



MILLENNIUM  
CHALLENGE CORPORATION  
UNITED STATES OF AMERICA

## Fact Sheet

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# MCC Threshold Programs: Improving Capacity, Reducing Corruption

The Millennium Challenge Corporation (MCC) is an innovative and independent U.S. foreign aid agency that is helping lead the fight against global poverty. Created by the U.S. Congress in 2004 with strong bipartisan support, MCC is changing the conversation on how best to deliver smart U.S. foreign aid by focusing on good policies, country ownership and results.

The MCC Threshold Program is designed to assist countries that are not yet eligible for MCC compacts but have demonstrated a significant commitment to improving policy performance on MCC's selection criteria for compact grants. MCC works with Threshold Program countries to enact targeted policy and institutional reforms focusing on the policy areas underlying MCC's eligibility indicators: ruling justly, investing in people and economic freedom. To date, MCC has signed Threshold Program agreements with 21 countries totaling over \$495 million.



## Albania

Albania's \$13.8 million Threshold Program was focused on reducing corruption. The program included three programs designed to reform tax administration, public procurement and business administration. The program sought to reduce bribes and bureaucracy related to starting a business, and to increase the national tax base. In October 2008, MCC signed a second, or Stage II, Threshold Program with Albania.

The \$15.7 million Stage II program built upon the successes of the first Threshold Program. Specifically, the program focused on anti-corruption through targeted reforms in the areas of public administration and judicial capacity building. The Albania Threshold Programs are completed.



## Burkina Faso

Burkina Faso's \$12.9 million Threshold Program focused on increasing the number of girls completing primary education. The program included the construction of "girl-friendly" schools, teacher training, take-home dry rations to girls who maintain a 90 percent school attendance rate, and a literacy training center for mothers. Burkina Faso completed its Threshold Program; it signed an MCC compact in July 2008.



## Guyana

Guyana's \$6.7 million Threshold Program sought to improve Guyana's fiscal policies and create a more business-friendly environment. The grant helped the Government of Guyana implement a new value-added tax system and develop ways to assist and educate taxpayers, while better planning and controlling spending. The program was designed to reduce the number of days and costs to start a business by modernizing and streamlining the business registration process. The Guyana Threshold Program is completed.



## Indonesia

Indonesia's \$55 million Threshold Program sought to immunize at least 80 percent of children under the age of one for diphtheria, tetanus, and pertussis and 90 percent of all children for measles. The Threshold Program also included a component aimed at curbing public corruption by reforming the judiciary. Indonesia completed its Threshold Program; it signed an MCC compact in November 2011.



## Jordan

Jordan's \$25 million Threshold Program was designed to strengthen democratic institutions by supporting Jordan's efforts to broaden public participation in the political and electoral process, increasing government transparency and accountability, and enhancing the efficiency and effectiveness of customs administration. Jordan completed its Threshold Program; it signed an MCC compact in October 2010.



## Kyrgyz Republic

The Kyrgyz Republic's \$16 million Threshold Program sought to increase the independence and effectiveness of the judicial system, develop a more functional and trusted police force, improve the government's capacity to investigate and prosecute corruption cases, educate the public and media on the dangers of corruption and strengthen the financial disclosure system. The Kyrgyz Threshold Program is completed.



## Kenya

Kenya's \$12.7 million Threshold Program focused on reducing opportunities for corruption in public governance. The Threshold Program targeted corruption in public procurement, the delivery of health care, and the monitoring and evaluation of reforms. The Kenya Threshold Program is completed.



## Liberia

Liberia's three-year, \$15 million MCC Threshold Program is promoting equal access to land and increased land security through better understanding of property rights issues and improved land administration. The program also focuses on improving girls' primary education enrollment and retention, and supports efforts to improve trade policy and practices, specifically in harmonizing tariffs, engaging regional and global bodies, and strengthening the regulatory environment. The Liberia Threshold Program is expected to be completed in September 2013. In December 2012, the MCC Board of Directors voted to make Liberia eligible to begin development of a compact proposal.



## Malawi

Malawi's \$20.9 million Threshold Program focused on combating corruption, enhancing oversight functions, and building enforcement and deterrence capacity. The program strived to create more effective legislative and judicial branches of government, provide support for anti-corruption agencies, strengthen independent media coverage, and expand the work of civil society organizations. Malawi completed its Threshold Program; it signed an MCC compact in April 2011.



## Moldova

Moldova's \$24.7 million Threshold Program sought to reduce corruption in the public sector through reforms to the judicial, health, tax, and customs systems. The reforms complemented Moldova's national strategy aimed at reducing corruption. Moldova completed its Threshold Program; it signed an MCC compact in January 2010.



## Niger

Niger's \$23 million Threshold program has been focused on reducing public corruption within the health and education sectors; streamlining the process of starting a business; reducing the time and costs associated with land ownership transfer, land valuation, building permitting and notarization; and bolstering girls' education. In December 2009, MCC's Board of Directors voted to suspend the program based on Government of Niger actions inconsistent with MCC policies.

Niger's eligibility for Threshold assistance was reinstated, however, in June 2011 in recognition of Niger's return to democratic rule after a constitutional referendum and free and fair local, parliamentary and presidential elections. The new program, which follows on MCC's earlier \$17 million investment that built 63 school complexes in Niger, was being designed to support school-based strategies to improve academic performance and to increase girls' enrollment, retention and completion. In December 2012, the MCC Board of Directors voted to make Niger eligible to begin development of a compact proposal instead.



## Paraguay

Paraguay's \$37 million Threshold Program was focused on reducing corruption. The program sought to strengthen the rule of law by increasing penalties for corruption and building a transparent business environment. Additionally, the Threshold Program included a business development component aimed at reducing the number of days necessary to start a business. In April 2009, MCC signed a second, or Stage II, Threshold Program with Paraguay.

The \$30 million Stage II program builds upon the successes of the first Threshold Program. The \$30 million Stage II program builds upon the successes of the first Threshold Program. The Stage II program focuses on anti-corruption efforts in sectors that are especially prone to corruption and are of economic importance, such as customs, law enforcement, healthcare and judicial sectors. The goal is not only to reduce opportunities for corruption and increase successful prosecution of wrongdoers, but also to improve public understanding and perception of these sectors, and reinforce the GOP's commitment to combating corruption. The Paraguay II program is completed.



## Peru

Peru's \$35.6 million Threshold Program sought to increase immunization rates of children in rural areas against diseases like measles, diphtheria, pertussis and tetanus in eight targeted regions, and assist Peru's Ministry of Health in strengthening information and vaccination management systems. The program also helped Peru combat corruption by working with the government and civil society organizations to improve internal controls, as well as analyze and simplify administrative processes to reduce opportunities for corruption. The Peru Threshold Program is completed.



## Philippines

Philippines' \$22.1 million Threshold Program sought to improve revenue administration and anti-corruption efforts. Specifically, the program sought to reduce corruption by strengthening the Office of the Ombudsman and strengthen enforcement within three departments in the Department of Finance. Philippines completed its Threshold Program; it signed an MCC compact in September 2010.



## Rwanda

Rwanda's \$24.7 million Threshold Program focused on strengthening civic participation and promoting civil liberties by providing training, technical support and grants to local and national civil society organizations, and supporting independent community radio stations to enhance citizen engagement. The program also reinforced Rwanda's efforts to support judicial capacity building, legislative reforms and improve overall public administration. The Rwanda Threshold Program is completed.



## São Tomé and Príncipe

São Tomé and Príncipe's \$8.66 million Threshold Program sought to increase revenue as a result of improved tax administration and enforcement. The program also modernized São Tomé and Príncipe's Customs Service to increase efficiency and reduce the time and cost of starting a business. The São Tomé and Príncipe Threshold Program is completed.



## Timor-Leste

Timor-Leste's \$10.5 million Threshold Program seeks to reduce corruption by building a network of functioning and effective anti-corruption institutions and actors through strengthening capacity, increasing coordination, and improving processes and procedures to deter and detect instances of corruption. The program also aims to improve access to immunization services through the creation of a more capable and effective community health system. The Timor-Leste threshold program is expected to be completed in October 2013.



## Tanzania

Tanzania's \$11.1 million Threshold Program focused on four specific anti-corruption initiatives, including building the nongovernmental sectors' monitoring capacity; strengthening the rule of law for good governance; establishing a Financial Intelligence Unit; and curbing corruption in public procurement. Tanzania completed its Threshold Program; it signed an MCC compact in February 2008.



## Uganda

Uganda's \$10.4 million Threshold Program focused on reducing corruption by improving public procurement and financial management practices, strengthening the role of civil society, and building capacity to facilitate more effective follow-up of reported malpractices. The Uganda Threshold Program is completed.



## Ukraine

Ukraine's \$48.1 million Threshold Program focused on reducing corruption by strengthening civil society's ability to monitor and expose corruption. The program also enabled the Government of Ukraine to increase monitoring and enforcement of ethical and administrative standards. The Ukraine Threshold Program is completed.



## Zambia

Zambia's \$24.3 million Threshold Program focused on reducing corruption and improving government effectiveness. The program funded three components aimed at increasing control of corruption within the public sector, improving public service delivery to the private sector and strengthening border management of trade. Zambia completed its Threshold Program; it signed an MCC compact in May 2012.