

Testimony of Daniel B. Petrie
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House Committee on Appropriations Subcommittee on National Security, Department of
State and Related Programs
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Chairman Diaz-Balart, Ranking Member Frankel, and distinguished members of the Committee, thank you for inviting me to testify. Since its founding in 2004, the Millennium Challenge Corporation (MCC) has enjoyed strong bipartisan backing, and we deeply value your support as we unlock growth and drive returns for the American people.

For more than two decades, MCC has delivered results through large, time-limited compacts that drive economic growth and reduce poverty while opening new markets, boosting trade, and creating opportunities for American businesses. MCC works only with countries that meet rigorous eligibility criteria and align with the economic and national security interests of the United States, ensuring accountability and a strong return on investment for the American people. By combining strategic infrastructure and advancing policy reforms to address systemic constraints to economic growth, MCC creates new markets, builds preferences for U.S. standards and services, and demonstrates that America is the partner of choice.

Congress has championed this results-oriented approach, and we appreciate the Committee's support in Fiscal Year 2027. Funds enable development and pre-implementation work on compacts in Fiji and Ecuador, and threshold programs in Tonga and Guatemala, partnerships made possible by Congress's passage of the MCC Candidate Country Reform Act. This legislation was critical in ensuring that the agency can bring its tools to bear where they are needed most.

Unlocking Economic Growth

MCC's timebound programs are designed to help countries achieve strong economic growth, build necessary infrastructure, and align policies and institutions to catalyze private sector investment. In doing so, MCC helps decrease countries' dependence on assistance.

Under the Trump Administration, MCC is expanding opportunities for U.S. business by engaging firms earlier to understand barriers to investment, and by creating the conditions that enable them to compete and grow. To support U.S. exports, MCC is addressing key regulatory barriers to American competitiveness in emerging markets.

Meanwhile, MCC is securing critical supply chains, including access to critical minerals, through infrastructure and policy reforms that enhance U.S. economic and national security interests. More than \$1.3 billion of MCC's current portfolio is contributing to U.S. critical minerals objectives, including in countries such as Cote d'Ivoire, Mozambique, Sierra Leone, and Zambia. For example, in Mozambique, MCC's compact is helping strengthen critical mineral supply chains linked to U.S. manufacturing; the planned road investments along the Nacala Corridor will improve graphite transport, supporting downstream battery processing in Louisiana.

The agency is also leaning into key sectors such as energy, transportation, and ports, and working closely with our interagency partners to better leverage our unique strengths. This close collaboration is essential if we are to reach the scale and speed that is required to tackle common challenges and effectively counter China.

This close interagency coordination was clear last week when MCC signed a \$60 million energy security threshold program with the Government of the Philippines during the Luzon Economic Corridor Investor Forum convened by the U.S. Trade and Development Agency (USTDA) and the Department of State. MCC has a longstanding relationship with the Philippines. As part of a prior compact, MCC built 222km of national roads, bridges and culverts that connected communities to commerce and served as a lifeline during typhoon season. MCC's efforts also increased domestic revenue in the Philippines through successful reforms to their tax system. In 2022, MCC was ready to re-engage with renewed authority from Congress to implement threshold programs after compacts. With last week's signing, MCC is poised to modernize their national regulatory body that controls public and private investment in the energy sector. In doing so, MCC is filling a much-needed gap that underpins the U.S. government's collective efforts across the Philippines – from unlocking economic growth, to shoring up our security, to creating opportunities to export U.S. technology.

MCC's threshold program in Tonga will leverage recent work by USTDA and promote trusted U.S. technology, displace high-risk suppliers, and increase energy security.

In the Western Hemisphere, Ecuador's overreliance on hydropower and low-quality Chinese-built infrastructure has led to acute needs in the energy sector. An overly rigid regulatory framework has stifled private sector investment despite the country's broader alignment with the United States. MCC is developing a compact to address both of these challenges.

In Guatemala, the agency is seeking to improve transportation master planning and the government's ability to effectively deliver large infrastructure projects. This supports the U.S. Army Corps of Engineers' plans to expand the Port of Quetzal, and aligns key corridors critical to U.S. exports and supply chains.

To unlock growth, the private sector needs efficient operating and regulatory environments, and this is what MCC does best. MCC has a 22-year track record of effectively building infrastructure and pursuing reforms in countries of strategic importance to the United States, generating opportunities both here at home and abroad.

Thank you again for your support of MCC and I look forward to your questions.