

ECONOMIC PERSPECTIVES

MILLENNIUM CHALLENGE ACCOUNT: A NEW COMPACT FOR GLOBAL DEVELOPMENT

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The perils of our age should not blind us to its great promise. The United States seeks to work in partnership with other nations to build a world of hope and opportunity – a world where terrorism cannot thrive. That is why the Bush Administration has been instrumental in forging a new global consensus on how to help poor countries lift themselves out of poverty onto the road to development.

In March 2002, President Bush announced a groundbreaking development initiative – the establishment of a Millennium Challenge Account (MCA). MCA would increase core U.S. development assistance by more than 50 percent over the next three years, and the Bush Administration will work vigorously with the U.S. Congress to achieve full funding for this initiative. Full funding of MCA would result in a \$5 billion annual increase in assistance over current levels by FY 2006.

MCA grants will be used to help poor countries spur the economic growth and attract the investment needed to finance their own futures. Only countries that govern justly, invest in their people, and open their economies to enterprise and entrepreneurship will qualify for MCA funds.

Under the MCA, qualifying countries will propose specific programs to address the greatest obstacles to their development. MCA grants will be awarded to governments, non-governmental organizations, and private organizations, which they will put to work promoting good governance, furthering economic reform and anti-corruption efforts, developing enterprise and the private sector, building capacity for trade and investment, raising agricultural productivity and promoting health and education. A new government corporation, whose Board of Directors I will chair, will administer the MCA to ensure that grants are used effectively.

In this journal you will find insights from key government officials and leading scholars in the development field, who see MCA as a powerful way, to use President Bush's words, "to draw whole nations into an expanding circle of opportunity and enterprise."

U.S. Secretary of State Colin L. Powell