

MCC-MILLENNIUM CHALLENGE ACCOUNT (MCC-MCA)

The Millennium Challenge Corporation (MCC) is a United States Government corporation designed to work with some of the poorest countries in the world. MCC is based on the principle that aid is most effective when it reinforces good governance, economic freedom and investments in people. MCC's mission is to reduce global poverty through the promotion of sustainable economic growth.

Timor-Leste is eligible for the assistance from the Millennium Challenge Account, and has been working on the preparation of an application for the 2009 Fiscal Year. In order to qualify for funding assistance, Timor Leste's application required demonstration of improvement in various indicators, including corruption control and social scores such as immunization, girl's

In 2008, the Minister commenced preparation of the application with the appointment of a Timorese consultant as a point of contact supported by 10 staff. The Minister then began negotiations with the MCC office in the US and further consultations continued over the course of the year, including a visit by the Minister to the New York office in April and attendance by two Timor-Leste representatives at a conference in Washington in June 2008. At the conference the representatives presented the Governments submission with outlined plans to the MCC policy team.



MCA Public Consultation in Ainaro District (Region 3), 28 August 2008

Amidst negotiations, the team prepared an inventory of reforms implemented by the AMP Government which were then documented into a policy improvement plans (PIP). Updated versions were prepared and submitted to the MCC during the year, the latest version having been submitted in November 2008.

To ensure that the people of Timor Leste were fully engaged in the process, a constraint analysis was undertaken. This identified the key stumbling blocks for investment and economic growth such as roads, limited skills and property rights. A public consultation was then undertaken across the country with approximately 10,000 people. The feedback was incorporated into a report that was presented to the MCC in October 2008.



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The Millennium Challenge Account (MCA) Timor-Leste is now working with USAID preparing a threshold country plan. The threshold country plan is divided into 2 sections, the first section is due on 17 April 2009 and the 2nd section is on 17 July 2009. Once MCC agreed and approved the 1st section, MCC delegation will visit Timor-Leste to assist in finalizing the country plan.

If this application is successful the total possible funding for the Threshold Program will be around \$20 – \$50 US million and the duration of the

program will be up to 2 years. USAID will be the implementing agency for the program whilst The Government will monitor implementation.