

Senate Committee on Foreign Relations
Chairman Richard G. Lugar
Opening Statement for Hearing on
The Millennium Challenge Corporation's Global Impact
April 26, 2005

Today, the Foreign Relations Committee meets to review the progress of the Millennium Challenge Corporation. We are pleased to welcome Mr. Paul Applegarth, the CEO of the Millennium Challenge Corporation, to present firsthand evidence of the MCC's experience around the globe over the last thirteen months. We also welcome David Gootnick, Director of International Affairs and Trade at the U.S. Government Accountability Office to present the results of a year-long review of the activities of the MCC.

Our Committee has enthusiastically endorsed the concept of the Millennium Challenge Corporation, which will provide assistance to developing countries that invest in their people, uphold political freedoms, fight corruption, maintain the rule of law, and pursue sound economic policies. We want to ensure that the MCC becomes an efficient and valuable tool of U.S. foreign policy. We want it to be a bold weapon in the battle against poverty, disease, corruption, disorder, and terrorism. We want the MCC to help lift deserving nations and provide incentives for meaningful reform in countries around the world.

More than six months ago, at our last hearing on the MCC, I said: "My hope is that the MCC will perform so well during the next year that members of Congress of both parties will embrace it enthusiastically as an inspired idea and an essential program. But for this to happen, the execution of the MCC concept must be extraordinary. Compacts must be concluded and money must be spent quickly, while ensuring that those dollars are distributed fairly, effectively, and without corruption."

Last week, at a ceremony at the State Department, the United States and the Republic of Madagascar signed the first MCC compact. I am encouraged by this action and salute the efforts of the Government of Madagascar to meet MCC eligibility requirements. I look forward to hearing more about the steps taken to reach this compact and its potential impact on other nations.

It is imperative that the MCC moves forward to expand its portfolio of compacts with eligible countries. As new compacts are being concluded, we must ensure that U.S. taxpayer funds are closely monitored and the process for selecting countries and evaluating proposals is carried out in a transparent process. We are eager to know the timetable for completing additional compacts, and whether the process can be accelerated, while maintaining requisite standards of operation.

In July, the leaders of the G-8 will meet in Gleneagles Scotland to tackle the ambitious agenda of poverty reduction in Africa. Tony Blair, the host of this year's summit, has presented Great Britain's plan through the Commission on Africa. The MCC will play an important role in the U.S. contribution to this effort. We must demonstrate to the rest of the world that we are committed to the MCC's success.

President Bush requested \$3 billion for the Millennium Challenge Corporation in this fiscal year. The Foreign Relations Committee endorsed that amount in the Foreign Affairs Authorization bill that we reported to the Senate.

Some have argued that that the President should have requested \$5 billion – the amount he originally had conceived for the corporation’s third year of funding. Others have argued that \$3 billion is too much for a new venture that is just getting off the ground, and that some of this money should be shifted to other priorities. My own view is that \$3 billion is a reasonable amount, given the scope of the program and its potential for spurring democratic reforms overseas. The credibility of the program, which foreign nations are observing closely, would be strengthened by Congressional support for the President’s funding request. Today, we will be seeking additional assurances that the program is on target to productively and efficiently use the funds that Congress and the President have devoted to it.

The MCC holds great promise for both participating countries and the United States. It gives us a chance to invigorate our relationships with the developing world and help set them on a course of progress. We hope that the MCC, working closely with Congress, can realize the original vision of President Bush to dramatically expand our ability to spur economic development throughout the world.

Again, we welcome our witnesses to the Committee and look forward to their testimony.

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