EXECUTIVE SUMMARY

In fulfillment of the Engineering for Developing Communities (EDC) program practicum requirements, I participated in a summer internship with the Millennium Challenge Corporation (MCC). MCC is a United States government (USG) foreign aid agency created with bipartisan support by Congress in 2004. MCC issue grants, using U.S. taxpayer-funded money, in order to reduce poverty through economic growth in poor countries. My role as a summer intern was to support program development, at MCC’s Washington D.C. headquarters, of a potential Threshold Program in Nepal. Threshold Programs are a specific type of grant, managed by the Department of Policy and Evaluation at MCC, which typically target policy and institutional reform in sectors that are constraining economic growth in a country. Nepal, a landlocked country located between China and India, is small compared to neighboring countries in Southeast Asia, both in size (57 square miles/147 square kilometers) and population (28 million). Economic growth has been low, with a $1,200 GDP per capita and 4.5% growth rate, and political instability has been high, as a constitution has yet to be enacted since the end of a civil war in 2006. After an extensive needs assessment was completed jointly by MCC and the Government of Nepal (GON), the Nepal Threshold Program is being developed to focus on reforms in the electrical power and road maintenance sectors. Nepal’s electricity supply was recently ranked 151st out of 155 countries and the country experiences 14-18 hours of rolling blackouts per day in the dry season. Nepal also 147th out of 155 countries in the Logistics Performance Index, which is partly attributable to the poor quality road network. If officially approved by MCC’s Board of Directors, the Nepal Threshold Program will attempt to reduce these constraints to economic growth through a three year program implemented in partnership with Nepal.