

**Opening Statement of Chairwoman Kay Granger Subcommittee on the Department of  
State, Foreign Operations, and Related Programs  
Millennium Challenge Corporation  
March 15, 2011**

I would like to welcome the Chief Executive Officer of the Millennium Challenge Corporation, Mr. Daniel Yohannes, and thank him for appearing before the Subcommittee today to discuss the fiscal year 2012 request for the MCC.

The Administration's request of \$1.1 billion is \$20 million above the FY2010 appropriation. Since the first compact was signed in 2005, MCC has programmed almost \$8 billion for compacts in 22 countries.

The MCC is a unique agency, and one I support because the model is focused on generating income in developing countries, which I expect will have a lasting impact. MCC recognizes that the private sector is the real engine of growth. If the history of foreign assistance has taught us anything, it is that money alone cannot force a country to develop. Countries need good institutions, the right policies in place, and a commitment to fight corruption and mismanagement.

MCC is in a position to prove how foreign assistance can be effective. It must be devoted to building capacity at the local level so that governments are more effective; it must measure results to determine what works and steer funds away from what does not work; and it must treat compact countries as partners to establish a sense of trust with the United States.

Now that two compacts are complete and several more are closing soon, I hope you can share with us both the outputs and the outcomes of these investments. The Congress needs to know if MCC funding has actually generated income in these countries.

Mr. Yohannes, I do not have to tell you that this country is facing fiscal pressures never faced before. During these times of constrained budgets, our development and economic assistance must be focused on helping and encouraging sustainability. The MCC should be a catalyst for partner countries to graduate from U.S. development and economic assistance. We must encourage these countries to break the cycle of dependence and begin to raise their own funds on the capital markets and through private investment. This Subcommittee will face constrained budgets this year and into the future, and we must accelerate graduation of countries, where feasible, and examine where duplication exists.

Let me point out that MCC compact countries received almost \$1.2 billion in other U.S. development and economic assistance in fiscal year 2010. As MCC begins to look at second compacts, countries must be selected on the basis of who can graduate from other U.S. development and economic aid. I hope you can discuss this proposal with the Committee today.

Thank you for appearing today, Mr. Yohannes. I look forward to your testimony.

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