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PRESS RELEASE

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MCC Visits Malawi to Discuss New Program to Advance Economic Growth

Lilongwe: – A delegation from the U.S. Government’s Millennium Challenge Corporation (MCC), led by MCC CEO Sean Cairncross, visited Malawi this week to discuss the development of a second MCC compact program to reduce poverty and promote economic growth in partnership with the Government of Malawi. Malawi was selected by MCC’s Board of Directors as eligible for an MCC compact program in December 2018.

During their visit, the U.S. delegation met with senior Malawi Government officials, civil society, private-sector leaders, other donors and project beneficiaries to discuss the conclusion of Malawi’s first Compact and to provide a status update on the development of the second Compact. As a requirement, the first stage of the development of a new compact commences with a constraints analysis process that seeks to identify the key binding constraints to sustainable long-term economic growth.

The Millennium Challenge Corporation in partnership with the Government of Malawi recently completed a preliminary economic analyses and identified three binding constraints to growth: 1) lack of a stable macroeconomic environment as reflected in high and volatile inflation, 2) high price of road freight transport service and barriers to linking farms to markets in rural areas, and 3) difficulties with access to land for investment due to mismanagement of the estate sector and

unclear/uncertain land rights, particularly for women smallholders. Any proposed second compact program will address all or some of these constraints to economic growth.

In August, a team of experts will come to Malawi to work with the Malawi Millennium Development Trust (MMD) to engage with key stakeholders in focus groups to better understand the constraints to growth. Together, they will start to develop project concepts that will shape the framework for the proposed second compact.

Compact development typically involves 2-3 years of analysis, stakeholder engagement and detailed project preparation before a grant agreement can be signed. The decision by MCC's Board of Directors to select Malawi for a compact program is evidence of the government's continued commitment to strengthening democratic institutions, maintaining sound economic policies, and investing in its people.

Using a country-led approach that reflects a country's own priorities, MCC provides time-limited grants and assistance to developing countries that meet rigorous standards for good governance, from fighting corruption to respecting democratic rights. Working with local partners, MCC tackles some of the most pressing challenges that developing countries face, like access to electricity, clean water, land rights and roads.

Learn more about MCC at www.mcc.gov.