracy and particularly with what's going on in Benin right now and the problems and tensions around the election. At this point the MCC does not require in its standards that a country be a democracy. It does require that we meet certain standards on corruption, and it has turned out that in most cases the MCC has chosen only democracy. So there's a couple of exceptions, but by and large that has been an implied standard. Question – should we make an absolute requirement that only democracies, uh, receive money from the MCC? We don't do that for other assistance programs and I don't think we should for all of our assistance programs. But in this particular program, should we keep it the way it is or should we make it a stronger requirement that only democracies will be chosen to be eligible for the program?

Congressman Kolbe: Well I'll take a first stab at that one. I think the key word is governance. Is good governance. You know, it's a little bit like the debate that's swirling around here now on earmarks and what we're gonna do about earmark reform, to which I said first question, when anybody starts talking about it, I said tell me what an earmark is and define the earmark for me. Well, define what a democracy is here. Let's define it – and I'm not trying to be a relativist here. I think we all have a common idea of what democracy means but I mean does it have to be exactly a two-party – or two political parties – two to three political parties or 15 political parties? Does it have to have two branches of the legislature? You know, define exactly what you mean by democracy. It's governance that I think we're looking at here.

Moving towards good governance and I think good governance ultimately means that the country has to be a democratic society. But it's the other things that we have, the other criteria, that I think are the key things that measure that. I don't know that there is one measurement that says that this is a democracy. Are free elections the only criteria for democracy? We're talking about holding elections in Haiti. Is there anybody that believes Haiti's gonna be a democracy after those elections? I don't think so. There's a lot more to democracy than simply that. So we've gotta have these commitments to governance and that's why the corruption is a key one. Economic development really can't work if it doesn't get down to where it's supposed to be and that's why corruption siphons it all away, so that's why corruption is kind of the over-arching criteria that we have for the Millennium Challenge – I think correctly so, for the Millennium Challenge. But I think it's all the other things that I mentioned earlier in my remarks. It's the issues of – of the open society, the independent judiciary of the protection of property rights – of intellectual property rights and so forth of those things.

Congressman Rehberg: I entirely agree with the Chairman and we had the opportunity on this trip to also travel for other purposes to three other countries – Sudan, and three different locations in Sudan. We went to the Congo, we went to the Democrat Republic of Congo, and then we went to Uganda. And if I were to add anything to what the Chairman said, it would be that what I recognize as part of the problems in these countries is safety and security. That translates as well into stability of a government. So that people have some sense for what the government's going to look like that they're going to have to deal with in the near term and the long term. And probably as important or more important than a clear, precise definition of democracy would be security and safety within the government and so I would say no, it doesn't have to be a democracy.

The Chairman touched on something I think is very important and that is an independent judiciary. Perhaps an independent elected body and an independent president. Now I don't say that – and it kinda struck me as I've traveled around the world in all of these emerging countries where you look at Lithuania and Ukraine and some of the former Soviet Union creating new governments where they haven't existed and some of these other countries in Africa where they're creating governments that are different from what they had in the past. We always like to tout the fact that we're the richest and the most powerful country in the world. But you don't see anybody creating a Congress, a presidency and a judiciary like ours. And in many – or most cases, those governments cannot – that are created – the president can't give up the judiciary or the parliament. They just – they cannot give up that power and that is a red flag in my mind

because what that ultimately tells you is that they want to control beyond just their own realm of the presidency and such. So if they don't have an independent judiciary there's probably something wrong down the track and I don't know if I've seen enough to say that that bears out in all particular cases. But I came back and I've been thinking about this a lot lately whenever I hear the President talking about creating democracies around the world – I'm not sure I would ever use that term – I think that that is not correct, but we probably, as the Chairman said – we need a stable, independent, open, free and fair government.

Steve Radelet: Great. One last question for me and then we'll turn to the audience. If you do have questions, you can begin to line up at the microphone as we go into one more. My last question is on results. We're all very interested in the MCC being different in the sense of – of focusing on achieving very tangible results. It's a little hard early in the – in these early days, to know exactly what results to look for. We can think it's a lot more tangible maybe five years, seven years down the road, to think about what those results might look like. An issue that's come up, then, is how we think about measuring progress in these early days and I'm curious the kinds of things that you looked for over this past year and specifically the things you might be looking for over the next year as intermediate markers along the way for MCC progress. As you look forward to this next year, what kind of things do you hope to see the MCC achieve in this next year which would give you the confidence to keep moving forward and give it the strong support that we all hope that it can attain?

Congressman Rehberg: Frankly I'm not gonna answer that. Because I would like to think that I have an open enough mind at this point that the first thing we always do especially as members of a preparation, is we kinda like numbers. And so we get trapped into statistical models and I don't think that that's what you want us to do. And so ultimately, you know, some of the criticism I hear, uh, is look we've got this chunk of money sitting out there and you haven't spent it. What's wrong? Well that's the wrong way to look at it. And – or let's determine how much money we want to spend and then let's figure out how we're gonna spend it. That's the wrong approach as well. You usually make a determination what do you want to accomplish and then you put a price tag to it and it happens in so many different arenas. So I guess I haven't written a final chapter on exactly how I want to judge the success or failure. I can look at the individual projects and say is Senegal heading down the path we want it to – well not at this point and I'd mentioned that when I was over in Senegal. I said if this is what I'm going to see and hear throughout the entire Millennium Challenge project, I'm not convinced it's something I want to put my neck out for. Then when I got to Benin I said oh, okay. I get it. This is further down the track. This is more in line with what I'm thinking I want to see. And so I guess I'd have to even look at the Chairman's list and make a determination whether I agree with those or not or hear from you all as to how do you want to be judged. I don't know yet.

Congressman Kolbe: Steve, the measurements of success are absolutely important but I think it's critical that we not try to judge the MCC too early. The criteria for the MCC's success today will be very different than the measurements we would use ten years from now. What we're looking at today is how well is the MCC internally doing in terms of staffing itself, getting the proposals in, reviewing those proposals, making judgments, the kinds of changes that they make to them the way in which they are assessed and how they are put together in terms of the measurement criteria that they have for the success. Ten years from now, the Congress is going

to want to come back and look and I'm hoping that the MCC is a success and is still around at that point, and I believe it will be. Gonna come back and say to the MCC let's look at what you've done over the – with the first five, six, eight, ten countries that you've done. And now that we're eight, ten years past the implementation of those, how well are we doing? What were the specific measurements you had for each of those countries in there? Was it growth rate? Was it GDP or GMP or per capita income? Was it the number of kids being educated? Was it the increase in the number of tonnage going out of the port? What are the measurements that we have in terms of success and let's see how well you've measured up to those that you established back then. Now some of them may not turn out to be the right - to pick the right measurements. May not be that we – that it's a failure as a result of that. But you don't want to just change the measurements in order to get success, either. So I think you have to look at that but I think that what you're gonna look at ten years from now is very different than how you're measuring or how well the MCC is doing today.

Steve Radelet: Thank you. That's – I think that's very helpful. Um –

Question: Working out well.

Steve Radelet: And Ed was formerly the director of the Africa office in Treasury when I was Deputy Assistant Secretary.

Steve Radelet: So he's actually the real expert.

Question: Glad. Glad to see Steve doing well. My question has to do with the way MCC relates to traditional aid programs, all of which are under your jurisdiction. So far there seems to be kind of an implicit division of labor. AID works more on the long-term health and education kinds of human investment programs, whereas MCC is looking for shorter term payoff. And I wondered how you see that evolving over the long term. Chairman's comment just now may imply it's too soon to make that judgment but other things being equal, do you see the MCC long term as displacing other aid programs or continued division of labor the way it's going? What would be your prognosis?

Congressman Kolbe: Well it's a good question, Ed, but I'm not sure that I would agree that USAID is long term and the MCC is more short term. I don't think I would probably agree with that but I think they do have somewhat different objectives. USAID in my view, with the traditional – if you want to call it that – the historic bilateral kinds of programs that we have is more narrow and focused on different things in each country depending on what is going on in that country, as I mentioned earlier. It may be that it's the health care system that's the real problem and we need to develop health care clinics in rural areas. So a building program for clinics and a staffing program for those clinics may be the number one priority. That's going to be the kind of thing that USAID will do. It's long term. You also can have some short-term measurements there. You can measure how many clinics did you build, how many doctors did you get in there, how many people got treated. You can measure that fairly quickly there. The MCC, however, has a broader, longer term goal which is the transformation of the economy. The transformation of the economy so that it is sustainable economic development. And if it works, it's sustainable economic development that over the long haul of course the goal would be

that we would replace USAID programs. We would hope that any of our programs ultimately result in making it not necessary for a country. And thank God there are countries that have graduated from USAID. Many of them that have been very successful in graduating from USAID, uh, programs. So I think that would be the answer I would give to that.

Congressman Kolbe: Did you have *****?

Steve Radelet: You want to answer that?

Steve Radelet: Yes sir.

Merrill Smith: Hi. Merrill Smith with the US Committee for Refugees and Immigrants. Congressman Kolbe, I know you in particular demonstrated a very strong commitment to refugee protection and overseas assistance for refugees. But as you both may be aware, millions of refugees have essentially been warehoused for decades on end, confined to camps, denied the rights to work or freedom of movement. My question is directed to what MCA might be able to do to change this. I'm afraid it's not living up to its potential – the indicators of civil liberties, I know, include human rights for all and the regulatory burden indicator would seem to not look favorably upon people essentially being kept out of the economy. Nevertheless, there's a perception among some countries, and I'll mention Tanzania in particular – when we mentioned this to them, they said well that's nice but MCA has nothing to do with refugees. And I don't agree that that's necessarily so but there is a problem of interpretation here and I'm wondering if things can't be done such as a specific, uh, mention of refugees in the MCA legislation and taking out some of the citizen-centric language as is proposed by the Hilantos Reauthorization bill that was introduced last year. I wondered if you support that kind of change or have any other insights into what could be done about that.

Congressman Kolbe: Well, Merrill, that's, that's an interesting idea. To be honest with you I hadn't really thought that much about it. First of all, I think you have to start by understanding there's two things we're talking about here. One, we're talking about refugees and we're talking about displaced persons. Refugees cross their, it's an important difference. Refugees cross national boundaries. They're citizens of one country living in another country for which the second host country probably is going to say that's the United Nations' responsibility. That's somebody else's responsibility for caring for these people. That's not ultimately our responsibility to integrate them. Displaced persons, however, are their own internally, it's the internal problem of a country and is something that would be fundamental different. I don't think any proposal has been submitted which goes to the heart of trying to reintegrate displaced persons or refugees into a nations society. I'm not sure I would draft, want to change the law that would make that either a requirement or a high priority, but I don't think by the same token, I'm giving a nebulous answer here, like politicians would often do. I don't, by the same token, I don't think that you would want to turn away from a proposal from a country that focused on that. It would be very interesting and unusual if a country did that and I think it's your right that without kind of forcing it, it's not likely to be, to be done, and I'm not sure at this point that I would be prepared to try to force that.

Congressman Rehberg: You know, frankly, I wouldn't, first of all, you can't overestimate the ability of the MCA to do everything for everybody. I mean, you have to draw some boundaries as to what they're able to accomplish and so ultimately the IDPs, whether you've got them in camps, in country or not, maybe ought to be one of the monitoring along the way as they are moving out of those camps. It means they have somewhere to go, that they have meaningful employment and so it shows a success of the program itself within the country. It shouldn't be necessarily the goal of getting them out but maybe creating the environment for them to want to get out or have the ability to get out. One of the questions I asked in the Congo which, again going back to my whole security argument that they didn't feel safe, well, they've got the UN in there, the peacekeepers, the various troops, Morocco, Pakistan, Bangladesh, we're all there in uniform with guns and such. But the rebels, to a certain extent, had been squashed. So I asked the farmer through an interpreter, why are you still here, because we've quit feeding them. They haven't been fed in those camps for six months. I don't know where they're getting food but they're not getting fed, and they stay; and he said well, I'm just too tired to go out and farm. So we've created dependency within these camps because we provided the services and when we quit the services, they didn't leave. So ultimately they have to have a reason to leave. Either you got to force them to leave or they have something to go and do. So I wouldn't say that I would like to see that be the focus of what the Millennium Challenge is doing. You know, you have to have a program to get those people out. What you do is you create the environment or the opportunity for them to either want to leave or to leave.

Congressman Kolbe: Let me just, let me just add one more thing to that. People who are refugees or displaced persons are usually in that category, in that status, because of political problems, political reason. Now, there can be a major famine, a flood, or something like that that would cause people to flee and go to camps, but generally they're there for, because of political reasons. I'd be very skeptical of a plan, of a proposal that plans to deal with this problem without dealing with the underlying political problems which certainly is not what the MCC is about, dealing with the underlying political problems.

Merrill Smith: If I could clarify, there seems to be a little misunderstanding. We're just talking about the right to work and the right to freedom of movement.

Congressman Kolbe: Ah.

Merrill Smith: Now, you know, not necessarily. I mean sometimes camps may still be necessary

Congressman Kolbe: Okay.

Merrill Smith: But refugees, as distinct from IDPs are foreigners and don't have the right to work legally under many countries, even though under the '51 Refugee Conventions and other human rights instruments they do and should, that's really what a lot of people are saying.

Congressman Kolbe: It would be at least worth looking at. Yeah, I think that's something worth looking at that issue.

Steve Radelet:

Thanks, Merrill, good question. Next, sir, please. Identify yourself.

Question: Wydesek. I used to work in midst of planning Senegal. I was born in Senegal, ****, and right now I'm working for **** Southeast Concession for International Government. It's a non-profit, you know, culminating 20 southeast universities, and before that I was working for African Government Foundation, a U.S. agency, since 2000, and thanks Senator Kolbe, thanks Senator Denny for this trip and the good result. After your trip, most of the newspapers, the political parties in Senegal, were saying, you know, the Senegal **** is no good, and as I know, ****, the new center, is important for the Senegal economy because 1960, all the money received from the donors were invested in ****, and the agriculture rural population, all the rural population, you know, moved to Dakar. Dakar cannot handle all this population. That's because the centralization is no good point for the Senegal economy. My question is, the **** is good governance. Good governance is good, equal justice and equal justice means if you appoint Senegalese as minister of finance or prime minister or even Senegalese cities and means election and become president, in two months or in one year, he cannot, you know, have in his own accord, \$3 billion or \$5 billion and say it's my property. Or he cannot manage a ministry or manage a **** as he managed his own wallet. Good governance, as you know, is equal justice. We have to, you know, do some investigation if we see that, you know, minister of ****, prime minister, or minister of economy, you know, after two months or one year in the head of this ministry have five big houses of \$5 million or have \$10 million in his account. Thanks. I am traveling to Senegal this week for ten days trying to help this team and to make progress in this contract and after, maybe after the election in Benin, I'm traveling to Benin, you know, for business. Thanks.

Congressman Kolbe: I don't think there really was a question there but more of a statement. I appreciate the comments that you made and agree that what you're trying to do is the right approach. That's great, good.

Steve Radelet: Any other questions, please? Yes.

Nora O'Connell: Hi, I'm Nora O'Connell with the Women's Edge Coalition and I just want to thank the chairman, committee members, Congressman Rehberg, for your oversight in your commitment to this program. We have considered ourselves strong stakeholders in the success of the MCC because it's a chance for international assistance to get it right from the start of making sure that both women and men have the opportunity to participate, to benefit, and to really contribute to both economic growth and poverty reduction in their countries, and one of the things we want to commend Congress for your leadership in putting specific language to achieve that vision in the authorization and the creation of the program. My question for both of you is what evidence you saw from your trip about specifically women's participation, women's civil society participation, evidence that you saw of analysis that countries are looking at these questions of how both men and women participate, and if you didn't see this or if you saw it and it was inadequate, what recommendations you might have for the MCC as they're continuing their negotiations with these countries? Thanks.

Congressman Rehberg: It's hard not to remember the woman in Benin, the "don't touch my constitution" lady.

Congressman Rehberg: I can tell you honestly, there was -

Congressman Kolbe: Where was that at?

Congressman Rehberg: She came to the meeting and then -

Congressman Kolbe: Yeah.

Congressman Rehberg: - she came late.

Congressman Kolbe: Yeah.

Congressman Rehberg: Because she had been somewhere, but she's a force to be reckoned with and clearly had an understanding of the, of one of the criterias and that was the government, the stability of the government and the guy obviously was trying to change the constitution so he could run again, and she led the rally or the movement. Virtually everywhere we went, maybe not as much in Senegal, but more so in Benin I felt a sense of a clear understanding of equality. You know, but frankly when you get over to any country, they have their own set of cultures you have to deal with, and again, we have to rely on organizations like yours to tell us whether it's working or not and whether we ought to either change our criteria or can we force our, that kind of a criteria on them. An entire separate note in Uganda, we met with the king of the voodoo priests and his twelfth wife was with him and she started talking about equality. Now, I don't know if I'd want to talk about equality to a voodoo king, but she did, and, and it's starting to creep into countries about certain level of equality, inheritance, deeds, to property and such. So I'm seeing that not just the Millennium Challenge but some of our other programs that we're trying to share with countries are starting to filter through. So, to answer your question, I probably saw more of what you're talking about in Benin than Senegal. I can't say it was devoid within the decision making. It just seemed like it was more men-oriented in Senegal.

Congressman Kolbe: I forget where it was that I heard as one person said, "When you exclude women from the economy or the political governance of a nation, you're excluding half the talent of your population."

Steve Radelet: Sometimes more.

Congressman Kolbe: And sometimes more, probably generally a lot more. Probably 75 percent of the talent is being excluded when you do that. But certainly at least half the population is being entirely excluded and that, from an economic standpoint, simply doesn't make sense. Yes, there're different cultures but we do understand cultural differences, but we need to be sensitive to that. We also need to understand that ultimately a society, to succeed, has to include all of its people in the transformation of that society. So we do have to have criteria, and I do believe the MCC and USAID people, and our embassy people are very aware of this. It's something we track, it's something we follow very closely, and I think it's something that's

changing dramatically throughout the world. Every place I go I'm struck by the new involvement of women, um, actually maybe it isn't new, maybe they've always been there but they just haven't had the voice that they've had before. Maybe NGO's like yours and others are helping give them the voice that they've had before. But there are many matriarchal societies in the world today and so you can't help but go to countries, certainly in the Middle East, where all the hard work is done by the women and the men drink the coffee during the day and the women to the work, and what they need, however, is the voice in doing that, and that's what we're trying to do is give them the voice, and I think that's important so I think it is an important criteria and we need to do it, make sure that we're doing it. I think in the end, the two countries that we were in were very aware of that and very sensitive to it.

Steve Radelet: I had the privilege of going to Liberia on this Saturday to work with Ellen Johnson Sirleaf - the first woman elected president in Sub-Saharan, Africa, which puts Sub-Saharan Africa way ahead of North America on that particular score, but anyway, next question.

Kristin Bray: Kristin Bray with the Academy for Educational Development. The Congressman that authorized the MCA had the dual objectives of economic growth and poverty reduction, I'd be curious to get both of your perspectives on how these had a proposed compact for Senegal and the compact for Benin will really have a direct impact on the poor. What will be the transformational impact on the poor and in what kind of time horizon?

Congressman Kolbe: Well, let me take a stab at that. I think, I can say, we can say much more specifically with regard to this further along and we have a proposal invented, the idea of the Benin is not just the port, the creation of a port, which will create a large number of jobs for people in the urban areas as well there, but it also has to do with roads and farm to market and bringing a whole complex of roads that will allow products and crops from the rural area Benin to come down to the port and also to allow for transportation, bringing it from neighboring countries like Burkina Faso to make it a regional port. That will mean transportation, that will mean services, that will mean farming, that will mean all the things that are related to that. The concept, I think, is good. We'll have to wait and see whether the implementation works, but it is designed to be more than just creating a handful of longshoremen jobs down at the port, a handful of people actually dealing down there, but I think it is the right, the right approach to it and it is, it is supposed to be transformational for the entire society. Not every, not every MCC compact, however, can do everything in a country and change everything in the entire country equally. For example, the one in Nicaragua is much more regionally designed and for which, we have good reasons for doing it that way, political reasons for doing it that way, but it's definitely designed to focus on a particular region. There's nothing wrong with that either if that region is one that is kind of core for the country. If it works for that part of the country and makes a huge difference, we should do that too.

Congressman Rehberg: I often thought that, you know, if I got out of government, I'd like to be an economic development coordinator because what's success, you know? It's undefined, so I just keep gathering my salary whether we're actually doing anything or not. You can't define success in economic development. You can feel it, you can, you can assume that, that unemployment is down and you're revenues are up because of something you've actually done, but you can't, you can't actually define it. It's a hard thing to do. So I'm in Congress, and I'm a

cattle rancher, that's what I do for a living, and sometimes I have to, in my own mind back when I was strictly ranching, I said tell me again why free trade with Australia is a good idea because all they're gonna do is bring their cattle in and compete with mine. Well, no, there's a bigger answer to that, and that is when you open markets, you provide opportunities and while maybe I'm not selling my cattle in Australia, somebody is and it helps bring up the whole lot of us. The price goes up and, as a result, the money I'm getting for my critter back at my place is what I pay for my children's shoes with, I'm better off with a higher price because we have a new market. Now I may not feel that in Billings, Montana, but ultimately if you look at the global perspective, you are benefited by that. So when you look at Benin at the port, you've got all of these livestock producers throughout, and we saw them in Senegal and Benin, they're everywhere, but they're fractionalized, they're remote, they're not centralized, and they will be brought up by a better access, a cheaper access to get their products somewhere else overseas, whether it's your fruits, your vegetables, and such. So to be able to say, as he said, they're gonna get the longshoremen's job bill, but will they be better off? Well, if you think of the theory of international trade and how it brings a whole country up, then yes.

Steve Radelet: If I can just add to that, myself from my many years of living in Indonesia and in Asia and also in Africa, I think one of the key things to poverty reduction is jobs that can be sustained, jobs with dignity, jobs where people are not doing it as a handout but really provide economic opportunities and as well, that's not the only thing about poverty reduction. We need health and education components as well, but throughout much of Asia and in some parts of Africa and in Latin America as well, where, where infrastructure has been created to create opportunities for the rural poor to link them with other markets to both make the products that they buy cheaper so that the meager incomes that they have can go further plus provide opportunities that they can sell their crops or work in other kinds of opportunities. This is the story in Indonesia of a rural job and other kinds of things. So it's not a guarantee but it is a formula that has worked to create opportunities for very poor people around the world.

Congressman Rehberg: I apologize.

Steve Radelet: You got to go?

Congressman Rehberg: Steve, I've got a meeting at 10:30 back at my office.

Steve Radelet: Thank you very much.

Steve Radelet: We appreciate it, we appreciate it.

Congressman Rehberg: I thank you very much for being here.

Steve Radelet: We've got time for two more questions. Larry, yep, put you in line.

Larry Knowles: I'm Larry Knowles with the Congressional Research Service. Two weeks ago, Secretary Rice announced a plan to, aimed at enhancing coordination and other policy coherency of U.S. Foreign Assistance Program and while this new director of foreign assistance will have authority over USAID and State Department programs, he will provide guidance, a

rather nebulous term, over MCC and other foreign aid agencies. Do you think this is the right approach? With regards to MCC, is this the right approach? Are you satisfied with the current state of coordination with other U.S. foreign aid programs or should there have been stronger links or connections made between the MCC and the director for foreign assistance?

Congressman Kolbe: Well, that's a big, big question, one we can spend a whole day noodling about here, trying to figure out what the answer to that is. But it's a very fundamental question, Larry, and one that we need to really think about. I think you have to have coordination. I think obviously all of our economic assistance programs need to have, as an overarching objective, the interests certainly of the United States and I think, however, the more intermediate goals of the MCC and that of USAID as we explained earlier are somewhat different and should be different.

I am not opposed to the idea of, what the Secretary is talking about I think makes some sense, that you have some way of coordinating, we have an example in smaller area of bringing all of the AIDS programs, under PEPFAR, whether they've been funded through USAID or directly through the PEPFAR program or even our contribution of the Global Fund, bringing that all together to coordinate that. I think having this kind of oversight and overarching view is not bad. I worry, however, about it becoming a position where the objective is not long-term economic development but whether it has to do with immediate national security objectives of the United States. In other words, making it subservient, the assistance subservient to goals, national security goals that may be more short term and more immediate. There is some aid, some assistance, some things that we do overseas that has that kind of goal. For example, public diplomacy kinds of things that you, one can say have immediate kinds of goals of affecting and, and promoting U.S. foreign policy objectives. I believe that what the MCC is doing is something that is much more long-term and has to be thought in more long-term. You can't simply say, what do we need to do, accomplish tomorrow in this year in the Middle East. So all of the MCC is gonna be in the Middle East. No, that's not what that's about. It's about much more long-term transformational goals that in the end help to promote the United States' goals because we have a stable society, a stable continent, and a people that are economically viable and that benefits all of us on the planet, and that I think is a very long term, but I think that's the way you have to think about that. As long as you can have somebody in that position that can think with two sides of the head there, both of those goals, those areas, I don't see any problem with this. I think it's a good idea but I think we need to know a lot more. I guess the bottom line is we need to know a lot more. Thank you very much, Larry.

Steve Radelet: Thanks. Last question.

Patrick Wilson: Patrick Wilson, Blacks in Government African Partnership Secretariat. The question that the young man from Senegal posed concerning the newspapers and what the Senegalese newspapers reported when you departed Senegal, leads me to ask this question, and it has to do with creeping, self-fulfilling prophesy. Did the Senegalese newspapers make the statement that the compact was bad or not a good compact as the result of the Senegalese themselves looking at the compact? Or did they make that statement based on your remarks that the compact had some type of, you had some concerns with the compact?

Congressman Kolbe: I really can't answer that question because I have only heard just kind of secondary reports of what was said in the press about it not directly, and my guess is they were questioning the compact even before we came, the goals of it. So I think it's just an ongoing thing. I don't think it was just as a result of our visit there. But it may have, if there, and there's a healthy opposition press in Senegal and this may have fed their, been fuel for their fire to say, you know, the President's really, or the MCC group is really barking up the wrong tree here with this proposal and yes, even the member of Congress says that there, it's wrong. We didn't say that. We just said we have questions and we think, we're very careful to say, this thing is in the early stages. There's lots of distance to go yet before it's done, but you may want to give a quick, very quick response.

Questioner: They don't say that the Senegal compact is bad. What they say is according to ****, Benin is making progress but Senegal doesn't make progress.

Congressman Kolbe: Well, that was misreported then. First of all, I don't know how they could have reported that because we hadn't, we went to Benin after we went to Senegal, so they would not have had any information about what we said unless they read other things later about what we said in Benin. We simply said that in Benin we said that the proposal's further along, we think it's ready to go, it seems like a well thought-out program. We had real questions about the one in Senegal but I'm sure that we're gonna get them worked out, all the problems worked out.

Steve Radelet: Thanks to Congressman Kolbe for his great leadership to continue. Thanks to all of you.

Congressman Kolbe: Thank you all very much.