

FUNDING THE MILLENNIUM CHALLENGE

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. 16 countries have been selected for first year funding from the Millennium Challenge to help them meet the internationally agreed Millennium Development Goals.

Existing poverty reduction plans and analyses conducted with the IMF and the World Bank show that these 16 countries can effectively use:

- *\$1.9-2.1 billion in 2004 -- more than twice as much as the \$1 billion appropriated for 2004*
- *\$2-2.2 billion in 2005 -- almost the entire \$2.5b requested by the President. Additional countries will be selected in 2005 as well.*

Existing Financing Needs In Year One Millennium Challenge Countries

Country	Financing gap 2004	Financing gap 2005	Two year total	Source
Armenia	\$26m	\$44m	\$70m	Armenia: Fourth Review Under the Poverty Reduction and Growth Facility; December 2003
Benin	\$100-\$150m	\$100-\$150m	\$200-300m	"Supporting Sound Policies with Adequate and Appropriate Financing"; IMF and World Bank Development Committee; 13 September 2003
Bolivia	\$160m	\$160m	\$320m	IMF and World Bank Development Committee; 13 September 2003
Cape Verde	\$33m	\$33m	\$66m	Cape Verde: Third Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility; December 2003
Georgia	\$110m	\$125m	\$235m	Georgia: Poverty Reduction Strategy Paper; August 2003
Ghana	\$61m	\$53m	\$114m	Ghana: First Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility; 30 December 2003
Honduras	\$120m	\$120m	\$240m	IMF and World Bank Development Committee; 13 September 2003
Lesotho	\$25-30m	\$25-30m	\$50-60m	Expected PRSP total as per Lesotho government consultation
Madagascar	\$221m	\$294m	\$515m	Madagascar Poverty Reduction Strategy Paper; October 2003
Mali	\$165m	\$165m	\$330m	IMF and World Bank Development Committee; 13 September 2003
Mongolia	\$10m	\$5m	\$15m	Mongolia: First and Second Reviews Under the Poverty Reduction and Growth Facility; September 2003
Mozambique	\$85-225m	\$85-225m	\$170-450m	IMF and World Bank Development Committee; 13 September 2003
Nicaragua	\$133m	\$133m	\$266m	Nicaragua: National Development Plan
Senegal	\$188m	\$221m	\$409m	Republic of Senegal, Poverty Reduction Strategy Paper; May 2002
Sri Lanka	\$441m	\$446m	\$887m	Sri Lanka: Request for a Three Year Arrangement Under the Poverty Reduction and Growth Facility; April 2003
Vanuatu	\$4m	\$5m	\$9m	Vanuatu: Article IV Consultation; December 2002.
Total	\$1.9-2.1b	\$2-2.2b	\$3.9-4.3b	