



**MILLENNIUM  
CHALLENGE  
CORPORATION**  
REDUCING POVERTY THROUGH GROWTH

# Transcript

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## Remarks

### Secretary of State Condoleezza Rice, Lesotho Prime Minister Pakalitha Mosisili and MCC Chief Executive Officer Ambassador John Danilovich

*At the Millennium Challenge Corporation's Compact Signing Ceremony*

*With the Kingdom of Lesotho*

Ben Franklin Room

Washington, D.C.

AMBASSADOR DANILOVICH: Good afternoon to you all. The Right Honorable the Prime Minister Mr. Pakalitha Mosisili, Secretary Rice, Congressman Payne, Chairman of the Africa Subcommittee, thank you very much for coming today. Minister Tsekoa, Minister Thahane, honored ministers and members of the delegation from Lesotho, Under Secretary Jeffery, the State Department's new Under Secretary for Economy, Energy and Agriculture; Ambassador Rapolaki, former Ambassador Perry, Ambassador-designate Nolan, U.S. Global AIDS Coordinator Mark Dybul, distinguished ambassadors; Ken Hackett of our MCC Board, friends of Lesotho, it is a pleasure to welcome you to the signing of the Compact between the Kingdom of Lesotho and the Millennium Challenge Corporation. Many thanks to the Lesotho and MCC teams led by Sophia Mohapi and Deidra Fair, respectively, who worked with diligence and determination to make this Compact a reality.

Deidra Fair of the MCC not only speaks Sesotho, the language of Lesotho, but she's also been snowboarding there -- (laughter) -- something you might not have imagined possible in Lesotho. Earlier today the Prime Minister told me that it's going to snow in Lesotho this Wednesday. So if you get on an airplane right now, you can go snowboarding in Lesotho. However, this expenditure is not covered by the MCC. (Laughter.) Congressman Payne, I'd like you to know that. (Laughter.)

A broadly-based consultative process carried out throughout the country of Lesotho created the nearly \$363 million antipoverty Compact we will sign today, which is MCC's 13th overall and our seventh in Africa. The Millennium Challenge Corporation believes in helping people help themselves. The beneficiaries of our program and their governments want a hand up not a hand out as they pursue strategies to reduce poverty through sustainable economic growth. The MCC is fulfilling the mandate given to us by the U.S. Congress when they created us in 2004 and only with Congress's support, with sufficient funding, will MCC be able to continue to fulfill our mission throughout the world.

MCC is a bilateral American program. Our grants are rewards for countries that are doing the right things for the right reasons. MCC rewards good government, good governance, countries that invest in their people and provide economic freedom, all of this being the foundation upon which we can build programs for the reduction of poverty and sustained economic growth and the creation of stability and security.

We believe in aid with accountability, accountability on MCC's part and accountability on the part of our partner country. On our part, it's about taking our fiduciary responsibility to the American taxpayers seriously and awarding grants only to countries with sound political, economic and social policies. On the part of our partner country, it's about embracing the hard work, of consulting with their people, identifying their own priorities for development, making reforms, implementing their programs and delivering tangible results in the lives of the poor.

The Prime Minister and I discussed this morning how important it was Lesotho to now assume responsibility -- country ownership -- for the effective implementation of the Compact. Effective implementation unlocks the money and allows MCC to disburse our grants and that's what we all want. Lesotho and all MCC partner countries have made a tremendous effort to become eligible for MCC funding and to persevere with those efforts to remain eligible. Lesotho is an outstanding example of how our MCC model and how our incentive effect are working --working in Lesotho, working in Africa and working throughout the world.

The MCC Lesotho Compact focuses on three main components: water and sanitation, health and private sector development. Harnessing the country's abundant water resources, improving the health of a productive workforce and stimulating private sector development all play important roles in reducing poverty, stimulating growth and transforming the lives of men, women and children in Lesotho.

Let me explain briefly each project. First, over \$160 million of the Compact's total will improve the water supply for industrial and residential uses. Water is the lifeline for expanding garment and textile operations, which in turn will increase production and generate jobs. System upgrades will improve the reliability of water supply and sanitation. And watershed management will enhance rural livelihood.

Second, more than \$120 million will be directed to strengthening Lesotho's healthcare sector. Lesotho has the third-highest rate of HIV/AIDS cases in the world and this investment will mitigate the negative economic impacts of poor maternal health, HIV/AIDS, tuberculosis, and other diseases by rehabilitating antiretroviral therapy clinics and 150 healthcare centers, constructing a central laboratory and blood transfusion center, expanding health training for nurses and improving medical waste management.

And third, almost \$40 million will bolster private sector activity by improving access to credit, reducing transaction cost, and increasing the participation of women in Lesotho's economy. Improving land administration, modernizing the commercial legal system, and improving and providing credit bureau services will not only foster the growth of local companies, but attract foreign investors. Private sector development is a pillar of

Lesotho's ongoing reform agenda and includes promoting the economic rights of women so that they too can participate fully and actively in the commercial life of their country.

By unlocking the potential of its two greatest resources, its water and its people, and by fully engaging private enterprise, Lesotho is maximizing the impact of its Compact with the Millennium Challenge Corporation to tackle poverty and make the promise of sustainable development a reality. We appreciate the support of His Majesty King Letsie III and Prime Minister Mosisili, we recognize your visionary leadership and the dedication of your capable team in achieving this MCC-Lesotho Compact.

Your leadership is an example of progress on the move in Africa and your citizens and the MCC are very proud of this. It is now my great pleasure to yield the podium to the Chairman of MCC's Board, Secretary of State Condoleezza Rice.

(Applause.)

SECRETARY RICE: Thank you very much. Thank you, John, for that kind introduction and I want to thank, again, John Danilovich and his wonderful staff for all of the good and hard work that they are doing every day and that they did to bring us to this particularly hopeful day for the people of Lesotho.

I know that you have had outstanding partners and they are here today as our distinguished guests: Mr. Prime Minister, the Foreign Minister, members of the delegation, Madame Ambassador, thank you for the work that you are doing on behalf of your people. We're so glad that you could be here to celebrate this good day for Lesotho and for the United States.

I would like to recognize our Acting Director of USAID and MCC Board Member Henrietta Fore; Ken Hackett, one of the original members of our board and really, a stalwart, is here. I want to thank our Global AIDS Coordinator Ambassador Mark Dybul for being here and I especially want to thank Congressman Payne for joining us here today. You've been a stalwart supporter of the program. Thank you.

Distinguished Ambassadors, friends of Lesotho, distinguished guests, we gather here as two nations united by friendship and the promise of prosperity for our people. The United States was one of the first countries to establish relations with a free Lesotho in 1966. And today, we solidify our ties by signing a development Compact between Lesotho and the Millennium Challenge Corporation worth nearly \$363 million.

Today's Compact signifies America's enduring bipartisan support for Africa's development, our commitment to working together with the peoples of Africa to resolve conflicts, to combat disease, to fight poverty with economic growth, and to expand education for the poor. The Millennium Challenge Account is a keystone of our support in the global fight against poverty, especially in Africa. It reflects the President's bold vision for a new and transformational approach to foreign assistance, one that is built on accountability and responsibility. It is an approach that rewards countries for ruling justly, investing in their people, and promoting economic freedom.

Today, Lesotho becomes the 13th country to sign a compact with the MCC. Our commitment to our partners now totals close to \$3.9 billion and more than \$2.4 billion of that money has been channeled to African nations. Today's Compact, in particular, will help the government and people of Lesotho to build the infrastructure for long-term progress and prosperity by encouraging economic and legal reform. Now, we understand that these are challenging benchmarks for a country dealing with extreme poverty. But it was the citizens of Lesotho themselves who instituted these difficult reforms -- including reforms to fully integrate women into the economic life of their country. For this, I applaud you.

The priorities of Lesotho's Compact are the ones that they selected: improving the water supply for commercial and residential uses, investing in the fight against HIV/AIDS and other horrific diseases, and bolstering private enterprise. Working through and with their government, the citizens of Lesotho have envisioned, designed, and will now implement their own plan to lift people out of poverty and into a new era of prosperity. Because of the dedication shown by so many, I am confident that this very ambitious agenda will succeed.

We commend the people and the Government of Lesotho for pursuing growth and expanding opportunity, for choosing a path that will deliver results and benefits where they matter most: in the lives of the poor. The United States is your proud partner in this endeavor.

Mr. Prime Minister, we are pleased that your first visit to the United States comes on such an important occasion for the Mountain Kingdom. And I just learned, the Mountain Kingdom where one can snowboard. (Laughter.) That's an important fact to know. I want to congratulate you and your fellow citizens for reaching this momentous milestone in your nation's development. And I want to thank you personally, Mr. Prime Minister, for your leadership, for your personal interest in the success of this Compact, and for your commitment to good governance, to good economic growth and to leadership.

Now it is my honor to now yield the podium to you. Mr. Prime Minister, if you would join me at the podium.

(Applause.)

PRIME MINISTER MOSISILI: Your Excellency, Secretary of State Condoleezza Rice and Chair of the Board of Directors of the Millennium Challenge Corporation, Ambassador Danilovich, President and Chief Executive of the Millennium Challenge Corporation, Deputy and Assistant Secretary of State for Africa, your excellencies, distinguished ladies and gentlemen, today we can aptly proclaim with the Psalmist, and I quote, that: This is the day that the Lord has made, let us rejoice and be glad in it. For the signing of the Compact today between Lesotho and the Millennium Challenge Corporation makes or marks a red-letter day for us in more ways than one.

First, it underlines the unprecedented deepening of the longstanding relations of mutual solidarity and cooperation between Lesotho and the United States of America. For some of us, it unravels the puzzle that has baffled and indeed intrigued us for quite some time, namely: What is the great United States of America doing in tiny

Lesotho? For with the liberation of South Africa from apartheid rule, most countries that had missions or embassies in Maseru, Lesotho relocated to Pretoria, South Africa. But the United States stayed the course with us.

Today we not only know why, but more importantly, we understand and appreciate why. Secondly, it represents a pleasant recognition by your great country of the modest successes that the Government of Lesotho has achieved in its efforts to embrace the principles of good governance and accountability. Let me assure you, Secretary Rice and dear friends that we embarked on this cause not so much to earn recognition and praise from anybody, but more so because of our own conviction that it is the right thing to do. And third, it represents the most significant contribution that any country or cooperating partner has ever made to our development endeavors under a single assistance program. What is even more gratifying is that the grant is without conditions, except that we use the funds efficiently and transparently to transform our economy, to eradicate poverty, and to expand social rights and economic opportunities for our people.

On behalf of the Government and people of the Kingdom of Lesotho, I accept this generous grant with absolute elation and profound appreciation. Furthermore, and through you, I would like to assure your government, the Board of the Millennium Challenge Corporation and the American taxpayers that we shall do our best to implement this Compact efficiently, timelessly and with due regard to the principles of good corporate governance, accountability and respect for human rights.

We are particularly happy with the principles that underpin this Compact, which are country ownership and leadership, the untying of aid, as well as partnership with other international agencies. Your Excellencies, all nations rich and poor, big and small, have become members of one family. By extending this invaluable support to Lesotho, the United States Government gives the lesson in that regard, that one should care for the prosperity of other nations as much as one cares for the well being of one's own nation.

The overriding goal of the Government of Lesotho is to eradicate poverty and enhance the quality of life for all our people through sustainable economic growth that is driven by public and private partnership. In this context, I would like to thank the United States Government and all those who worked hard to extend the African Growth and Opportunity Act, for AGOA helped to transform the economy of Lesotho. Today, thanks to AGOA, textiles provide over 45,000 jobs to our people and mostly our women. In about three years, our exports increased from around \$150 million U.S. dollars to almost \$500 million U.S. dollars per annum.

This Compact's three components, namely, a water sector project, two, a health sector project and three, a private sector development project will address some of our most serious problems.

The water sector project will allow us to harness our abundant water resources for both industrial and domestic purposes, while the health sector project will significantly strengthen Lesotho's healthcare infrastructure so that it can more effectively address the economic and human impacts of poor maternal health, HIV and AIDS,

tuberculosis, and other diseases. Unless we win the war against HIV and AIDS, there will be very few people left in Lesotho to carry out our economic and social development or to enjoy the benefits of this Compact.

And thirdly, the private sector development project will help us to eliminate some of the still-existing barriers to our entry into the dynamic world market, thereby encouraging foreign investors to tap into the many assets and resources that Lesotho has to offer. Overall, this Compact will play an important part in ensuring that the role of the private sector as an engine of growth is strengthened in Lesotho.

In conclusion, Your Excellencies, distinguished ladies and gentlemen, I wish to thank the MCC staff and due diligence teams that worked tirelessly with our officials to make sure that we sign a high-quality Compact. I also wish to express my appreciation to those who worked hard to respond to the tough questions from the MCC's due diligence and staff teams. To one and all, I say congratulations. It is now time to implement the Compact that so many have worked so hard to prepare and that we are exceedingly pleased to sign on behalf of the people we are privileged to serve. I thank you.

(Applause.)

AMBASSADOR DANILOVICH: I'd now like to ask the Foreign Minister to join me at the table for the signing of the MCC-Lesotho Compact.

(Applause.)

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