



MILLENNIUM  
CHALLENGE CORPORATION  

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UNITED STATES OF AMERICA

August 2023

# Introduction



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# MCC IS A U.S. GOVERNMENT AGENCY

**Focused mandate:** Reduce poverty through economic growth

**Corporate structure:** Led by a governing public/private Board of Directors

Secretary of State Anthony J. Blinken (chair)

Secretary of Treasury Janet Yellen (vice chair)

U.S. Trade Representative Katherine Tai

USAID Administrator Samantha Power

MCC Chief Executive Officer Alice P. Albright

4 private sector members



- Created in 2004, with bi-partisan support, for a new approach to US foreign assistance
- Based on guiding principles of **selectivity, country-ownership, data-driven and business-like decision-making**, and catalyzing **partnerships & private** investment
- Works in the most **well-governed, developing countries**, from emerging markets to fragile states
- Annual appropriation **~\$1 billion/year**, with an overall portfolio of over \$15 billion
- ~70% of compact funds go toward **large-scale infrastructure**, accompanied by policy reforms

# MCC'S BUSINESS-LIKE APPROACH

- **Corporate structure** – Board of Directors, CEO, and small, highly-leveraged staff
- Countries as **business partners** – expect their full participation in designing, developing and implementing programs
- Engages **private sector** in the development, implementation and oversight of programs
- Treats potential projects as “**investments**” with measurable returns
- Relies heavily on **data** and **evidence** when making decisions, continuously measures returns, and learns from mistakes
- Leverages funding for **policy reforms** and **private investment** opportunities
- Insists on **ambitious timelines** and supports **project management** discipline



# CORE PRINCIPLES

## Competitive Selection

- Countries must demonstrate strong performance in key policy areas
- Countries must sustain performance to ensure continued eligibility
- MCC scorecard has become seal of approval for countries

## Country-led Solutions

- Local team conducts research, consults citizens, works closely with MCC
- Countries identify priorities, develop own proposals
- MCC will support, help develop proposals that increase economic growth and reduce poverty

## Country-led Implementation

- Local unit manages implementation
- MCC assistance not tied to use of specific contractors – supports best value for money
- Rigorous and transparent monitoring of funds and procurements

# MCC Programs



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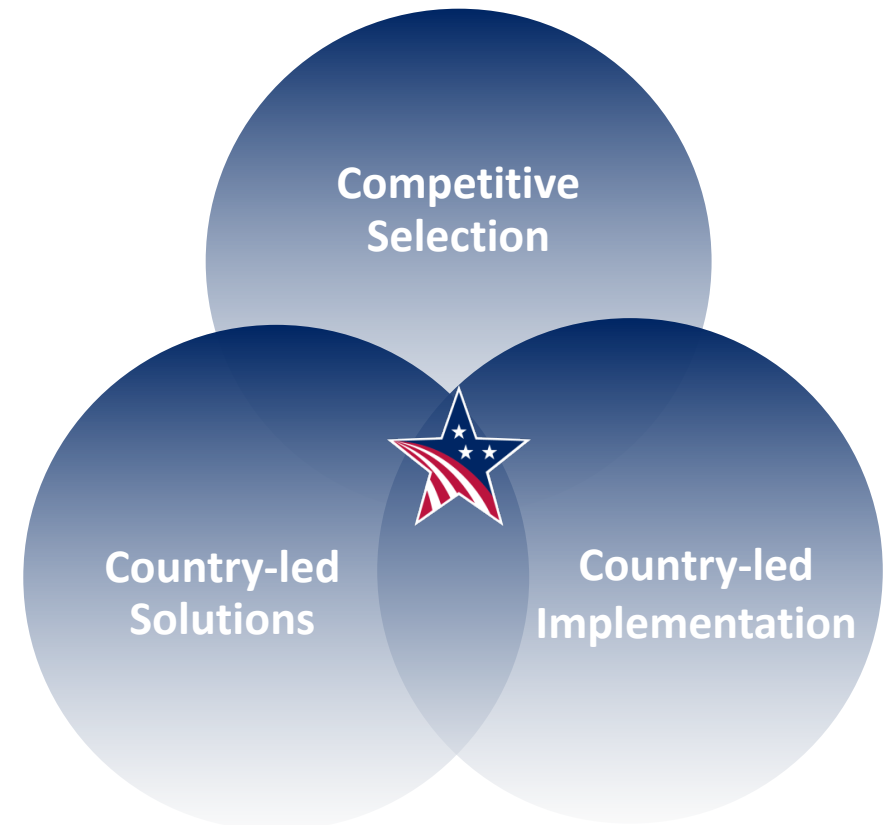
# MCC HISTORICALLY OFFERED TWO DIFFERENT PROGRAMS, BOTH UNDERPINNED BY THE SAME KEY PRINCIPLES

## Compact Programs

- Large, five-year grants for countries that meet MCC's eligibility criteria
- Average \$365 million
- Rooted in a Constraints Analysis

## Threshold Programs

- Smaller grants awarded to countries that come close to meeting MCC's eligibility criteria and are on a positive trajectory
- Typically ~4 years, though durations vary
- Average ~\$20 to \$40 million, and focused only on policy and institutional reform
- Rooted in a Constraints Analysis







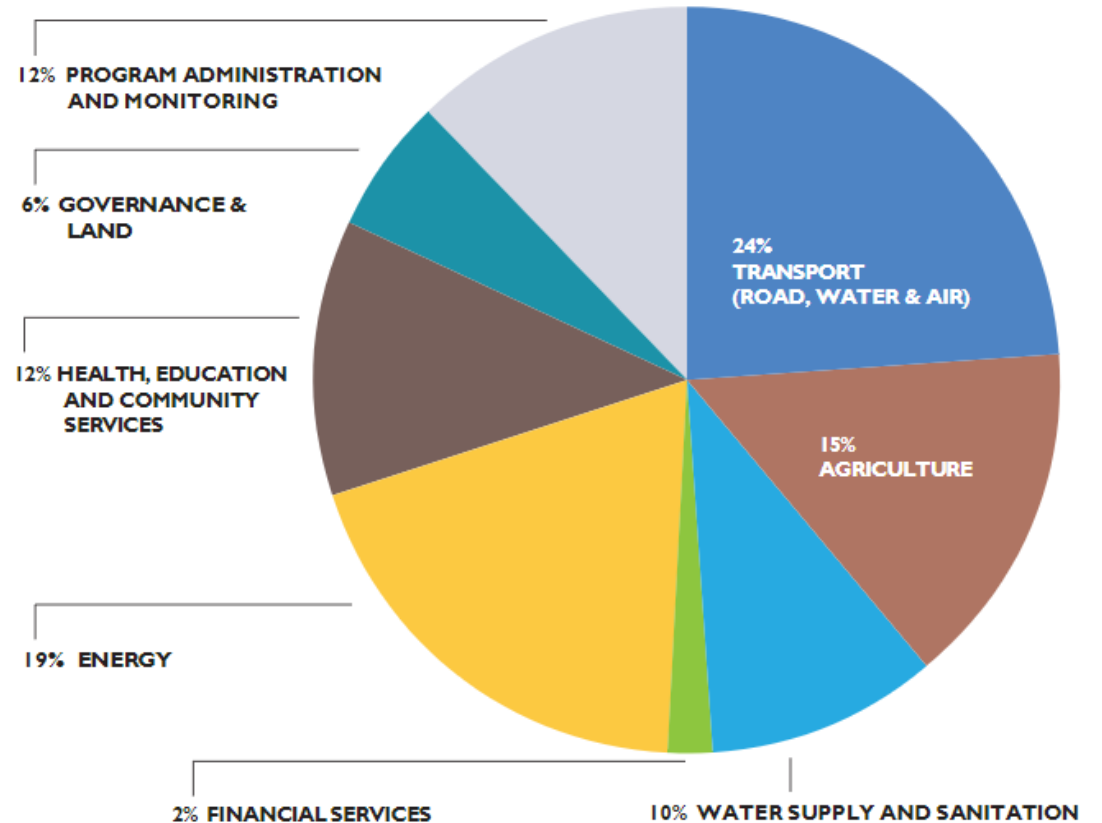
## INVESTMENTS TO DATE

As of January 2023, MCC has signed 44 compacts with 31 countries worth more than \$15 billion and 30 threshold programs totaling about \$680 million.

Grants support projects in multiple sectors



### Compact Investments by Sector (as of FY2022 Q3)\*



# Competitive Selection

MCC's Board of Directors chooses countries based on objective criteria – a data-driven approach to identifying the best-governed of the world's poorest countries.

- **Twenty indicators**

- Produced by third-party institutions
- All are independent, public, and cover governance issues critical for driving economic growth

- **Indicators fall into 3 categories**

- Economic Freedom
- Ruling Justly
- Investing in People

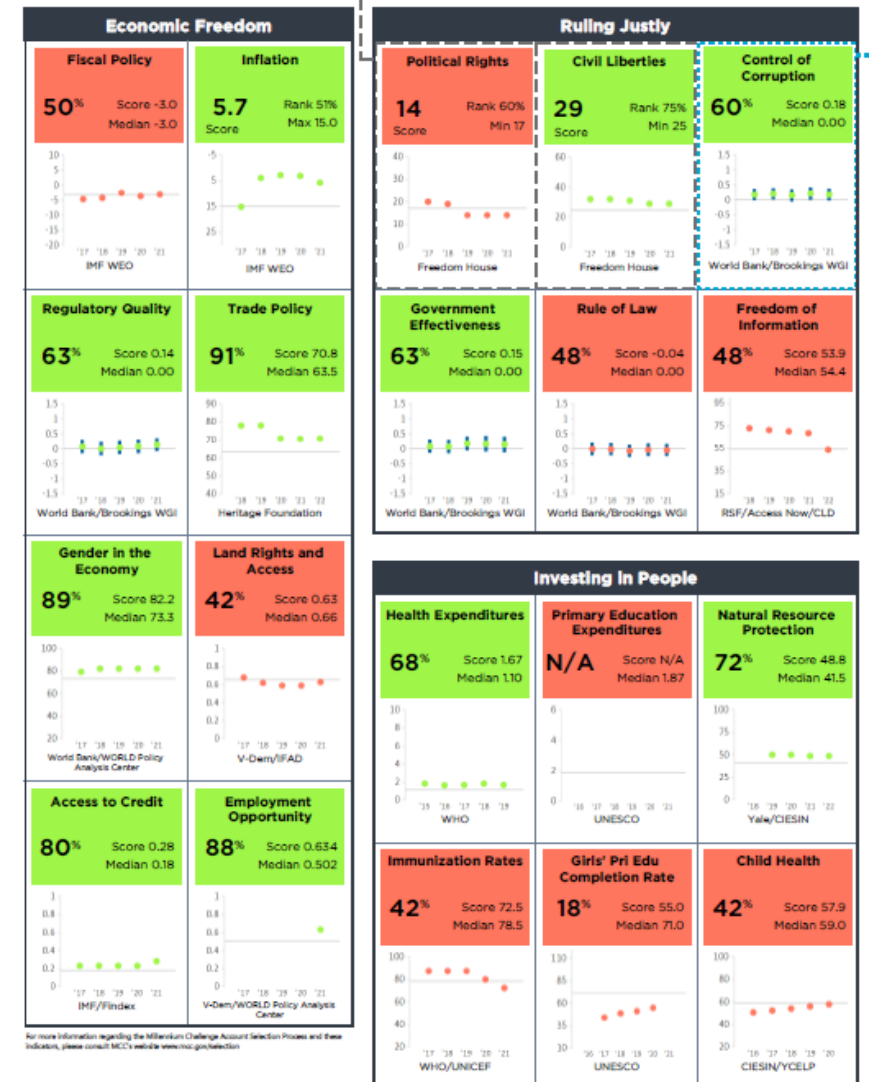
- **Countries have three conditions that must be met to “Pass” Scorecard**

- Pass the Control of Corruption indicator
- Pass either the Political Rights or Civil Liberties indicator
- Pass at least 10 out of 20 overall

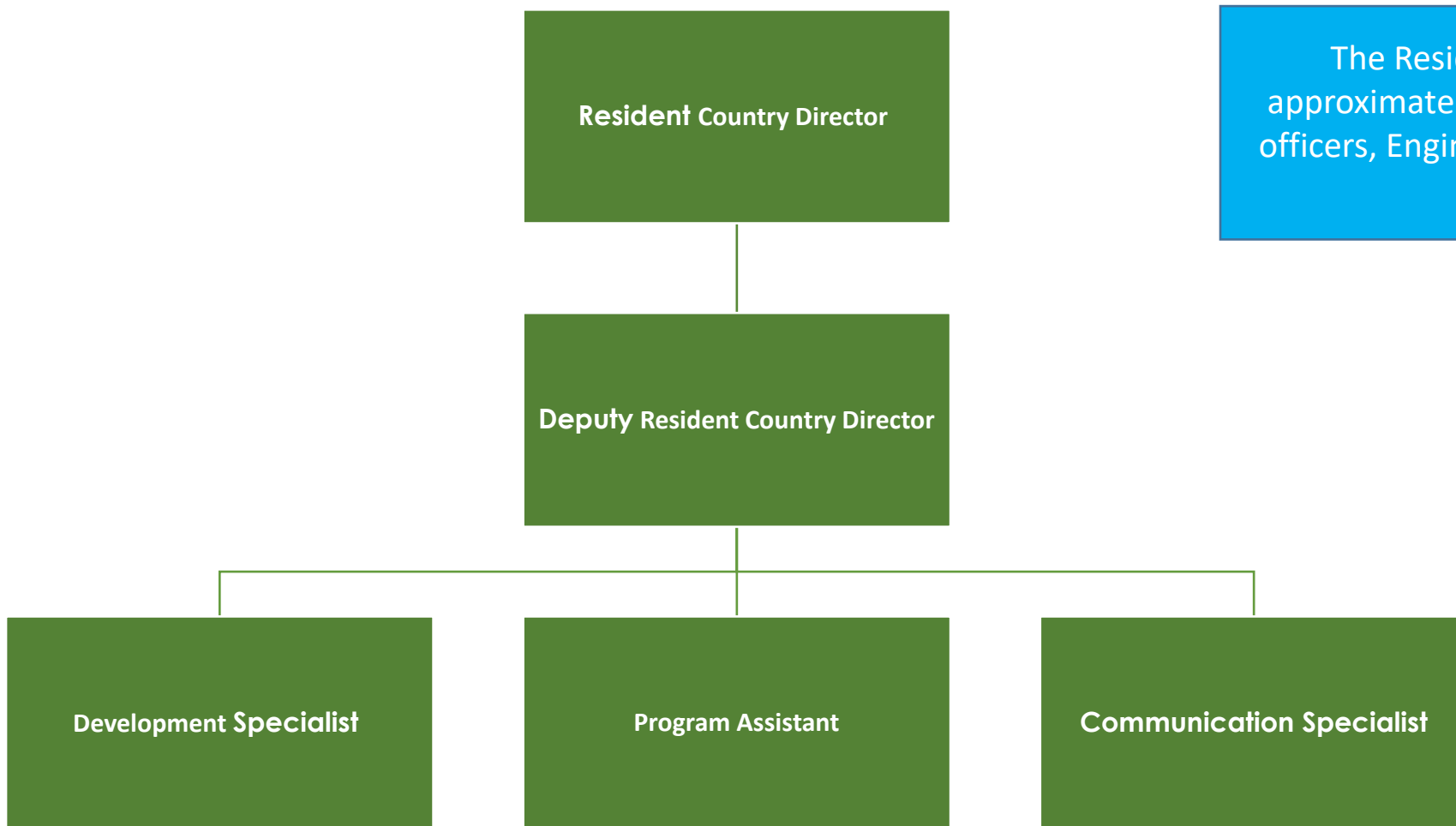
## Mozambique FY23

Population 32,163,000  
GNI/Cap \$480  
Category GNI/Cap ≤ \$2,045

Half Scorecard Passed ✓  
Control of Corruption ✓  
Democratic Rights ✓



# MCC HAS A SMALL TEAM RESIDENT IN NEPAL



The Resident Country Mission is supported by approximately 15 Washington DC-based staff – Project officers, Engineers, Environmental Scientists, Attorneys, and other Experts

# REASONS TO DO BUSINESS ON AN MCC COMPACT

- Payments **directly from the U.S. Treasury** to the Contractor's account
- Emphasis on **best value** (quality, not just lowest price)
- Strict **5-year timeline** for Compact completion
- **Transparent and fair international competition** (following MCC procurement guidelines and managed by external Procurement Agent, under MCC oversight)
- Emphasis on **past performance and references**
- Evaluation and selection **by technical experts**
- Compact **fully funded** at outset





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For more information,  
visit [Compass](#) or  
[www.mcc.gov](http://www.mcc.gov)