



GOVERNMENT OF THE KINGDOM OF LESOTHO MINISTRY OF FINANCE

PRESS STATEMENT

20 FEBRUARY 2019

THE GOVERNMENT OF LESOTHO SIGNS A US\$5.78 MN COMPACT DEVELOPMENT GRANT AGREEMENT WITH THE MILLENNIUM CHALLENGE CORPORATION

The Government of Lesotho (GoL) has signed a grant Agreement in the amount of \$5.78 million with the Millennium Challenge Corporation (MCC).

The funds, made available to the GoL under this grant Agreement, will be used to develop a programme of assistance between the MCC and the government. In terms of this Agreement, the GoL will cover costs associated with the development of the second compact including the for the required feasibility studies.

The signing of the grant Agreement is a critical milestone in the compact development process which has now reached its third phase. The first two phases of the compact development process focussed on problem diagnosis, namely identification of binding constraints, and their root causes. The current phase focusses on defining specific projects and programmes for resolving the identified problems.

The first two phases of compact development were fully funded by GoL and an amount of M7 million was set aside for this purpose. The resource requirements for this phase are significant and diverse and as a result the MCC has made available to Government the additional funding to be used for subsequent phases of compact development.

The second compact aims to reduce poverty in Lesotho through improved planning and delivery of public goods and services and to create the environment for inclusive, equitable and sustainable private sector led growth targeting the following productive sectors: commercial agriculture, manufacturing, tourism, culture and creative

industries, and health. The GoL is fully committed to partnering with the private sector not only to mobilise capital, but to co-create solutions for improved delivery of public goods and services.

It is anticipated that the third phase of the compact development process will be completed in April 2019 with the fourth phase (feasibility studies) and final phase (negotiation and signing) ending in December 2019 and June 2020 respectively.

The Government of Lesotho would like to express its deepest appreciation to the people and Government of United States of America through MCC for this grant for developing a compact that is aimed to reduce poverty in Lesotho and sustainably grow the economy. Further, the GoL acknowledges the long-standing support by the US government, which promises to continue even more.

About the Millennium Challenge Corporation (MCC): The Millennium Challenge Corporation (MCC) is a United States government-owned corporation created in 2004 to work with developing countries to promote sustainable economic growth to reduce poverty. Eligible countries (well governed countries) develop specific investment programs in furtherance of the goal of economic development to be funded by MCC over a five- year period and implemented by the partner country. The United States government, acting through the Millennium Challenge Corporation and an eligible country, sign a bilateral agreement (the compact) in which the United States agrees to grant funding to the eligible country which in turn will engage in developing and implementing investment programs aiming at reducing poverty through economic growth.

In 2007, the MCC signed a \$362.5 million compact with the GOL to fund projects in the health, water and private sectors.

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