

What is the Millennium Challenge Corporation (MCC)?

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About Millennium Challenge Corporation

- MCC is an **independent U.S. foreign assistance agency** that has the **goal of reducing poverty in developing countries**.
- It was **created by the U.S. Congress in 2004 to promote economic growth, open markets, and increased living standards in select countries**.
- **How does it work?**
 - **MCC forms partnerships with countries** that are **committed to good governance, economic freedom and investing in their citizens**.
 - MCC **provides selected countries with large-scale grants to fund projects** for reducing poverty through sustainable economic growth.
 - These **projects include building infrastructure, reforming institutions, and promoting access to healthcare and education**.
 - MCC grants may complement other U.S. and international development programs.
- **MCC utilizes two primary types of grants: compacts and threshold programs.**
 - **Compacts are large, 5-year grants for countries that pass MCC's eligibility criteria.**

- **Threshold Programs** are smaller grants awarded to countries that come close to passing **these criteria** and are committed to improving their policy performance.
 - **Governing Body:** The **US Secretary of State, the Secretary of the Treasury, the U.S. Trade Representative, and the USAID Administrator** serve on the **MCC board** along with four private sector representatives.
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Q1) What is the difference between a Grant and a Loan?

A loan requires you to repay the money you borrow, whereas a grant does not. Grants are, essentially, a gift. In other words, they're non-repayable. Grants may be awarded by government departments, trusts, or corporations and given to individuals, businesses, educational institutions, or non-profits.

Source: [Formal implementation of multi-million US Dollar MCC pact begins in Nepal](#)

Source: <https://vajiramandravi.com/current-affairs/millennium-challenge-corporation/>

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