MCC’s Commitment on Climate

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The Millennium Challenge Corporation (MCC) is an innovative and independent U.S. government development agency that partners with countries to reduce poverty through economic growth. MCC recognizes that climate change, poverty and economic growth are inextricably linked. MCC is significantly stepping up its climate ambition to support sustainable and inclusive growth in its partner countries and help build back better from the ravages of COVID-19.

Despite being the least responsible for global carbon emissions, developing countries are the most impacted by climate change and the least able to afford its consequences. Rising to the challenge, MCC will expand and deepen our work to support partner countries in addressing climate change—including adaptation, resilience, and mitigation measures—across our investment portfolio and business operations. MCC will adopt a new agency-wide Climate Strategy centered on investing in climate-smart development and sustainable infrastructure:

- **MCC will work with partner countries to invest in climate-smart development and sustainable infrastructure.**
  - MCC will commit more than 50 percent of our program funding to climate-related investments over the next five years.
  - Support partner countries’ efforts to meet their Nationally Determined Contributions (NDCs) under the Paris Agreement.
  - Promote low carbon economic development, help countries transition away from fossil fuels, and maintain a coal free policy across our investment portfolio.
  - Integrate the needs of women and those most vulnerable to climate change into the designs and implementation of our investments.

- **MCC will leverage key policy and institutional reforms to broaden the impact of investments.**
  - Advance policy and institutional reforms alongside sectoral, master, and investment planning to promote climate-resilient, lower-emissions development that supports partner countries as they define, strengthen, and implement their NDCs.
  - Engage with partner country governments on their climate priorities and provide technical assistance to strengthen their institutional capacity to develop and implement NDCs and net zero strategies; technology innovation and deployment; measurement, reporting and verification; and enhance their capacity for adaptation and resilience.

- **MCC will strengthen the integration of climate and environmental considerations into its analytical tools and decision-making.**
  - Fully integrate and strengthen climate considerations into MCC’s policies, guidelines, analytical tools, and decision-making processes—from constraints to growth and cost-benefit analyses to program designs, through implementation and evaluation.

- **MCC will expand and deepen partnerships and the use of blended finance to catalyze private capital for climate adaptation, resilience, and mitigation.**
  - MCC will crowd-in essential private sector investments in climate adaptation, resilience, and mitigation through collaboration with DFC, USAID and international partners.

- **MCC will seek innovative ways to reduce MCC’s carbon footprint and strengthen the climate resilience of MCC’s operations.**
  - MCC will conduct an internal analysis of the agency’s carbon footprint and climate resilience to identify areas for improvement.
As MCC and its partners rise to meet the existential threat of climate change, we will be bold and innovative and leverage our strengths to deliver solutions for partner countries.

With more than half a billion dollars in expected grants to be signed in 2021, and up to $3.5 billion in MCC’s pipeline, MCC is well positioned to make a significant impact in supporting our country partners toward sustainable and inclusive economic growth.