

MEETING THE MILLENNIUM CHALLENGE



debt AIDS trade africa

data.org

DATA's mission is to alleviate poverty in Sub-Saharan Africa by raising awareness, primarily in the USA, of the crises in Africa of DEBT, AIDS and TRADE and thereby ensure that Africa receives or is able to earn the resources necessary to overcome the AIDS emergency and achieve rapid progress towards the internationally agreed Millennium Development Goals.

DATA also aims to raise awareness of the importance of DEMOCRACY, ACCOUNTABILITY and TRANSPARENCY in African governance—to make sure that assistance for African people goes where it's intended and makes a real difference.

DATA has offices in Washington DC, Los Angeles and London and is funded by the Bill and Melinda Gates Foundation, the Open Society Institute, Mr. Dick Kiphart and the SFO Foundation.

www.data.org

DATA would like to thank the African Diplomatic Corps for their active consultation on this project.

MEETING THE MILLENNIUM CHALLENGE

*By Erin Chapman
Policy Director
DATA (Debt, AIDS, Trade, Africa)
April 2004*

TABLE OF CONTENTS

1. Summary of Findings.....	Page 5
2. Introduction.....	Page 7
3. Background on the Millennium Challenge.....	Page 9
4. Potential African Millennium Challenge Qualifiers	
a. Benin.....	Page 11
b. Burkina Faso.....	Page 14
c. Ghana.....	Page 17
d. Kenya.....	Page 19
e. Lesotho.....	Page 23
f. Mali.....	Page 26
g. Mauritania.....	Page 29
h. Mozambique.....	Page 31
i. Senegal.....	Page 33
j. Tanzania.....	Page 37
5. Appendix 1: Millennium Development Goals.....	Page 40
6. Appendix 2: Education and Health Sector Financing Needs.....	Page 41
7. Appendix 3: Sources for Country Plan Costings.....	Page 42

“America supports the international development goals in the U.N. Millennium Declaration, and believes that these goals are a shared responsibility of developed and developing countries...”

We cannot accept permanent poverty in a world of progress. There are no second-class citizens in the human race... I carry this commitment in my soul.”

— Remarks by President Bush at the InterAmerican Development Bank, March 14, 2002

SUMMARY OF FINDINGS

The U.S. established the Millennium Challenge as the first major increase in U.S. assistance to poor countries in decades. The Millennium Challenge is designed to reward democratic countries that are fighting corruption and investing in the health and education of their people while also creating an incentive for other countries to do so as well. Because the Millennium Challenge is new, some have questioned the need for and potential uses of the proposed funding. In this report, DATA evaluates country plans devised in conjunction with a range of donors including the IMF and the World Bank to show that an illustrative group of 10 African countries considered strong candidates for the Millennium Challenge have existing plans and capacity to utilize a minimum of between \$2.2-2.4b annually.

*If potential qualifiers in Africa alone could absorb this sum then there is no question that once Asian and Latin American countries are included, **the \$1bn appropriated for 2004, the \$2.5bn requested in 2005, and the \$5bn proposed in 2006 can be fully justified.***

There are 10 countries in Africa that may qualify for the Millennium Challenge in the first year

The 10 countries included in the analysis are considered potential Millennium Challenge qualifiers because they are all fighting corruption, demonstrating good governance, and prioritizing the welfare of their people with the limited resources that are available. Together, they are home to 153 million people—more than 51 million of whom are living on less than \$1 per day. Quantitative analyses by the Center for Global Development show the following six countries to be at or above the median score for the currently proposed selection criteria:

Benin, Burkina Faso, Ghana, Lesotho, Mauritania, Senegal¹

However, the Millennium Challenge Corporation Board maintains discretion to consider factors on the ground that are not reflected by the data and to use alternative, more current sources for data. As a result, several additional countries may qualify on these grounds including:

Kenya, Mali, Mozambique and Tanzania²

The Administration will publish its official list in May 2004, and while not all of the ten countries profiled here may ultimately be selected, their needs and plans are representative of those African countries that will be. In addition, countries such as South Africa and Namibia may qualify in the third year of Millennium Challenge funding.

These 10 countries alone have poverty reduction plans in place that could immediately use \$2.2-2.4b in 2005

DATA used country analyses conducted by or in conjunction with the World Bank and the IMF to estimate the resources that can be put to work immediately through existing country plans to improve education, health care, clean water, infrastructure and other essential needs.³

¹ <http://www.cgdev.org/Research/MCA.cfm>

² **Mali** currently misses at least one of the investing in people indicators because it is too poor to achieve the results. **Kenya, Mozambique and Tanzania** currently fail the corruption indicator but have recently taken significant steps to fight corruption. These efforts are expected to change their rating. For more information on each country's efforts, see pages 20, 31 and 37.

³ Though this report uses costings in part generated by the IMF and World Bank, this does not mean DATA subscribes to the overall policy prescriptions proposed by the IMF and World Bank for these countries. Where possible, the analysis used cost estimates provided by a World Bank and IMF Joint Development Committee paper in September 2003 as to financing levels that could be absorbed immediately to accelerate progress towards the Millennium Goals. This paper does not estimate how much these countries need to reach the Millennium Goals but rather "the additional financing that could be used effectively as part of these efforts in the initial phase." For other countries, figures reflect the financing gaps identified in Poverty Reduction Strategy Papers or the Poverty Reduction Growth Facility papers. For more information on these sources, please see appendix 3 on page 42

Table 1				
Country	Financing gap 2004	Financing gap 2005	Two year total	Source
<i>Six likely qualifiers based on quantitative analysis</i>				
Benin	\$100-\$150m	\$100-\$150m	\$200-300m	“Supporting Sound Policies with Adequate and Appropriate Financing”; IMF and World Bank Development Committee; 13 September 2003
Burkina Faso	\$140m	\$140m	\$280m	IMF and World Bank Development Committee; 13 September 2003
Ghana	\$61m	\$53m	\$114m	Ghana: First Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility; 30 December 2003
Lesotho	\$25-30m	\$25-30m	\$50-60m	Expected PRSP total as per Lesotho government consultation (revised down from original \$139m proposal)
Mauritania	\$140	\$179m	\$319m	Islamic Republic of Mauritania: Poverty Reduction Strategy Paper Progress Report; 10 October 2003
Senegal	\$188m	\$221m	\$409m	Republic of Senegal, Poverty Reduction Strategy Paper; May 2002
<i>Additional four strong candidates for Millennium Challenge</i>				
Kenya	\$612m	\$848m	\$1460m	Kenya: 2003 Article IV Consultation; 9 July 2003
Mali	\$165m	\$165m	\$330m	IMF and World Bank Development Committee; 13 September 2003
Mozambique	\$85-225m	\$85-225m	\$170-450	IMF and World Bank Development Committee; 13 September 2003
Tanzania	\$350m	\$350m	\$700m	IMF and World Bank Development Committee; 13 September 2003
Totals	\$1.9-2.1b	\$2.2-2.4b	\$4.1-4.4b	

The Millennium Challenge was designed as a response to the Millennium Development Goals; in order to reach these internationally agreed upon goals, these 10 countries will ultimately require more than \$2.2-2.4b per year

Experts agree that the figures above represent mere starting points.⁴ While they reflect the resource gaps of existing plans, those plans do not reflect the total needs of the country. The World Bank and IMF strongly encourage the governments and members of civil society who write the plans to limit the scope to what might be achieved using domestic resources and expected/potential resources from the international community. The plans are oriented around the inputs thought possible rather than the outputs and goals desired. Those goals have now been agreed upon by the international community of donors and developing countries alike and include specific poverty reduction goals such as giving all boys and girls a primary education, doubling the number of people with access to clean water, and reducing the under-5 child mortality rate by two-thirds.

Efforts are underway to make a more accurate assessment of what each country actually *needs* to reach the goals.⁵ Initial analyses of two countries—Ghana and Tanzania—reveal the extent to which these assessments may exceed the totals in current poverty reduction plans.

Table 2					
	Current capacity and/or plans for poverty reduction:		Millennium Project: Annual Cost to Reach MDGs, starting 2005		Multiplier effect
	<i>Total Program</i>	<i>Total Ext Fin</i>	<i>Total Program</i>	<i>Total Ext Fin</i>	
Ghana	\$650m	\$488m	\$1.401b	\$911m	2 times higher
Tanzania	\$543m	\$414m	\$2.851b	\$1.862b	5 times higher

The comparison above is imperfect as the higher Millennium Project costing for the eight goals and the related infrastructure for achieving them is in fact more limited in scope than current poverty reduction plans which also include other vital development objectives such as improving the rule of law or democracy. However, the comparison above shows that the price tag for reaching the Millennium Goals will surpass current poverty reduction plans compiled in Table 1—perhaps by as much as two times as in the case of Ghana or five times as in the case of Tanzania.

⁴ See footnote 10 on page 7

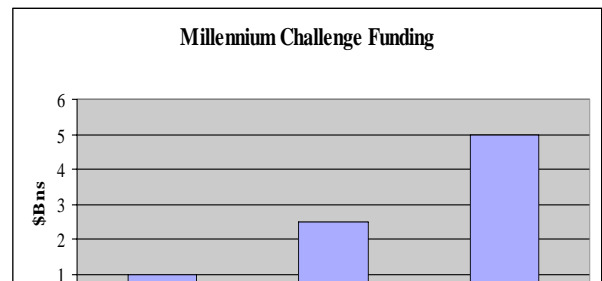
⁵ The Millennium Project is currently working on a systematic approach to identifying the resources (human, infrastructural and financial) that will be required to achieve the Millennium Goals in all low-income countries. For more detail see www.unmillenniumproject.org

INTRODUCTION

For too many years, donors have launched sporadic attacks on poverty without a clear vision for how to win the war. Battles have been won and lost but without a unified plan for various efforts, the humanitarian, economic and security toll continues to rise. That is beginning to change. In September 2000, the international community of donors and developing countries marked the turn of the millennium by agreeing to an ambitious set of goals to fight poverty, disease, hunger, illiteracy, environmental degradation and discrimination against women—the Millennium Development Goals.⁶ Donors reconvened 18 months later in Monterrey, Mexico to discuss their role in helping developing countries reach these goals and collectively pledged that no country would not fail to reach them due to lack of resources.

President Bush told participants that “*America supports the international development goals in the U.N. Millennium Declaration, and believes that these goals are a shared responsibility of developed and developing countries.*” He then called for a “new compact for development, defined by new accountability for both rich and poor nations alike.”⁷ To that end, he announced that the U.S. would create a Millennium Challenge, through which the U.S. would match the best governed poor countries that have instituted sound policy and reforms with what they desperately need to grow—significant new resources.⁸

Congress appropriated \$1b for the Millennium Challenge in 2004; President Bush has requested \$2.5b in 2005 with a goal of reaching at least \$5b annually by 2006.⁹ Some have cautioned that because the Millennium Challenge is new, \$2.5b is too much money for 2005. However, most poor countries, working with the IMF and World Bank, have already crafted poverty reduction plans and identified immediate steps to meet development goals. These are well governed countries that have already done the hard work of fighting corruption and promoting poverty reduction. These countries could effectively use the \$1b appropriated in 2004 as well as a minimum of \$2.5b in 2005 and \$5b in 2006 if the Millennium Challenge truly intends “*to draw whole nations into an expanding circle of opportunity and enterprise*” as President Bush explained to Congress.¹⁰



Real results are possible. With domestic leadership and international assistance, countries like Senegal, Mali and Tanzania have provided primary school education for more children, countries like Mozambique and Burkina Faso have immunized children against preventable diseases and countries like Ghana and Mauritania

⁶ For a complete list of the Millennium Development Goals, see appendix 1 page 40

⁷ Remarks by the President on Global Development; Washington, DC: Inter-American Development Bank, 14 March 2002: <http://www.whitehouse.gov/news/releases/2002/03/print/20020314-7.html>

⁸ During and as a result of the Monterrey Conference, donors have collectively committed to \$16b in new resources primarily through the Millennium Challenge and scaled up EU development assistance. In addition, since these commitments were made, the U.S. has also committed to additional development assistance for HIV/AIDS which will reach \$1.8b in new money by 2006. The total will therefore reach \$17.8b in new resources.

⁹ While the Millennium Challenge represents a large increase, total funding for the poorest people in the world still only represents .1% of the U.S. budget.

¹⁰ Estimating the total costs to reach the Millennium Development Goals is difficult because costs vary greatly by country and external financing requirements will be determined in part by country growth rates and the success of reform programs. Some conservative initial estimates indicate that it will cost the international community between an additional \$40-60b to reach the Millennium Development Goals. These figures come from the UN Zedillo Commission's estimate of \$50b addition and the World Bank/IMF estimate of between \$40-60b in additional financing. The African Development Bank, in conjunction with several other international financial institutions estimated that the 30 African countries that are best positioned to make progress towards the Millennium Goals will need an additional \$20-25b.

have seen the percentage of people living in poverty drop by approximately 10%. The Millennium Challenge is one piece of a multi-tier, multi-donor strategy to scale up these examples of success. Resources for the Millennium Challenge must be additional, as promised, to ongoing increases in bilateral development assistance on which many countries rely. Further, additional financing for multilateral mechanisms such as the Global Fund to Fight AIDS, TB and Malaria and the Education for All initiative must be strengthened while new mechanisms such as the International Financing Facility need to be explored by willing donors.

The Millennium Development Goals are ambitious as are the costs of reaching them but the rewards, which can be counted in lives saved and futures brightened, overshadow both of these: If the Millennium Goals are met in these 10 countries alone,

- almost 6 million children will go to school for the first time,
- 24 million more people will be able to drink clean water,
- for every 1000 children under the age of five, 100 of them would be saved from dying unnecessarily, and
- more than 25 million people would be raised above the poverty level of living on \$1 per day.

The Millennium Challenge, if adequately funded, represents a bold step forward by the U.S. in leading the international community from agreement to action on real targeted global poverty reduction for the new Millennium and all of its challenges.

BACKGROUND ON THE MILLENNIUM CHALLENGE

Concept Statement

The Millennium Challenge Account will provide significant new and additional resources to those countries that prove they are fighting corruption and investing in their people. Countries will be selected using a series of qualitative and quantitative indicators and resources will be spent on the priorities of those countries which qualify.

“President Bush’s Millennium Challenge Account initiative is a challenge to America to use our great power for good, and a challenge to developing nations to empower their people to build a better future. It reflects America at our best: generous and pragmatic, compassionate and focused on results.”-- Secretary of State Colin Powell

How will the Millennium Challenge work?

Each country that qualifies for Millennium Challenge funding will write a compact—essentially a contract that will be signed by both the country and the Millennium Challenge Corporation (MCC). The objectives of the compact will center around each country’s individual priorities and development objectives. Compacts will include a multi-year plan for achieving development objectives and will outline the responsibilities of the MCC and the recipient country, the benchmarks that will measure progress, a financial plan and a plan to ensure accountability of Millennium Challenge funds. The partners that each country works with and the manner in which goals are realized will be determined by the countries themselves.

The Millennium Challenge will be administered by the Millennium Challenge Corporation, “a new government corporation designed to support innovative strategies and to ensure accountability for measurable results.”¹¹ The MCC is managed by a Chief Executive Officer and overseen by a Board of Directors composed of the Secretary of State, the Secretary of Treasury, the U.S. Trade Representative, the Administrator of USAID, the CEO of the MCC and four members to be appointed by the President with the advice and consent of the Senate. The Secretary of State will be the Chairman of the Board.

Which countries qualify?

The Bush Administration has not yet released a list of which countries will receive Millennium Challenge funds but the selection process has been broadly outlined.

- **Country Eligibility** is based on income levels. In the first year (2004), the Millennium Challenge is limited to countries that are eligible for the World Bank International Development Association (IDA) and have per capita incomes under \$1415 only. In the second year, all countries that have per capita incomes under \$1415 would qualify and in the third year, the income limitations are extended so that countries with annual per capita incomes under \$2975 will qualify as well.
- **Country Selection** will be based on various indicators that evaluate a country’s relative commitment to ruling justly, investing in people and instituting economic freedom. As currently proposed, if a country scores better than its peers on at least half of the criteria in each category, it will be eligible to apply for Millennium Challenge funds. In addition, the country **MUST** be above the median on the corruption indicator to qualify. Final selection will be made by the MCC.
 - **Selection Criteria:** The MCC has published its list of 16 proposed indicators that would be used to rate whether countries are ruling justly, investing in people and promoting economic freedom. The criteria were released publicly in early March and were open for comment until April 5, 2004. DATA has recommended that the investing in people indicators be restructured so as to not penalize countries that simply cannot achieve results such as immunizations and children educated due to lack of resources. DATA has also recommended that countries that meet the median of scores are considered to have passed that criteria and that the median not be

¹¹ The Millennium Challenge Corporation website: http://www.mcc.gov/about_overview.html

recalculated on an annual basis. Overall, DATA proposed indicators which measure democracy, accountability and transparency rather than economic liberalization criteria.

What is the status of the Millennium Challenge?

The idea of the Millennium Challenge came about as a result of increasing bipartisan support for the idea that development assistance should be increased and that it is most effective in countries that are dedicated to governance and to the well-being of their people.

- March 2002: The Millennium Challenge was announced by President Bush.
- February 2003: The President sent draft legislation authorizing the Millennium Challenge to the House and Senate; The White House submitted a budget request for \$1.3b for the first year of the Millennium Challenge.
- March 2003: The “Millennium Challenge Act of 2003” was introduced in the Senate.
- May 2003: Legislation was introduced in the House of Representatives.
- October 2003: Millennium Challenge authorization was incorporated into the Foreign Operations Appropriations bill, as passed by the Senate.
- December 2003: House agreed to the Consolidated Appropriations bill, which incorporated the Millennium Challenge authorization.
- January 2004: President Bush signed the law creating the Millennium Challenge Corporation (MCC), authorizing it to administer the Millennium Challenge and providing \$1 billion in initial funding for FY04.
- February 2004: MCC Board of Directors (chaired by Secretary of State Colin Powell) held its first meeting. At this meeting, the Board appointed an interim CEO (Alan Larson), approved MCC bylaws and approved a list of candidate countries (those who meet the income requirement and would not violate the Foreign Assistance Act).
- February 2004: Paul V. Applegarth was nominated to fill the position of CEO.
- March 2004: MCC published and reported to Congress the proposed Criteria and Methodology which would be used to select Millennium Challenge eligible countries from candidate countries. These criteria and methodology guidelines were subject to public comment for 30 days.
- April 2004: The 30 day public comment period of the criteria and methodologies report ended.
- May 2004: The MCC Board will meet to select eligible countries which will be invited to develop proposals for Millennium Challenge funding.
- July 2004: MCC Board may review and approve initial compacts with first Millennium Challenge eligible countries.
- October 2004: MCC Board will meet to discuss 2005 country selection, approve administrative budget and approve any additional country compacts that have been finalized.

BENIN AT A GLANCE

Benin is wedged between the western African countries of Nigeria and Togo; it is slightly smaller than Pennsylvania in size.

By the numbers...	
People	✓ 7 million people
Health	<ul style="list-style-type: none"> ✓ Life expectancy 54 years ✓ HIV/AIDS prevalence 3.6% ✓ Ten (10) doctors per 100,000 people ✓ 37% of the population live without access to an improved water source
Education	<ul style="list-style-type: none"> ✓ Literacy rate 41% ✓ Primary enrollment rate (2000-2001) 70%
Economy	<ul style="list-style-type: none"> ✓ GDP per capita (2001) \$368 ✓ Major exports include cotton, crude oil, palm products, cocoa ✓ Major imports include foodstuffs, capital goods, petroleum products
Poverty Rank	✓ 159 out of 175

WHY BENIN?

After economic collapse and political crisis in 1989, Benin has been recognized for taking great strides towards establishing a stable democracy and spurring economic growth rates that exceed most neighboring countries. Benin was the first African country to successfully transfer power from a dictatorship to a democracy. The country has held fair and transparent elections at the legislative and presidential level as well as at the local level and is considered to have good records for human rights and freedom of the press. A national strategy to fight corruption was adopted in July 2002 and the government has been working to ensure full transparency by publishing procurement reports. The government also recently set up a National Committee Against Corruption.



Benin has been listed as 'eligible' for the first year of the Millennium Challenge because it is eligible for the World Bank International Development Association (IDA) program for the poorest countries and has a per capita income of \$368. Benin is likely to qualify for the Millennium Challenge with scores at or above the median on the following proposed indicators:

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> • Civil Liberties • Political Rights • Voice and Accountability • Government Effectiveness • Rule of law • Control of Corruption 	<ul style="list-style-type: none"> • Public primary education spending as a % of GDP • Immunization rates 	<ul style="list-style-type: none"> • Country credit rating • Inflation • 3-year budget deficit • Trade policy • Regulatory quality

HOW COULD BENIN USE THE MILLENNIUM CHALLENGE?

Past development assistance successes

Benin received approximately \$220m in development assistance from donors in 2002 and has also received debt relief from the Paris Club and bilateral creditors.¹² The largest bilateral donor for Benin is France. When Benin reached its completion point for debt relief, the World Bank commented that "resources made available under the HIPC Initiative have been used to commendable effect in education, health, the fight

¹² Organization for Economic Co-operation and Development, "Recipient Aid Charts"
<http://www.oecd.org/dataoecd/56/2/1867453.gif?channelId=34447&homeChannelId=33721&fileTitle=Benin>

against HIV/AIDS and rural water and sanitation.”¹³ Total government spending on health and education is estimated to have increased from 4.8% in 1999 to 5.9% in 2000. However, rapid population growth has offset the progress and will make goals for social and economic development even more difficult to achieve.

How much does Benin need?

A full costing of the resources required for Benin to reach the Millennium Development Goals has not been completed. However, according to a joint World Bank and IMF paper, Benin could effectively utilize an additional \$100-\$150m per year to fight poverty and improve the lives of the people of Benin. Benin's Poverty Reduction Strategy Paper (PRSP) identifies a \$119m financing gap in 2004 and \$95m in 2005. With adequate funding, Benin could potentially meet the education completion rate target and the HIV reduction target. Benin is also expected to be able to make great progress towards the poverty reduction and water goals as well if additional financing is mobilized.

What could Benin do with increased resources?

Priority areas for the Millennium Challenge compact would likely mirror priorities identified in Benin's PRSP. These priorities include strengthening the macroeconomic environment, improving access to basic education, health and water sources, fighting corruption while strengthening democracy, and promoting employment opportunities for the poor. Some of the more specific goals within this overall strategy include but are not limited to:

Improve access to basic education, literacy, basic health care, safe drinking water, and increasing efforts to fight HIV/AIDS and malaria

- Education: Benin's PRSP aims to provide access to education for all school age children. Efforts would increase the gross enrollment rate from 81% to 86% by 2004 (and 100% by 2015), would increase completion rates from 52% to 57% and more than double the number of classrooms available from 210 to 480.¹⁴ Priority will be placed on increasing access for girls and improving access and quality of education in rural areas. Benin would also institute a literacy program for all by revisiting adult education opportunities.
- Health: Though the HIV/AIDS rate is at a relatively low 4%, malaria remains an enormous challenge as the leading cause of death. Other significant health issues include high maternal mortality levels, diarrheal and gastroenteritis, respiratory infections, and cyclical outbreaks of meningitis and typhoid fever. Some examples of priority health expenditures include: recruiting and training of new health personnel; constructing and equipping 45 neighborhood health sectors, five district health centers and three area hospitals; and enhancing the availability of vaccines against meningitis and yellow fever.
- Water: Access to safe drinking water would be enhanced at the village level by drilling at least 800 new wells and rehabilitating an existing 500. The goal of this plan would be to provide clean water for 878,500 people living in rural areas.

In addition, Benin could use additional resources to help develop low cost housing for those in need, to improve sanitation, rural electrification, develop feeder roads, enhancing nutrition and improving food security.

Strengthen the agricultural sector and basic infrastructure

- Agriculture: To increase growth generated by the agriculture sector, the government of Benin plans to emphasize improving agricultural productivity while promoting crop diversification. Benin's plan includes increasing mechanization and disseminating new agriculture techniques to increase arable land. In addition, Benin will work to improve rural infrastructure by supporting irrigation schemes, investing in rural road construction and maintenance, and supporting the construction of new wells and boreholes to provide more water for agriculture.

¹³ Antoinette Sayeh, World Bank Country Director for Benin. Press Release 3/42 "IMF and World Bank Support US\$460 Million in Debt Service Relief for Benin" 25 March 2003: <http://www.imf.org/external/np/sec/pr/2003/pr0342.htm>

¹⁴ Benin: Poverty Reduction Strategy Paper March 2003 <http://www.imf.org/external/pubs/ft/scr/2003/cr0362.pdf>

- Strengthen basic infrastructure: Improving overall infrastructure of the economy is included in Benin's priorities as a means of helping to promote economic growth in the private sector as well. Benin plans to improve various aspects of the infrastructure by increasing its capacity to generate electricity, ensure sufficient and continuous water supply, manage mineral resources, improve the global telecommunications network, and improve transport needs through the road and rail networks, ports and maritime facilities and air transportation.

For a national civil society perspective on Benin's poverty reduction plan, please visit:

- * Association des Personnes Promotrices des Initiatives Paysannes (ASPPIP) at www.unccd.int/ngo/accreditationDB/institutionDetails.php?id=23

BURKINA FASO AT A GLANCE

Burkina Faso is a landlocked country just north of Ghana and is slightly larger than Colorado.

By the numbers	
People	<ul style="list-style-type: none"> ✓ 11.8 million people, 50% Muslim ✓ 61% live on less than \$1 per day and 86% on less than \$2 per day
Health	<ul style="list-style-type: none"> ✓ Life expectancy 46 years ✓ HIV/AIDS prevalence 6.5% ✓ Three (3) doctors per 100,000 people ✓ 58% of the population live without access to an improved water source
Education	<ul style="list-style-type: none"> ✓ Literacy rate 26% ✓ Primary enrollment rate (2002) 48%; completion rate (1995-2000) 25%
Economy	<ul style="list-style-type: none"> ✓ GDP per capita (2001) \$269 ✓ Major exports include cotton, livestock, gold ✓ Major imports include capital goods, foodstuffs, petroleum
Poverty Rank	✓ 173 out of 175

WHY BURKINA FASO?

Burkina Faso earned its independence from France in 1960 and after years of repeated military coups in the 1970s and 1980s, held its first multiparty elections in the early 1990s. Since these elections, the government has been dedicated to stabilization and liberalization reforms. Participatory processes are strong and the government has been committed to strengthening democratic accountability and improving the rule of law. The government has also been focused on improving public expenditure management and in 2003 the High Authority to Fight Corruption became operational. Though the reform programs have helped boost the economy, the impact on poverty has been limited—primarily because of factors outside of Burkina Faso’s control. In addition to fluctuations in development assistance inflows, Burkina Faso is also susceptible to vagaries in weather and commodity prices. As the second largest cotton producer in sub-Saharan Africa with 2 million people (about 17% of the population) directly or indirectly dependent on the cotton sector, these factors can easily have a large impact on the majority of the poorest people in the country.



Burkina Faso has been listed as ‘eligible’ for the first year of the Millennium Challenge because it is eligible for the World Bank International Development Association (IDA) program for the poorest countries and has a per capita income of \$269. If countries with scores that meet the median are considered as passing a criterion, Burkina Faso is likely to qualify with scores at or above the median on the following proposed indicators:

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> • Civil Liberties • Political Rights • Voice and Accountability • Government Effectiveness • Rule of law • Control of Corruption 	<ul style="list-style-type: none"> • Public primary education spending as a % of GDP • Public health spending as a % of GDP 	<ul style="list-style-type: none"> • Inflation • Trade policy • Regulatory quality

HOW COULD BURKINA FASO USE THE MILLENNIUM CHALLENGE?

Past development assistance successes

Burkina Faso received approximately \$473m in development assistance from donors in 2002.¹⁵ The latest bilateral donors are France and the Netherlands. Burkina Faso was one of the first countries to reach completion point under the original HIPC initiative in 2000 and enhanced HIPC initiative in 2002; Burkina Faso also received 'topping up' assistance due to the impact of adverse external factors. In conjunction with the World Bank and the IMF, Burkina Faso became one of the first to complete its poverty Reduction Strategy Paper in June 2000, which has been implemented satisfactorily since then. However, development assistance levels have fallen from approximately 22.5% of GDP in 1995 to an average of 16% of GDP today—with a rather drastic drop between 2000 and 2001 from approximately \$199m to \$116m. In the first two years of the PRSP, Burkina Faso effectively utilized available resources to increase immunization rates and health center staffing and also to school enrollment and literacy rates. Burkina Faso adopted a ten year Basic Education Development Plan which, in its first three years, has resulted in the construction of 746 schools and 677 latrines to improve sanitary conditions of schools. In 2002/2003 alone, a total of 20,251 classrooms were provided for the school system.

How much does Burkina Faso need?

According to a joint World Bank and IMF paper, Burkina Faso could effectively utilize an additional \$140m per year to fight poverty and improve the lives of the people of Burkina Faso. Although Burkina Faso's Poverty Reduction Strategy Paper (PRSP) currently shows only a \$25m financing gap in 2005, the strategy was not written with an eye towards reaching the Millennium Goals. Though a full costing of the resources required to reach the Millennium Goals has not been completed, the government of Burkina Faso began to work on revising its PRSP in December 2003 and is expected to review the objectives of the social development agenda in order to align them more closely with the Millennium Goals. Recent commitments from the African Development Bank, the West Africa Development Bank and the International Fund for Agricultural Development will provide additional resources for 2004-2006 but gaps in reaching the Millennium Goals will remain.

What could Burkina Faso do with increased resources?

Priority areas for the Millennium Challenge compact would likely mirror priorities identified in Burkina Faso's PRSP. Burkina Faso has been implementing its strategy since June 2000 with the objective of reducing the incidence of absolute poverty from 45% to 30% by 2015 and increasing life expectancy by 10 years.¹⁶ In order to achieve these goals, Burkina Faso's strategy includes but is not limited to the following priorities:

Improving access to social services for the poor

- **Education:** Primary education is a priority for social expenditures. It currently costs twice as much to graduate a student from primary school in Burkina Faso than in other African countries due to high unit costs and high repetition rates. The HIV rate exacerbates the problem, imposing significant costs due to teacher and student absenteeism and teacher replacement costs. The government is committed to increasing the percent of the budget dedicated to education to 26% by 2010 in order to reach 70% enrolment rate for primary school children (the enrolment rate was 36% in 2000-2001). Burkina Faso is also focused on improving literacy rates from 18 to 40%, focusing on women and people in disadvantaged areas.
- **Health:** The mortality rates for children under age 5 have grown worse and immunization coverage rates are low (less than 50%). The PRSP sets some ambitious goals of a 60% reduction in both infant and maternal mortality by 2015 and 75% immunization coverage by 2004. In addition, though Burkina

¹⁵ Organization for Economic Co-operation and Development, "Recipient Aid Charts"
<http://www.oecd.org/dataoecd/62/24/1877725.gif?channelId=34447&homeChannelId=33721&fileTitle=Burkina+Faso>

¹⁶ Burkina Faso defined the poverty line in 1998 as an annual income of CFA 74,690 or \$0.34 per day.

Faso's HIV/AIDS prevalence rate remains relatively low at 6.5%, Millennium Challenge resources could help the country improve prevention plans and access to medication, especially for women and children.

- Water: Burkina Faso plans to improve access to safe drinking water by developing 3,000 modern water points (mainly tubewells) to be drilled at the rate of 1,000 per year. The government will also rehabilitate 500 existing water points.

Achieving higher growth and a more diversified economy; increasing employment opportunities and income generating activities for the poor: Growth opportunities will focus on agriculture as about 80% of the population lives in rural areas and is dependent on agriculture. The agricultural sector in Burkina Faso is highly labor intensive and suffers from low efficiency, high illiteracy and disease. Improvements in literacy and health will therefore help increase productivity and facilitate agricultural diversification into other crops.

- Agricultural production: The government aims to increase agricultural production by 5-10% per year over the next ten years. The hope is that this will increase farm and livestock incomes by at least 3% per year, in order to raise the standard of living and reduce the incidence of poverty in rural areas.

For a national civil society perspective on Burkina Faso's poverty reduction plan, please visit:

- * Union Interafricaine des Droits de l'Homme (Inter-African Union for Human Rights) at www.hri.ca/partners/uidh
- * Cadre de Concertation des ONG/Associations actives en Education de Base au Burkina Faso at cceb.bf@fasonet.bf

GHANA AT A GLANCE

Ghana is located in western Africa between Cote d'Ivoire and Togo; it is slightly smaller than Oregon.

By the numbers...	
People	<ul style="list-style-type: none"> ✓ 20.5 million people, 63% Christian; there are 9,500 Liberians, 2,000 Sierra Leoneans, and 1,000 Togolese refugees residing in Ghana ✓ 45% live on less than \$1 per day and 79% on less than \$2 per day
Health	<ul style="list-style-type: none"> ✓ Life expectancy 57 years ✓ HIV/AIDS prevalence 3.0% ✓ Six (6) doctors per 100,000 people ✓ 27% of the population live without access to an improved water source
Education	<ul style="list-style-type: none"> ✓ Literacy rate 67% ✓ Primary enrollment rate (2000-2001) 58%
Economy	<ul style="list-style-type: none"> ✓ GDP per capita (2001) \$269 ✓ Major exports include gold, cocoa, timber, tuna, bauxite, aluminum, manganese ore, diamonds ✓ Major imports include capital equipment, petroleum, foodstuffs
Poverty Rank	✓ 129 out of 175

WHY GHANA?

In 1957, Ghana became the first country in colonial Africa to gain its independence. To this day it is one of the most stable in western Africa and has led the democratization of the sub-region. Ghana has a well balanced Parliament, an independent judiciary, a vibrant press and has signed several key human rights declarations. Ghanaians elected President John Agyekum Kufuor in 2000 who recommitted Ghana to democratic and economic reforms. After price shocks in the key gold and cocoa industries prompted budget deficits in the late 1990s, the economy has rebounded under Kufuor's leadership and posted a growth rate of 4.5% in 2002 and 5.2% in 2003. . The country has developed plans to accelerate poverty reduction and protect the vulnerable and excluded within a decentralized democratic environment. However, the impact of growth and poverty reduction efforts has not yet reached those living in resource-poor areas.



Ghana has been listed as 'eligible' for the first year of the Millennium Challenge because it is eligible for the World Bank International Development Association (IDA) program for the poorest countries and has a per capita income of \$269. If countries with scores that meet the median are considered as passing a criterion, Ghana is likely to qualify for the Millennium Challenge with scores at or above the median on the following proposed indicators:

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> • Civil Liberties • Political Rights • Voice and Accountability • Government Effectiveness • Rule of law • Control of Corruption 	<ul style="list-style-type: none"> • Public primary education spending as a % of GDP • Primary education completion rate • Immunization rates • Public health spending as a % of GDP 	<ul style="list-style-type: none"> • Country credit rating • Trade policy • Regulatory quality

HOW COULD GHANA USE THE MILLENNIUM CHALLENGE?

Past development assistance successes

Ghana received approximately \$653m in development assistance from donors in 2002, a decline from peak 1989 levels.¹⁷ The United Kingdom and the Netherlands are Ghana's largest bilateral donors. Ghana also opted for debt relief under the Heavily Indebted Poor Country (HIPC) program in 2002. Ghana's government is currently pursuing implementation of the HIPC program and hopes to reach Completion point in 2004. Development assistance played a major role in Ghana's economic recovery and poverty reduction efforts in the 1980s and also helped Ghana to make advances in its health and education sectors in the 1990s. Official estimates show the incidence of poverty declining throughout the 1990s from 51.7% in 1992 to 39.5% in 1999—one of the fastest rates of poverty reduction in Africa during the time. However, development assistance slowed as the economy faced trouble in 1999 and 2000 and some vulnerable groups witnessed an increase in poverty rates.

How much does Ghana need?

Ghana has been described as a “moderately aid dependent” country that “could undoubtedly absorb higher levels of financial inflows into key poverty-related sectors without significant problems of absorptive capacity.”¹⁸ At a minimum, Ghana's Poverty Reduction and Growth Facility (PRGF) indicates a financing gap of \$61m in 2004 and \$53m in 2005. The Ghana Poverty Reduction Strategy (GPRS) includes a total plan for \$5.3b over three years from all sources in order to address several poverty reduction goals; \$2.5b of this total is designated for ‘priority’ programs for the medium-term. Even these estimates are undoubtedly less than Ghana ultimately needs or could effectively use.

Ghana is one of the five countries for which the Millennium Project has conducted a detailed analysis of the total resource requirements necessary in order to reach the Millennium Goals. Total external financing requirements are estimated to begin at \$911m per year in 2005 and will scale up annually through 2015.

What could Ghana do with increased resources?

Priority areas for the Millennium Challenge compact would likely mirror priorities identified in the GPRS. The five main priorities of the plan are:

Improve infrastructure: In the medium term, Ghana would rehabilitate or construct three major highways, ten regional roads and several feeder roads in order to increase access to markets. The plan will also work to improve ports and increase availability of energy to boost industrial growth and productivity.

Modernize the agricultural sector based on rural development: Ghana's plan would work to modernize the agriculture sector by increasing the land under cultivation, improving irrigation and encouraging farmers to add value to their products by adding processing value. In order to help increase productivity for rural communities, Ghana would provide support for modern production technologies, ranging from improved seeds and seedling varieties, to pest management and soil management. Ghana would also work to reform land acquisition policies to facilitate access to land, efficient land ownership and title processes.

Enhance the provision of basic services (all resource requirements below are three year totals)

- **Education:** Ghana's overall plan is to provide uninterrupted access from pre-school to age 17. In order to do so, Ghana's plan focuses on enhancing access to pre school for all children, increasing the quality of primary education with a special focus on keeping girls in school; and building a national literacy program. Ghana's plan aims to reach 82 % gross enrolment rate.

¹⁷ Organization for Economic Co-operation and Development, “Recipient Aid Charts”
<http://www.oecd.org/dataoecd/21/40/1881076.gif?channelId=34447&homeChannelId=33721&fileTitle=Ghana>

¹⁸ Foster country case studies

- Health care: Ghana's plan is to develop model health centers in every district. The government is striving to phase out its 'cash and carry' system by increasing the fee exemption coverage and introducing a national health insurance scheme.
- Water: Ghana will increase access to clean drinking water by accelerating access to safe water in rural areas, ensuring sanitation and safe waste management and effectively managing urban systems. There has been intense debate amongst Ghanaian civil society to pressure the government into increasing access to clean water amongst the poorest sections of the population.

Strengthening institutions of good governance:

Efforts to strengthen governance include restructuring civil service, increasing support to parliament, improving the police service and increasing transparency and accountability for resource generation, allocation and management.

For a national civil society perspective on Ghana's poverty reduction plan, please visit:

- * Ghana HIPC Watch at www.sendfoundation.org/watch/
- * Integrated Social Development Center (ISODEC) at www.isodec.org.gh/
- * www.twnafrica.org

KENYA AT A GLANCE

Kenya is located between Somalia and Tanzania in eastern Africa, bordering the Indian Ocean.

By the numbers...	
People	<ul style="list-style-type: none"> ✓ 31.6 million people ✓ 23% live on less than \$1 per day and 59% on less than \$2 per day
Health	<ul style="list-style-type: none"> ✓ Life expectancy 46 years ✓ HIV/AIDS prevalence 15% ✓ 14 doctors per 100,000 people ✓ 43% of the population live without access to an improved water source
Education	<ul style="list-style-type: none"> ✓ Literacy rate 83% ✓ Primary enrollment rate (2000-2001) 69%; completion rate (1995-2000) 58%
Economy	<ul style="list-style-type: none"> ✓ GDP per capita (2001) \$371 ✓ Major exports include tea, horticultural products, coffee, petroleum products, fish, cement ✓ Major imports include machinery and transportation equipment, petroleum products, motor vehicles, iron and steel, resins and plastics
Poverty Rank	✓ 146 out of 175

WHY KENYA?

Kenya is a regional hub for trade and finance in East Africa. After years of struggling with a stagnant economy and a corrupt government, Kenyans again are poised to generate real change and real progress in poverty reduction. Relations with foreign donors suffered under the government of President Daniel Toroitich arap Moi who ruled Kenya as a de facto one party state from 1978-2002. After Moi stepped down in 2002, Kenya held fair and peaceful elections and opposition leader Mwai Kibaki won the Presidency on an anti-corruption platform. He now leads a coalition of opposition parties that hold a reasonable majority in Parliament. Kibaki's election spurred high expectations both within Kenya and in the international community for a break with the past and a fresh start for Kenya's future. True to his campaign promises, Kibaki has made serious efforts to fulfill those high expectations. He has taken immediate action to fight corruption and is also increasingly focused on poverty reduction, fighting HIV/AIDS and stabilizing of the economy. In his first major policy decision after being sworn in, Kibaki eliminated all fees for primary school, resulting in an increase of enrollment from 5.9 to 7.2 million children. Kenya also recently established the Commission for Human Rights in Kenya and is among the first four countries that have been reviewed by the African Peer Review Mechanism under the New Partnership for Africa's Development (NEPAD), which emphasizes good governance and democracy in Africa.



Kenya's Fight Against Corruption

After only one full year in office, President Kibaki's fight against corruption is well under way. Thus far, his government has:

- Appointed a widely respected local director from Transparency International to fill a new senior position responsible for ethics and government integrity
- Created a new Ministry of Justice and Constitutional Affairs
- Forced the resignation of more than 23 judges and 80 magistrates with a view to removing corrupt judges from the bench.
- Enacted the Prevention of Corruption and Economic Crimes Act and the Public Servants Ethic Act of 2003
- Signed and ratified the UN Convention on Corruption

These efforts are already proving results: A Transparency International survey shows that since 2002, bribery has declined dramatically; the percentage of encounters in which bribes were demanded or offered fell by more than one-third. (http://www.transparency.org/surveys/dnld/kenya_bribery_index_2004.1.pdf)

Kenya has been listed as ‘eligible’ for the first year of the Millennium Challenge because it is eligible for the World Bank International Development Association (IDA) program for the poorest countries and has a per capita income of \$371. Kenya currently does not pass the proposed corruption indicator and is therefore one indicator short in the ruling justly category. However, there is reason to believe that there has not yet been enough time for the Kibaki government’s influence to have been reflected in the indicators used. Because Kibaki has placed such a strong influence on its anti corruption activities (see box above), the MCC may take this into consideration and include Kenya as a Millennium Challenge country. Kenya currently scores at or above the median on the following proposed indicators:

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> • Civil Liberties • Political Rights 	<ul style="list-style-type: none"> • Public primary education spending as a % of GDP • Immunization rates 	<ul style="list-style-type: none"> • Country credit rating • 3-year budget deficit • Regulatory quality • Days to start a business

HOW COULD KENYA USE THE MILLENNIUM CHALLENGE?

Past development assistance successes

Kenya received approximately \$393m in development assistance from donors in 2002 (compared to a peak level of roughly \$1.6b per year in 1990).¹⁹ The United States and Japan are Kenya’s largest bilateral donors. Development assistance helped Kenya achieve rapid growth and improve social indicators in the 1960s and early 1970s. In the 1980s and 1990s, development assistance played a strong role in pushing democratic reform and strengthening governance. However, aid levels fell under Moi and, as a result, progress reversed itself and poverty worsened. The Kibaki government has restored donor faith in Kenya and its ability to effectively invest development assistance for the benefit of the people. According to an analysis by Mick Foster, Kenya is “under-aided, and has a diversified economy able to absorb significantly higher flows.”²⁰

How much does Kenya need?

An analysis prepared for the Department for International Development in the UK summarized Kenya’s financing requirements with the following: “current levels of aid to Kenya are quite obviously well below both a) the Kenyan economy’s capacity to absorb additional levels of external financing and b) the levels that are necessary if Kenya is to have any prospect of achieving the Millennium Goals by 2015.”²¹ That same analysis concluded that Kenya could effectively utilize the same levels of development assistance that was available in 1990 (\$2.5b) which would represent a \$2b increase over current levels. Such an investment is predicted to lead to rapid growth so that poverty targets could be met and social sector spending would increase.

Kenya’s PRSP currently identifies a financing gap of between an additional \$612-\$848m to achieve the goals of its strategy. In addition, in 2003, Kibaki’s Finance Minister said that Kenya would need more than \$800m of development assistance to fund the budget after state coffers were left almost bankrupt by Moi.

A full costing of the resources required for Kenya to reach the Millennium Development Goals has not been completed, but in the interim, the Kenyan government has begun to compile extensive costings for sectoral programs. With an additional \$59m per year, for example, Kenya could make tremendous strides in

¹⁹ Organization for Economic Co-operation and Development, “Recipient Aid Charts”

<http://www.oecd.org/dataoecd/62/54/1877992.gif?channelId=34447&homeChannelId=33721&fileTitle=Kenya>

²⁰ Mick Foster “The Case for Increased Aid: Final report to the Department for International Development” December 2003; Vol 1: Main Report, p 55

²¹ Ibid.

mobilizing Kenyan health care workers who are already trained and available, but in need of jobs. (See below for more detail)

What could Kenya do with increased resources?

The Kibaki government has inherited a system in which previous government officials ran large deficits and donors had no confidence. With the new Kibaki government, this is all changing. Kenya has already been named as a recipient of substantial new resources for HIV/AIDS through the President's Emergency Plan for AIDS Relief. Resources from the Millennium Challenge could be used to address the needs that the PEPFAR money will not address such as re-building the country's infrastructure, improving the delivery of services such as telecommunications and electricity, and tackling the high levels of unemployment.

The new government prepared an Economic Recovery Strategy for Wealth and Employment Creation which is centered around four pillars:

- ***Enhancing macroeconomic stability***—including the creation of 500,000 jobs annually and reducing the percentage of people living below the poverty level by at least 5 percentage points. Over the next five years, Kenya faces a financing gap for these objectives of at least \$3.3b.
- ***Strengthening institutions of governance***—including the anti-corruption efforts and rule of law improvements.
- ***Rehabilitation and expansion of physical infrastructure***—including rehabilitating and reconstructing the road network which could cost as much as \$1b. Kenya also plans to improve energy availability, telecommunications, railways, ports and air transport.
- ***Investment in the human capital of the poor***—two priority examples (education and health) are described below
 - ✓ Education: Education is a focus for the new administration which aims for 100 %enrolment rates and a reduction in the disparity in access and quality of education. Kibaki's first official act of policy was to eliminate user fees to provide free primary education for Kenyan children. This commitment to education has been widely applauded but has also proved more expensive than anticipated due to the masses of children flooding schools and has placed a stress upon the education system. With additional budgetary support, Kibaki could continue the momentum of reform and expand the education system quickly while improving quality at the same time. In addition, in order to continue training young people to join the workforce, Kenya needs additional resources to invest in its secondary education as well.
 - ✓ Health: The Kenyan government has signaled the potential for immediate improvement in the health sector. A primary goal is to make health care more affordable for Kenyans. In addition, to improve the availability and quality of care, the Ministry of Health (MOH) has drafted a plan to re-hire unemployed health workers at a cost of \$58.7m per year. Currently, the MOH estimates there are 1,500 underemployed doctors, 2,000 unemployed clinical officers and 5,000 unemployed nurses in the country due the combination of lack of resources and limits imposed on how much Kenya can spend on civil servants. These individuals represent names and faces of professionals who could immediately return to the workforce to help Kenya battle its child health, maternal health, malaria, TB and HIV/AIDS crises.

For a national civil society perspective on Kenya's poverty reduction plan, please visit:

- * Peace and Development Network Kenya (PEACENET Kenya) at www.peacenet.kabissa.org/
- * African Network Campaign on Education for All (ANCEFA)
- * Elimu Yetu (EYC) at eyc@elimuyetu.net or andiwoto@hotmail.com

LESOTHO AT A GLANCE

Lesotho is a small country (slightly smaller than Maryland) located within the borders of South Africa.

By the numbers...	
People	<ul style="list-style-type: none"> ✓ 2.1 million people, 80% Christian ✓ 43% live on less than \$1 per day and 66% on less than \$2 per day
Health	<ul style="list-style-type: none"> ✓ Life expectancy 37 years ✓ HIV/AIDS prevalence 31% ✓ Seven (7) doctors per 100,000 people ✓ 22% of the population live without access to an improved water source
Education	<ul style="list-style-type: none"> ✓ Literacy rate 85% ✓ Primary enrollment rate (2000-2001) 78%; completion rate (1995-2000) 69%
Economy	<ul style="list-style-type: none"> ✓ GDP per capita (2001) \$386 ✓ Major exports include manufactures 75% (clothing, footwear, road vehicles), wool and mohair, food and live animals ✓ Major imports include food; building materials, vehicles, machinery, medicines, petroleum products
Poverty Rank	✓ 137 out of 175

WHY LESOTHO?

Lesotho is a small country with a stable political environment and a recent history of adapting to generate opportunities for growth. It is surrounded on all sides by South Africa and therefore susceptible to fluctuations in South Africa's economy. While arable land is limited in this mountainous country, natural resources including water are plentiful. The country has historically relied on remittances from miners employed in South Africa and customs duties from the Southern Africa Customs Union for the majority of government revenue. Recently, Lesotho has supplemented these dwindling sources of income by completing a major hydropower facility in January of 1998 which permits the sale of water to South Africa, and by developing a small manufacturing base that supports the milling, canning, leather, and jute industries and a rapidly growing apparel-assembly sector. Today, the export-oriented garment industry which has benefited greatly from the duty free access to the U.S. provided by the African Growth and Opportunity Act (AGO) is driving economic growth. The Government of Lesotho has adopted a zero-tolerance campaign against corruption and is also working to overhaul its financial management system.



Lesotho has been listed as 'eligible' for the first year of the Millennium Challenge because it is eligible for the World Bank International Development Association (IDA) program for the poorest countries and has a per capita income of \$386. Lesotho is likely to qualify for the Millennium Challenge with scores at or above the median on all of the proposed ruling justly indicators, all of the proposed investing in people indicators and all but one of the proposed economic freedom indicators.

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> • Civil Liberties • Political Rights • Voice and Accountability • Government Effectiveness • Rule of law • Control of Corruption 	<ul style="list-style-type: none"> • Public primary education spending as a % of GDP • Primary education completion rate • Immunization rates • Public health spending as % of GDP 	<ul style="list-style-type: none"> • Country credit rating • Inflation • 3-year budget deficit • Trade policy • Regulatory quality

HOW COULD LESOTHO USE THE MILLENNIUM CHALLENGE?

Past development assistance successes

Lesotho received approximately \$76m in development assistance from donors in 2002.²² Ireland and Japan are the largest bilateral donors to Lesotho. Lesotho has prioritized education and implemented a program in 1999 to spend a greater proportion of the budget on education; by removing user fees, the Lesotho government provided all children with the opportunity to attend primary school. Lesotho has been one of the biggest beneficiaries of the U.S. Africa Growth and Opportunities Act (AGOA), which created more than 10,000 jobs in Lesotho in 2001 alone.

How much does Lesotho need?

A full costing of the resources required for Lesotho to reach the Millennium Development Goals has not been completed. An initial costing for Lesotho's draft-form PRSP totaled 1 billion maloti (approximately \$139m) annually. The Economic Commission for Africa has reviewed the draft-PRSP and its price tag and warns that these figures are too high and are "inconsistent with the IMF/WB emphasis on fiscal prudence." Critics note that the poverty reduction plan should be more conservative and should propose activities for which financing has already been identified, otherwise noting the plan could be "excessively ambitious"²³ Some government officials estimate that the country can currently absorb between \$25-30m per year; with additional investments in capacity, that amount will increase and grow closer to the \$139m annually that is estimated to be the need.

What could Lesotho do with increased resources?

Priority areas for the Millennium Challenge compact would likely mirror priorities identified in Lesotho's draft PRSP which outlines eight poverty reduction goals for the country: employment creation, food security, infrastructure, free basic education for all, free primary health care including curative services, water and sanitation, safety and security, and immigration.

Specifically, additional development assistance could be used to address Lesotho's major impediments to economic growth which include its devastatingly high HIV/AIDS rate, lack of physical infrastructure, and soil degradation. Lesotho has the fourth highest HIV/AIDS infection rate in the world and is the poorest country of those top four HIV/AIDS infected countries.

- ✓ **Education:** Education may be one of Lesotho's greatest priorities for Millennium Challenge funds. While the country has announced its goal of providing primary education to all children, this goal has strained the education sector. Financing is needed to train more teachers, provide more school facilities and more school materials. In addition, Lesotho aims to dedicate additional resources to its secondary education system so that graduates of the primary school have opportunities to pursue their education and gain skills necessary for the workplace.
- ✓ **HIV/AIDS:** One goal outlined in the draft PRSP is to reduce the HIV/AIDS infection rate to 25 % by 2007. The country has shown great commitment to fighting the AIDS crisis. In March of 2004 Lesotho's Prime Minister, Pakilitha Mosisili, became one of Africa's first heads of states to be publicly tested for HIV at the announcement of a new government program to provide free universal HIV testing. Lesotho's HIV/AIDS crisis management manual, "Turning Crisis into an Opportunity: Strategies for Scaling up the National Response to HIV/AIDS," was the first to be created by any African country. Because Lesotho will not receive resources through the President's Emergency Plan for AIDS Relief, financing must come from other sources. Experts estimate that the costs of prevention, care, treatment and additional minimal infrastructure to deliver antiretroviral treatment

²² Organization for Economic Co-operation and Development, "Recipient Aid Charts"

<http://www.oecd.org/dataoecd/63/38/1878276.gif?channelId=34447&homeChannelId=33721&fileTitle=Lesotho>

²³ "Exploring the PRSP Process in Lesotho: Reflections on Process, Content, Public Finance, Donor Support and Capacity Need" Economic Commission for Africa 3-4 December 2003

mat exceed \$40m in 2005. While currently receiving financing for HIV/AIDS from the Global Fund, Lesotho's needs exceed the finances available. Additional resources from the Millennium Challenge could be used to enhance the health infrastructure especially in the rural areas and train additional health care providers.

- ✓ Infrastructure: Lesotho also may prioritize improving its infrastructure with Millennium Challenge resources. Particular needs exist in the water and electricity sectors. In conjunction with the World Bank, Lesotho has completed preparatory work on an infrastructure plan but needs additional finances to proceed with the implementation of this plan.

In addition, Lesotho is facing yet another year of severe food shortages, being forced to declare a countrywide food emergency in February 2004. Some 57,000 metric tons of food is needed to feed between 600,000 and 700,000 people until the end of the 2004-05 harvest.

For a national civil society perspective on Lesotho's poverty reduction plan, please visit:

- * Lesotho Council of NGOs (LCN) at www.lecongo.org.ls/

MALI AT A GLANCE

Almost twice the size of Texas, Mali is located in western Africa just southwest of Algeria.

By the numbers...	
People	<ul style="list-style-type: none"> ✓ 11.6 million people, 90% Muslim ✓ 73% live on less than \$1 per day and 91% on less than \$2 per day
Health	<ul style="list-style-type: none"> ✓ Life expectancy 45 years ✓ HIV/AIDS prevalence 1.7% ✓ Five (5) doctors per 100,000 people ✓ 35% of the population live without access to an improved water source
Education	<ul style="list-style-type: none"> ✓ Literacy rate 46% ✓ Primary enrollment rate (2000-2001) 43%; completion rate (1995-2000) 23%
Economy	<ul style="list-style-type: none"> ✓ GDP per capita (2001) \$239 ✓ Major exports include cotton, gold, livestock ✓ Major imports include petroleum, machinery and equipment, construction materials, foodstuffs, textiles
Poverty Rank	✓ 172 out of 175

WHY MALI?

Formerly the Sudanese Republic, Mali gained its independence in 1960. After years of rule under dictatorship, Mali held its first democratic presidential elections in 1992. President Alpha Konare led the country's efforts to implement political and economic reforms and its fight against corruption for the two terms permitted under the constitutional limit. He stepped down in 2002 and was succeeded by Amadou Toure. Starting in 2001, Mali started an ambitious plan to strengthen local government, creating 700 local government units with responsibility in education, health and natural resource management. Macroeconomic reforms have helped to diversify the economy and have helped encourage private sector development, but Mali remains heavily dependent on foreign aid and vulnerable to fluctuations in world cotton prices (its main export) and gold. Despite the disruption caused by civil strife in Cote d'Ivoire which cut off Mali's main trade route for nearly a year and resulted in a major influx of refugees, Mali's stable governance and adherence to economic reforms have pushed economic growth to a 5 % average from 1996-2002.



Mali has been listed as 'eligible' for the first year of the Millennium Challenge because it is eligible for the World Bank International Development Association (IDA) program for the poorest countries and has a per capita income of \$239. Mali currently misses one indicator in the investing in people category but there is reason to believe this is simply due to lack of resources to invest in increasing immunization rates or education needs. Mali currently scores at or above the median on the following proposed indicators:

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> • Civil Liberties • Political Rights • Voice and Accountability • Rule of law • Control of Corruption 	<ul style="list-style-type: none"> • Public expenditure on health as a % of GDP 	<ul style="list-style-type: none"> • Country credit rating • Inflation • Trade policy • Regulatory quality • Days to start a business

HOW COULD MALI USE THE MILLENNIUM CHALLENGE?

Past development assistance successes

Mali received approximately \$472m in development assistance from donors in 2002.²⁴ France and the Netherlands are the two largest donors. In addition, Mali received debt relief through the Highly Indebted Poor Countries (HIPC) initiative in 2003. Two of the successes of development assistance have been in improvements in health and in agriculture:

- Mali has used development assistance to develop community health centers and explore public-private health partnerships in an effort to promote health reforms. In some parts of the country, a program provides mothers with free mosquito nets to prevent malaria when they bring in their children for a full series of vaccinations against preventable diseases such as measles and polio. Over the past two years, these efforts have cut the number of malaria cases by two thirds and sharply increased the number of children vaccinated against preventable diseases.
- In addition, development assistance has helped Mali's agriculture sector, enabling investments in research, rehabilitation of infrastructure and improved management of irrigation facilities in certain rural areas. As a result, rice yields more than tripled between 1980 and 2002 and in a related note, child malnutrition in these areas is now about half of the malnutrition rate in other areas.

How much does Mali need?

A full costing of the resources required for Mali to reach the Millennium Development Goals has not been completed. According to a joint World Bank and IMF paper, Mali could effectively utilize an additional \$165m per year to fight poverty and improve the lives of the people of Mali. The World Bank/IMF paper estimates that the \$165m annual investment would be an effective downpayment on increasing social services as well as on institutional and managerial reforms. Although the Poverty Reduction Strategy Paper (PRSP) currently shows only an \$111m financing gap in 2004 and a \$123m gap in 2005, the strategy was not written with an eye towards reaching the Millennium Goals.

What could Mali do with increased resources?

Mali's PRSP, adopted in 2000, focuses on reducing the incidence of poverty by one third and bringing the percentage of the population living in poverty down from 64 % to 48%. In order to achieve this overall goal, Mali has outlined several key priorities. Some of the specific objectives include:

- ***Economic and human development policies for the poor to help with increasing employment and access to social services***
 - ✓ Education: Objectives for the education system include increasing the enrolment rate to 73%, increasing adult literacy to 50%.
 - ✓ Health: Objectives include reducing the infant and child mortality rates by 15%, reducing maternal mortality, reducing the morbidity impact of certain diseases and malnutrition, and improving hygiene and sanitary conditions especially in hospitals.
 - ✓ Water: In January, 2004, the government pledged to build 9,600 wells and pumps over the next 11 years to improve rural water supplies in this poor and largely arid country. The President also announced plans to repair 4,500 existing pumps and wells that are damaged or out of use.
- ***Development of Basic Infrastructure and Productive Sectors***—The government of Mali's basic infrastructure plan aims to increase access to energy sources for all, ensure a rational plan for use of existing energy sources, enhance the development of rural road networks, and ensure improved access to telecommunication services.
- ***Ensuring Institutional Development, Governance and Participation***—Some of Mali's objectives to strengthen governance include:
 - ✓ improving the performance and credibility of the public sector and judicial system
 - ✓ consolidating democratization processes

²⁴ Organization for Economic Co-operation and Development, "Recipient Aid Charts"
<http://www.oecd.org/dataoecd/23/22/1882081.gif?channelId=34447&homeChannelId=33721&fileTitle=Mali>

- ✓ promoting greater participation by women in policy making
- ✓ fighting corruption

For a national civil society perspective on Mali's poverty reduction plan, please visit:

- * People's Decade for Human Rights Education in Mali (PDHRE-Mali) at www.pdhre.org
- * Comite d'Action pour les Droits de l'Enfant et de la Femme (CADEF) (Action Committee for the Rights of Women and Children)
- * Centre d'Etudes et de Recherché sur la Population pour le Developpement (CERPOD) by telephone at: 223.22.80.86 or 223.22.30.43

MAURITANIA AT A GLANCE

In north-western Africa, Mauritania is slightly larger than three times the size of New Mexico and four times the size of Britain.

By the numbers...	
People	<ul style="list-style-type: none"> ✓ 2.9 million people, 100% Muslim ✓ 29% live on less than \$1 per day and 69% on less than \$2 per day
Health	<ul style="list-style-type: none"> ✓ Life expectancy 52 years ✓ 14 doctors per 100,000 people ✓ 63% of the population live without access to an improved water source
Education	<ul style="list-style-type: none"> ✓ Literacy rate 42% ✓ Primary enrollment rate (2000-2001) 64%; completion rate (1995-2000) 46%
Economy	<ul style="list-style-type: none"> ✓ GDP per capita (2001) \$366 ✓ Major exports include iron ore, fish and fish products, gold ✓ Major imports include machinery and equipment, petroleum products, capital goods, foodstuffs, consumer goods
Poverty Rank	✓ 154 out of 175

WHY MAURITANIA?

After signing a new constitution in 1991, the government of Mauritania initiated a decade-long program of political, social and economic reform focused on poverty reduction. Although it is one of the continent's poorest countries, where drought is frequent and famine is never far behind, Mauritania is a stable country that is surprisingly rich in resources. Its coastal waters are among the world's most abundant fishing grounds, and Mauritania is also Africa's second largest exporter of iron ore. There are also potentially valuable deposits of gold, diamonds, platinum, copper and phosphates and in 2001, exploratory offshore wells indicated potential oil resources that could yield exports by 2005. However, these sources of income are subject to exogenous shocks. Half the population still depends on agriculture and livestock for a livelihood. In addition, in recent years, the dropping demand for iron ore and the overexploitation of fishing waters has threatened these sources of economic growth.



Mauritania has been listed as 'eligible' for the first year of the Millennium Challenge because it is eligible for the World Bank International Development Association (IDA) program for the poorest countries and has a per capita income of \$366. Mauritania is likely to qualify for the Millennium Challenge with scores at or above the median on the following proposed indicators:

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> • Government Effectiveness • Rule of law • Control of Corruption 	<ul style="list-style-type: none"> • Public primary education spending as a % of GDP • Immunization rates • Public expenditure on health as a % of GDP 	<ul style="list-style-type: none"> • Country credit rating • 3-year budget deficit • Trade Policy • Regulatory quality

HOW COULD MAURITANIA USE THE MILLENNIUM CHALLENGE?

Past development assistance successes

Mauritania received approximately \$355m in development assistance from donors in 2002.²⁵ France and Japan are the two largest bilateral donors. In 2002, Mauritania reached completion point for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative and used the savings to improve education, health services and access to water, telephones and jobs. Mauritania also used debt savings to provide severely poor farmers with desperately needed credit facilities, fertilizers, water pumps and fencing material.²⁶ Progress in poverty reduction has been relatively positive, reducing those below the poverty line from 56-47% between 1990 and 2000. However, much work remains to be done as almost half the population continues to live without access to water, sanitation and other basic facilities.

How much does Mauritania need?

A full costing of the resources required for Mauritania to reach the Millennium Development Goals has not been completed. At a minimum, Mauritania could utilize an additional \$140m in 2004 and \$179m in 2005 from the Millennium Challenge to achieve the goals of its Poverty Reduction Strategy.

What could Mauritania do with increased resources?

Building on the successful cut in the poverty rate from 57% to 46% between 1990 and 2000, the government has turned its sights on a new ambitious target of reducing the percentage of the population living in poverty to 17% by 2015. Some of the priority activities that would help Mauritania achieve that goal include:

- **Education**—The enrollment rate has improved but there is great room for improvement in the primary and secondary education sectors. The PRSP includes construction and furnishing for new classrooms, recruiting 1300 primary school teachers and 548 higher level teachers and professors, 980,000 textbooks and other new materials, training and retention strategies for the teaching staff and a literacy program for adults.
- **Health**—Health care coverage rates are especially low in the rural areas. The government aims to build 54 new health posts, train 12 new surgeons, 12 pediatricians, 12 gynecologist-obstetricians and 100 midwives. The plan would also work to recruit health professionals to the rural areas, enhance HIV/AIDS awareness and prevention campaigns and build three blood banks in regional hospitals.
- **Increasing access to clean water**—The strategy includes efforts to reorganize the mechanisms for delivery of water, sanitation and energy while expanding water supply systems and investing in water-works programs in rural areas.
- **Rural and urban development**—The plan emphasizes measures to be taken in the livestock farming area and agricultural sector to increase productivity. In addition, special attention is given to the needs of those in the poorest rural areas who need special infrastructure efforts. Mauritania would also work to enhance land ownership for the poor and would work to rehabilitate underprivileged neighborhoods.
- **Microcredit**—In addition to the above, Mauritania would prioritize the development of microcredit for poor urban and rural areas where opportunities are especially limited. Microcredit would be especially extended to women.

For a national civil society perspective on Mauritania's poverty reduction plan, please visit:

- * Association Mauritanienne pour le bien être et le secours de l'enfant et de la mere (ABSEM) at www.unccd.int/ngo/accreditationDB/institutionDetails.php?id=391

²⁵ Organization for Economic Co-operation and Development, "Recipient Aid Charts"

<http://www.oecd.org/dataoecd/18/59/1901353.gif?channelId=34447&homeChannelId=33721&fileTitle=Mauritania>

²⁶ "Looking towards a brighter, more affluent future: Michael Knipe introduces a report on Mauritania, the African state enriched by debt relief" The Times (London) 25 June 2003 Michael Knipe

MOZAMBIQUE AT A GLANCE

Located in south-eastern Africa, Mozambique occupies 2470km of coastline between South Africa and Tanzania. The country is slightly less than twice the size of California.

By the numbers...	
People	<ul style="list-style-type: none"> ✓ 17.5 million people ✓ 38% live on less than \$1 per day and 78% on less than \$2 per day
Health	<ul style="list-style-type: none"> ✓ Life expectancy 31 years ✓ HIV/AIDS prevalence 13% ✓ Six (6) doctors per 100,000 people ✓ 43% of the population live without access to an improved water source
Education	<ul style="list-style-type: none"> ✓ Literacy rate 48% ✓ Primary enrollment rate (2000-2001) 54%; completion rate (1995-2000) 36%
Economy	<ul style="list-style-type: none"> ✓ GDP per capita (2001) \$200 ✓ Major exports include aluminum, prawns, cashews, cotton, sugar, citrus, timber; bulk electricity ✓ Major imports include machinery and equipment, vehicles, fuel, chemicals, metal products, foodstuffs, textiles
Poverty Rank	✓ 170 out of 175

WHY MOZAMBIQUE?

Mozambique has great development potential but remains one of the poorest countries in the world. After civil war ended in 1992 and the country restored its democracy, the Mozambican economy impressed observers with growth exceeding 7% in most years between 1993-2002 even in spite of devastating floods in 2000. However, the benefits of this growth have not reached the majority of those in need. More than 80% of Mozambicans are involved in agriculture, and fluctuations in weather and commodity prices have a large impact on a large proportion of the population. Crop yields are only one-third of those in neighboring countries. Political stability and sound economic policies have encouraged recent foreign investment.



Mozambique has been listed as ‘eligible’ for the first year of the Millennium Challenge because it is eligible for the World Bank International Development Association (IDA) program for the poorest countries and has a per capita income of \$200. Current data show Mozambique to pass all of the ruling justly indicators except for the corruption indicator; Mozambique also misses one ‘investing in people’ indicator. However, Mozambique may potentially qualify for at least ‘near miss’ assistance. The only category in which Mozambique fails to pass enough indicators is in the investing in people category which is a category for which countries need resources. With additional assistance, Mozambique could scale up immunization programs and improve education and health programs. In addition, though corruption indicators suffered as a result of the assassination of an investigative journalist in 2000, the event spurred Mozambique to launch a major trial into the crime and to take a serious look at crime and corruption that may have been associated with the murder. Mozambique currently scores at or above the median on the following proposed indicators:

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> • Civil Liberties • Political Rights • Voice and Accountability • Government Effectiveness • Rule of law 	<ul style="list-style-type: none"> • Public expenditure on health as a % of GDP 	<ul style="list-style-type: none"> • Country credit rating • Trade policy • Regulatory quality

HOW COULD MOZAMBIQUE USE THE MILLENNIUM CHALLENGE?

Past development assistance successes

Mozambique received approximately \$2b in development assistance from donors in 2002.²⁷ France and Italy top the donor list for Mozambique. Mozambique's substantial foreign debt has been reduced through forgiveness and rescheduling under the Highly Indebted Poor Countries (HIPC) Initiative and has allowed Mozambique to increase health spending and education programs. Debt relief funds have vaccinated 500,000 children for tetanus, whooping cough and diphtheria. An additional \$10 million is being spent rehabilitating hospitals and schools across the country and \$3.2 million is being spent building new schools and increasing the enrollment of girls. Development assistance rose to 50% of GDP in the mid 1990s but has declined once again to 26% of GDP.

How much does Mozambique need?

According to a joint World Bank and IMF paper, Mozambique will need additional resources to fight poverty and make progress towards the Millennium Goals. The analysis indicates that Mozambique could immediately absorb at least \$85m in additional financing and that this figure will scale up to \$225m annually. Mozambique's Poverty Reduction Strategy Paper (PRSP) currently shows no financing gap but because of declining aid flows in the late 1990s, this plan was based on the assumption that this trend would continue. It therefore reflects a constrained plan for how Mozambique could operate without increasing inflows of financing. A full costing of the resources required to reach the Millennium Goals has not been completed but a recent analysis for the UK Department of International Development concluded that "a 50% increase in donor support would enable the Government to more rapidly address the low levels of human capital development."²⁸

What could Mozambique do with increased resources?

Mozambique is in a unique position because in addition to being a potential Millennium Challenge country, it will also receive substantial new resources for HIV/AIDS through the President's Emergency Plan for AIDS Relief. Resources from the Millennium Challenge could be used to address the needs that the PEPFAR money will not address. For example, HIV/AIDS has had a significant impact on the education system as teachers are dying and students are becoming orphans. Children are facing pressure to leave school to take care of relatives, with one million estimated to have already left school to be heads of households. Teachers are especially hard hit by the disease with approximately 17% of the country's teachers estimated to be HIV positive; this is 4% higher than the national prevalence rate among people aged 15 to 49.²⁹ Mozambican government officials estimate that approximately 1.6% of the country's teachers will die each year.

The Government of Mozambique is acutely aware of the development challenges facing its country and, accordingly, has designed its first five-year strategy (its PRSP is called an Action Plan for Reducing Absolute Poverty or PARPA) to reduce poverty. Some of the priorities outlined in the strategy include:

- **Health:** Malnutrition and infant, child and maternal mortality rates are the highest in the sub-region. Mozambique has reduced maternal mortality from 200 to 150 per 100,000 of the population but is unlikely to reach the Millennium Development Goal of reducing maternal mortality by three quarters without additional assistance. In addition, many people cannot access health services due to high user fees. Mozambique's health strategy focuses on improving child and maternal health, addressing key killers like malaria, TB and HIV/AIDS and rehabilitating the health infrastructure, training basic health caregivers and ensuring that health centers are well equipped.

²⁷ Organization for Economic Co-operation and Development, "Recipient Aid Charts"

<http://www.oecd.org/dataoecd/23/7/1882362.gif?channelId=34447&homeChannelId=33721&fileTitle=Mozambique>

²⁸ Mick Foster "The Case for Increased Aid"

²⁹ Prime Minister Pascoal Mocumbi "AIDS Threatens Mozambique Education System" AP story February 10, 2004

- **Education:** The Mozambique strategy aims to provide universal primary education for all children. Improvements have already been made with debt relief and development assistance funding so that gross enrollment rates have risen to 100% but more funds are needed to help improve the quality of education especially in the rural areas where more than half of teachers are untrained. Progress beyond the primary level is also low with less than 30% of children enrolled. In order to address these quality concerns, Mozambique plans to train 1,650 teachers and build 1,500 classrooms annually between 2001 and 2005.
- **Water:** Mozambique is also behind its neighboring countries in water and sanitation objectives. The water program has two main objectives—improving the water infrastructure and increasing the supply of clean water and sanitation services. Goals include raising the coverage levels for rural populations to 40% and 50% for urban populations.
- **Infrastructure:** Mozambique plans to focus on rehabilitating the road network, increasing access to energy sources, and increasing general infrastructure and capacity. Mozambique is planning to spend \$150m on roads in 2005.
- **Agriculture:** The agriculture and rural development plan aims to increase access to services, support productivity and develop agricultural capacity. Some of the desired goals include: improved technologies for 460,000 producers, average annual increase in the production of food items of around 240,000 tons, and an average annual increase of around 53,000 tons of vegetables and 6,800 tons of rice through improved irrigation systems. Mozambique is planning to spend \$54m on agriculture and rural development in 2005.

For a national civil society perspective on Mozambique's poverty reduction plan, please visit:

- * LINK NGO—an umbrella organization of 150 NGOs in Mozambique
- * Foundation for Community Development at www.synergos.org/partners/fdcenglish.htm
- * ANCEFA's regional office in Mozambique at www.ancefa.org/en/mozambique.html

SENEGAL AT A GLANCE

Senegal is the westernmost country on the African continent and is slightly smaller than South Dakota.

By the numbers...	
People	<ul style="list-style-type: none"> ✓ 10.6 million people, 94% Muslim ✓ 26% live on less than \$1 per day and 68% on less than \$2 per day
Health	<ul style="list-style-type: none"> ✓ Life expectancy 40 years ✓ HIV/AIDS prevalence 0.5% ✓ Ten (10) doctors per 100,000 people ✓ 22% of the population live without access to an improved water source
Education	<ul style="list-style-type: none"> ✓ Literacy rate 40% ✓ Primary enrollment rate (2000-2001) 63%; completion rate (1995-2000) 41%
Economy	<ul style="list-style-type: none"> ✓ GDP per capita (2001) \$476 ✓ Major exports include fish, groundnuts (peanuts), petroleum products, phosphates, cotton ✓ Major imports include foods and beverages, capital goods, fuels
Poverty Rank	✓ 156 out of 175

WHY SENEGAL?

Senegal is among Africa's most stable democracies and one of the few African states that has never experienced a coup d'état. Senegal's President Wade helped found the New Partnership for Africa's Development (NEPAD) which is an initiative by Africans for Africans to address the continent's development challenges by making the improvements in good governance that can lead to increased investment, trade and assistance. Senegal is described by USAID as "a stable country in an unstable region, and a model of religious and ethnic tolerance, it plays a key role in conflict resolution in West Africa and beyond."³⁰ After the economy contracted by 2% in 1993, Senegal began an aggressive economic reform program with the support of the international donor community in 1994. As a result, the economy has grown on average 5% per year between 1995 and 2002.



Because of its strong record of fair governance and its commitment to using its limited resources to invest in the Senegalese people, Senegal is likely to qualify for the Millennium Challenge. Senegal has been listed as 'eligible' for the first year of the Millennium Challenge because it is eligible for the World Bank International Development Association (IDA) program for the poorest countries and has a per capita income of \$476. Senegal is likely to qualify for the Millennium Challenge with scores at or above the median on all of the proposed ruling justly indicators, all of the proposed economic freedom indicators and half of the proposed investing in people indicators:

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> • Civil Liberties • Political Rights • Voice and Accountability • Government Effectiveness • Rule of law • Control of Corruption 	<ul style="list-style-type: none"> • Public primary education spending as a % of GDP • Public expenditure on health as a % of GDP 	<ul style="list-style-type: none"> • Country credit rating • Inflation • 3-year budget deficit • Trade Policy • Regulatory quality • Days to start a business

³⁰ USAID's Strategy in Senegal: http://www.usaid.gov/locations/sub-saharan_africa/countries/senegal/

HOW COULD SENEGAL USE THE MILLENNIUM CHALLENGE?

Past development assistance successes

Senegal received approximately \$449m in development assistance from donors in 2002.³¹ France and Japan are the largest bilateral donors. Development assistance resources have effectively helped Senegal to improve its education programs. Adult literacy increased from 28.4% to 38.3% between 1990 and 2001, and net primary enrollment increased from 48% to 63%.³²

How much does Senegal need?

According to a joint World Bank and IMF paper, Senegal could effectively utilize an additional \$221m per year to fight poverty and improve the lives of the people of Senegal. Although the Poverty Reduction Strategy Paper (PRSP) currently shows only a \$58m financing gap in 2004 and a \$24m gap in 2005, the strategy was not written with an eye towards reaching the Millennium Goals. The PRSP may soon be revised to incorporate more infrastructure plans and costs. In addition, assessments from the Millennium Project are likely to show much higher financing needs in order to reach the Millennium Goals.

What could Senegal do with increased resources?

Priority areas for the Millennium Challenge compact would likely mirror priorities identified in Senegal's PRSP. Some of the objectives that Senegal's PRSP outlines are described below:

Increase access to social services, especially health and education

- **Education:** Senegal has made progress in the education sector but needs additional assistance to further increase access and quality. Senegal passed a ten year education strategy in 1998 which aims to provide universal primary education by 2010, reallocate 49% of the national education budget to elementary education, improve access for girls, enhance education opportunities for middle and secondary education and improve the quality of university level education and research.
- **Health:** Senegal successfully fought back an HIV/AIDS prevalence rate from a peak of 1.7% down to 1.0% but health care access overall is quite limited. The majority of Senegalese people—60%—do not have access to health services as there are only eight doctors per 100,000 people compared to 279 in the U.S. Malaria is the leading cause of death, diarrheal diseases among children remains high, and only 42% of children aged 12 to 23 months have received all vaccinations. In order to improve health services, Senegal's plan focuses on improving the quality and supply of health services especially in poorer areas, developing community-based health services, promoting disease prevention and control strategies for HIV/AIDS and malaria and also lowering maternal and infant mortality rates.
- **Water:** Access to clean water has improved with only 22% of the population out of reach of an improved water source. Priority objectives include providing clean drinking water for 100% of the population by 2010, providing 600 rural localities with motor-driven boreholes, constructing 500 boreholes or modern wells for communities without access to drinking water and rehabilitating 100 boreholes that have been in use for 30 years or more.

Strengthen the agriculture sector and fisheries

- **Agriculture:** The agricultural sector is one of the most important parts of the economy yet suffered a severe crisis since the 1980s due to low rainfall, falling commodity prices, soil degradation, and an overall decline in production. Senegal's poverty reduction plan therefore places high priority on addressing this crisis by working to modernize the sector by introducing new technologies, increasing farmer incomes and diversifying their income sources and strengthening the role of farmer organizations.
- **Fishery revival:** The fishing industry makes a considerable contribution to exports and job creation. However, much like agriculture, the productivity of existing fishing zones is constrained. In order to enhance the potential of fisheries, Senegal's plan includes a fishery modernization strategy which would

³¹ Organization for Economic Co-operation and Development, "Recipient Aid Charts"

<http://www.oecd.org/dataoecd/63/24/1878479.gif?channelId=34447&homeChannelId=33721&fileTitle=Senegal>

³² UNDP Human Development Report 2003; <http://hdr.undp.org/reports/global/2003/>

restore fishing resources, upgrade fishing equipment and infrastructure and develop more opportunities to add value for the Senegalese economy.

For a national civil society perspective on Senegal's poverty reduction plan, please visit:

- * The Goree Institute at www.goreeinstitute.org
- * Rencontre Africaine pour le Défense des Droits de l'Homme (RADDHO) (African Association for Human Rights) at www.raddho.africa-web.org
- * Senegal Human Rights Defenders Coalition (SHRDC)

TANZANIA AT A GLANCE

Tanzania borders the Indian Ocean in eastern Africa, between Kenya and Mozambique.

By the numbers...	
People	<ul style="list-style-type: none"> ✓ 35.9 million people ✓ 20% live on less than \$1 per day and 60% on less than \$2 per day
Health	<ul style="list-style-type: none"> ✓ Life expectancy 44 years ✓ HIV/AIDS prevalence 7.8% ✓ Four (4) doctors per 100,000 people ✓ 32% of the population live without access to an improved water source
Education	<ul style="list-style-type: none"> ✓ Literacy rate 76% ✓ Primary enrollment rate (2000-2001) 47%; completion rate (1995-2000) 59%
Economy	<ul style="list-style-type: none"> ✓ GDP per capita (2001) \$271 ✓ Major exports include gold, coffee, cashew nuts, manufactures, cotton ✓ Major imports include consumer goods, machinery and transportation equipment, industrial raw materials, crude oil
Poverty Rank	✓ 160 out of 175

WHY TANZANIA?

Shortly after independence, Tanganyika and Zanzibar merged to form the nation of Tanzania in 1964. Democratic governance was interrupted in the 1980s and early 1990s by one-party rule but multiparty elections were reinstated in 1995 and the incumbent president of the mainland, election of Benjamin Mkapa was elected. Immediately thereafter, the government began undergoing real reform including a program to root out corruption. Despite strides being taken in governance, Tanzania remains one of the poorest countries in the world. While pursuing reforms and fighting corruption, Tanzania is working to improve conditions for its people and also reviving the economy to provide more opportunities for growth. The economy depends heavily on agriculture, which accounts for half of GDP, provides 85% of exports, and employs 80% of the work force. Throughout the 1990s, Tanzania's industry began to pick up. In addition, the extractive industries (mainly gold) and exploration/development of oil and natural gas have helped spur the economy. A recent banking system reform plan has increased the confidence of potential investors and has aided private sector growth.



Tanzania's Fight Against Corruption

President Mkapa has prioritized the fight against corruption:

- In 1996, the government established the Warioba Commission to investigate the country's corruption problem and recommend steps forward. The Warioba Commission came up with a very detailed report pinpointing ministries, department and institutions involved in rampant malpractices and corruption. Their recommendations have become the blue print in Tanzania's strategy to eliminate corruption.
- In 1999, every government ministry, independent department and public institution was required to identify sources of corruption in their institutions and work out an action program to reduce it.
- In 2000 elections, fighting corruption was a key topic in the campaign.

The government has put in place a number of institutions charged with the responsibility of fighting corruption in the country, including the Anti Corruption Bureau and the Ethics Commission.

The Tanzania parliament has passed several laws to assist in the fight corruption and as a result, several high profile characters in the public and private sector have been removed from their posts and given severe penalties.

Tanzania has been listed as ‘eligible’ for the first year of the Millennium Challenge because it is eligible for the World Bank International Development Association (IDA) program for the poorest countries and has a per capita income of \$271. Even though Tanzania currently does not pass the MCC’s proposed corruption indicator, observers note that the Mkapa government has been making serious strides in fighting corruption and that these acts have simply not been reflected in recent indicators. The MCC may take this into consideration and include Tanzania as a Millennium Challenge country. Tanzania currently scores at or above the median on the following proposed indicators:

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> • Civil Liberties • Political Rights • Voice and Accountability • Government Effectiveness • Rule of law 	<ul style="list-style-type: none"> • Immunization rates • Public expenditure on health as a % of GDP 	<ul style="list-style-type: none"> • Country credit rating • Inflation • Days to start a business

HOW COULD TANZANIA USE THE MILLENNIUM CHALLENGE?

Past development assistance successes

Tanzania received approximately \$1.2b in development assistance from donors in 2002, in part due to the two top bilateral donors—the United Kingdom and Japan.³³ After reducing their assistance during the years of one-party state, donors reinstated development assistance flows beginning in the mid-late 1990s. The World Bank, the International Monetary Fund, and bilateral donors have provided funds to rehabilitate Tanzania’s economic infrastructure and to alleviate poverty. Tanzania has also received debt relief from the Highly Indebted Poor Countries Initiative (HIPC). Savings from HIPC are deposited into a “Debt Relief Account” which is used to finance education, water, health, infrastructure, and agriculture. Such funds are successfully improving priority sectors such as primary education—Tanzania’s investment of debt relief savings in providing universal primary education resulted in 1.6 million children returning to school almost overnight. The debt relief account is audited every two months by a committee made up of donors, government, NGOs, the business community, representatives from the media and creditors.

How much does Tanzania need?

According to a joint World Bank and IMF paper, Tanzania could effectively utilize at least an additional \$350m per year to fight poverty and improve the lives of the people of Tanzania. However, the financing needs are likely to be much higher than that. Tanzania’s Poverty Reduction Growth Facility identified a resource gap of approximately \$1.1 billion in 2004. Tanzania is one of the five countries for which the Millennium Project has conducted a detailed analysis of the total resource requirements necessary in order to reach the Millennium Goals. Because Tanzania is one of the poorest countries in the world, it requires major investments averaging \$4b per year over the next ten years; total external financing requirements are estimated to begin at \$1.9b in 2005 and scale up to \$2.7b in 2015.

What could Tanzania do with increased resources?

Because of its high HIV/AIDS burden, Tanzania has been included in the President’s Emergency Plan for AIDS Relief (PEPFAR). Resources from the Millennium Challenge could be used to address the needs that the PEPFAR money will not. Spending on infrastructure and improving human capacity would boost private investment and revenue collection and directly contribute to progress on the Millennium Goals. Some of the priority areas outlined in Tanzania’s poverty reduction plan include the following:

- ***Agricultural development and infrastructure***—There is a focus in Tanzania on enhancing productivity of the agricultural sector and expanding the infrastructure that supports the agriculture sector since it is

³³ Organization for Economic Co-operation and Development, “Recipient Aid Charts”
<http://www.oecd.org/dataoecd/24/21/1882894.gif?channelId=34447&homeChannelId=33721&fileTitle=Tanzania>

especially responsible for half of the country's GDP. On infrastructure programs, road maintenance is underfunded. The government would allocate increased resources to enhancing the road network and expanding the country's capacity to maintain and repair road networks as well as to energy and telecommunications expansion.

- **Health**—In the Millennium Project's costing of Tanzania's total needs to reach the Millennium Goals, one third of the total investments are required for achieving the health goals. HIV/AIDS will require high levels of investment which may primarily be funded through PEPFAR but in addition, malaria treatment and prevention efforts will require additional resources. Infant mortality rates remain extremely high and have been rising during the past decade. Tanzania will also require investments in training and recruiting to increase the number of doctors and nurses to relieve the overburdened sector.
- **Education**—Debt relief allowed a major improvement in primary education rates but the country still has one of the lowest enrolment rates for secondary education in the world. Additional resources could help Tanzania continue the education of its young people so that they will eventually be able to fill the demand for public and private sector workforce. Also, rapid growth of primary enrolment rates due to debt relief has stressed the overall system. Additional financing is desperately needed to improve the quality of the overburdened primary education sector.
- **Water and sanitation**—Progress has been inadequate in this sector during the 1990s. Approximately 6.4 million people will need to be provided with access to clean water and 8.6million people will need some sanitation services in order to meet the Millennium Goals.

For a national civil society perspective on Tanzania's poverty reduction plan, please visit:

- * Tanzania Social and Economic Trust (TASOET) at www.tasoet.org

The Millennium Development Goals (MDGs)

1. Eradicate extreme poverty and hunger
 - ✓ *Halve the proportion of people with less than one dollar a day.*
 - ✓ *Halve the proportion of people who suffer from hunger.*
2. Achieve universal primary education
 - ✓ *Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling*
3. Promote gender equality and empower women
 - ✓ *Eliminate gender disparity at all levels of education.*
4. Reduce child mortality
 - ✓ *Reduce by two thirds the under-five mortality rate.*
5. Improve maternal health
 - ✓ *Reduce by three quarters the maternal mortality ratio.*
6. Combat HIV/AIDS, malaria and other diseases
 - ✓ *Reverse the spread of HIV/AIDS.*
7. Ensure environmental sustainability
 - ✓ *Integrate sustainable development into country policies and reverse loss of environmental resources.*
 - ✓ *Halve the proportion of people without access to clean water.*
 - ✓ *Significantly improve the lives of at least 100 million slum dwellers.*
8. Develop a global partnership for development
 - ✓ *Raise official development assistance.*
 - ✓ *Expand market access.*
 - ✓ *Encourage debt sustainability.*

Appendix 2

Health and Education Gaps for some Sub-Saharan African Countries			
	Education for All— financing gap³⁴	Health sector— financing gap³⁵	Needs for Education and Health Sectors
Angola	\$43m	\$363m	\$406m
Benin	\$21m	\$178m	\$120-204m
Burkina Faso	\$60m	\$343m	\$245-404m
Burundi	\$21m	\$183m	\$204m
Cameroon	\$56m	\$413m	\$469m
Central African Rep	\$14m	\$98m	\$112m
Chad	\$27m	\$228m	\$255m
Congo, Dem Republic of	\$163m	\$98m	\$261m
Congo, Republic of	\$10m	\$1400m	\$1410m
Cote d'Ivoire	\$72m	\$428m	\$500m
Eritrea	\$10m	\$111m	\$121m
Ethiopia	\$210m	\$1853m	\$2063m
Gambia, The	\$3m	\$37m	\$40m
Ghana	\$27m	\$545m	\$314-559m
Guinea	\$37m	\$218m	\$255m
Guinea-Bissau	\$3m	\$40m	\$43m
Kenya	\$134m	\$820m	\$577-957m
Lesotho	\$11m	\$45m	\$37-59m
Madagascar	\$33m	\$460	\$493m
Malawi	\$29m	\$313m	\$342m
Mali	\$53m	\$345m	\$216-355m
Mauritania	\$8m	\$75m	\$49-84m
Mozambique	\$46m	\$485m	\$291-500m
Niger	\$54m	\$320m	\$374m
Nigeria	\$272m	\$3350m	\$3622m
Rwanda	\$29m	\$215m	\$244m
Senegal	\$40m	\$263m	\$188-315m
Sierra Leone	\$12m	\$133m	\$145m
Sudan	\$106m	\$875	\$981m
Swaziland		\$13m	\$13m+
Tanzania	\$102m	\$900m	\$605-1036m
Togo	\$20m	\$128m	\$148m
Uganda	\$87m	\$690m	\$777m
Zambia	\$40m	\$275m	\$315m
	\$502m	\$2140-3971m	\$2642-4473m

³⁴ "Achieving Universal Primary Education by 2015" The World Bank

³⁵ "Macroeconomics and Health: Investing in Health for Economic Development": Commission on Macroeconomics and Health

Sources for Country Plan Costings

What is a PRSP? Poverty Reduction Strategy Papers (PRSPs) are prepared by governments in low-income countries through a participatory process involving domestic stakeholders as well as external development partners, including the IMF and the World Bank. A PRSP describes the macroeconomic, structural and social policies and programs that a country will pursue over several years to promote broad-based growth and reduce poverty, as well as external financing needs and the associated sources of financing.

What is a PRGF? The Poverty Reduction and Growth Facility (PRGF) is the IMF's low-interest lending facility for poor countries. PRGF-supported programs are underpinned by comprehensive country-owned poverty reduction strategies. PRGF-supported programs are framed around the Poverty Reduction Strategy Papers (PRSPs). The targets and policy conditions in a PRGF-supported program are drawn directly from the country's PRSP.

What are the Development Committee paper costings? The costings used for five of the countries above (Benin, Burkina Faso, Mali, Mozambique and Tanzania) were included in a paper written to respond to the Development Committee's request for the World Bank to report on financing levels that could support scaled up efforts towards the Millennium Goals. The paper was written by World Bank and IMF staff. The costings included in the paper are estimates of initial investments possible given current capacity rather than total costs required to actually reach the Millennium Goals.