



FACT SHEET

Millennium Challenge Account (MCA) Threshold Program

The Government of the Republic of Zambia has recognized that the prevalence of corruption and weaknesses in the business environment have adversely affected the ability of the state to rule justly and guarantee economic freedom to its people. In late 2005, the Zambian Government, in collaboration with the private sector, proposed a Threshold Country Plan to the Millennium Challenge Corporation.

The Millennium Challenge Corporation (MCC) is a new U.S. Government corporation whose mission is to provide assistance that will support economic growth and poverty reduction in carefully selected developing countries that demonstrate a commitment to just and democratic governance, economic freedom, and investments in their citizenry.

The U.S. Government has since awarded Zambia Millennium Challenge Account (MCA) threshold status. The award puts the country on the road to qualifying for MCA compact status. If Zambia qualifies for compact status, significant resources will become available from the Millennium Challenge Corporation to meet the country's most pressing development needs. The Zambian Government with assistance from USAID/Zambia designed its country threshold plan. It provides technical and material assistance needed to implement the country's threshold program.

During the two-year threshold program the Zambian Government, with private sector and civil society participation, will tackle administrative barriers that stall trade and investment. Rooting out administrative corruption is at the heart of this program. Removing the opportunities for abuse of office by personnel in key government institutions will address this problem.

Removing bottlenecks and promoting transparency in the business process is at the center of the threshold country plan. Successful results following the implementation of these activities and will demonstrate the benefits of transparent, effective, and accountable governance. Such success should lead to improvements in the business climate with important consequences expected in investment and trade. More importantly, the benefits should provide a roadmap for the nation-wide "roll out" of threshold program activities. The Zambian Government has demonstrated its commitment to expand these efforts. The following is an overview of the project's objectives:

- Build the capacity of the Government of Zambia's Anti-Corruption Commission to lead efforts to prevent administrative corruption and implement the National Corruption Prevention Plan.

Fast Facts-2006

1. 35 days to start a new business
2. 60 days to import or export commodities
3. 70 days to register property
4. Corruption Perception Index ranked 107 of 158
5. 14% of sample households paid a bribe to the Zambia revenue authority-customs division



USAID | ZAMBIA

FROM THE AMERICAN PEOPLE

- Work with three government institutions - the Ministry of Lands, the Immigration Department, and the Zambia Revenue Authority (ZRA) - to reduce opportunities for administrative corruption. Activities will include implementing institutionally tailored regulatory and business process reforms, establishing internal integrity committees, and creating effective citizen monitoring and reporting mechanisms.
- Assist the Government of Zambia establish the Zambia Development Authority to become a new and effective one-stop shop for businesses and investors, by consolidating operations of five agencies.
- Rationalize and simplify the economic regulatory framework to minimize start-up costs for business investment and licensing, including supporting the expansion of the Patents and Companies Registration Office into provincial capitals to reduce the cost of doing business outside Lusaka.
- Increase the effectiveness of border management operations by building capacity in modern customs and inspection techniques in the border agencies, including Immigration, the Zambia Revenue Authority (ZRA), the Zambia Bureau of Standards, the Ministry of Health, and the Ministry of Agriculture's Plant Quarantine and Phytosanitary Services Division.



U.S. Ambassador Carmen Martinez fills a form at the front desk of the refurbished PACRO customer service center in Lusaka. (Photo: USAID/Gerald Mwale)

The threshold program has already borne early fruit with the successful launch of the new customer service center in the Patents and Companies Registration Office. In just four months, the Zambia Threshold Project - the implementing partner for the program - reduced the time to register a company from 20 days to just one, after installing a new computer system. In 2007, the program will replicate this success at ZRA by reducing the time to obtain a tax certificate from 35 to ten days.

The threshold program will deliver similar assistance to the private sector and Zambian citizens. As the time to register a company is shortened or the time to trade goods decreases, the savings to the Zambian public in productivity, time away from work, and the underlying cost of

doing business is also reduced. These administrative reforms will help make Zambia an attractive investment destination and a leader for sub-Saharan Africa in private sector development.

CONTACT INFORMATION

USAID/Zambia website: <http://www.usaid.gov/zm/>

Development Outreach and Communication Officer: Gerald Mwale

Telephone: +260-1-254303 Ext. 233

Fax: +260-1-254532

Email address: gmwale@usaid.gov

USAID/Zambia mailing address:
P.O. Box 32481
Lusaka, Zambia

USAID/Zambia street address:
351 Independence Avenue
Lusaka, Zambia