

Millennium Challenge Corporation

Best Practices in Compact Development

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MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

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Operational and Practical Lessons Learned by MCC and MCA-Eligible Countries to Date

MCC has hosted a series of workshops with partners in MCA-Eligible Countries and the development community to exchange views about lessons learned since MCC was established. Below are some of the lessons which were shared:

High-Level Political Commitment

Eligible countries that have demonstrated a high level of political commitment to the MCA process have progressed more rapidly in developing their projects and finalizing Compacts. MCA country core teams also benefit from having access to senior officials who can quickly make decisions.

Dedicated Financial and Human Resources

Eligible countries that have quickly identified a National Program Coordinator (NPC) and have established and adequately financed a country core team of dedicated, compensated staff have also moved more quickly. Such a team is necessary to effectively integrate input from a broad range of key stakeholders both within and outside of government and to identify technical resources as necessary. Further, dedicated financial resources have strengthened the quality of project development and design.

Quality Consultative Process

Eligible countries that have focused on conducting a timely, participatory, and meaningful consultative process -- which provides citizens with the opportunity to have input into the identification, prioritization and subsequent development and design of projects -- are having a greater success in project development. Maintaining an ongoing dialogue throughout compact development and implementation allows for more sustainable efforts.

Catalytic and Manageable

Compact programs should strive to be catalytic – opening up opportunities for a long-lasting impact on poverty reduction through sustainable economic growth – and manageable in terms of implementation. Generally, these projects will require the MCA country core team to focus on addressing a limited number of key constraints to economic growth in a comprehensive manner. Focusing on critical constraints will assist in designing projects that can be successfully implemented.

Early and Continuous Dialogue

Eligible countries that are moving ahead quickly engaged with MCC early in the process and have continued a regular exchange. Regular communication can come in the form of face-to-face meetings, conference calls and email. An engaged Ambassador to the United States, who is kept in the information/feedback loop by both MCC and the eligible country, can be an important contributor to clear and regular communications which may help facilitate the process.

Technical Feasibility

In addition to other qualitative aspects of a project design, during the appraisal phase of compact development MCC evaluates a number of technical elements to determine whether it is sound investment: Is the project technically viable? Is the design appropriate? Is the policy environment suitable? Is the cost estimate correct? How is the project going to be sustained? Is there a potential environmental/social impact? How has gender informed project selection and design? These evaluations are a necessary part of an iterative process and will result in multiple visits by technical experts. To the extent possible, MCC will continue to communicate requirements in advance so that countries can better prepare for the visits.

Think Early About Implementation

Eligible countries will likely be able to move more rapidly through the final stages of project development and compact negotiations if they integrate implementation planning into their thinking earlier on, including: how the project will be implemented, managed, and monitored; how funds will be managed; and how goods and services will be procured. Developing documents such as workplans and budgets early in the process will assist in identifying suitable arrangements. Likewise, MCC recognizes the need to provide eligible countries with clear guidance on the standards on which their projects will be evaluated. MCC has, and will continue to develop guidance on these issues and make them available to partner countries and the public on the MCC website.

Think Early About Economic Analysis and Measurable Results

Eligible countries will likely be able to move more rapidly through the final stages of project development and compact negotiations if they integrate economic analysis and measuring results into their thinking early on, including: What is the potential economic rate of return and what drives it? What are the project goals? What are the expected results? How will we know if this has been successful? What data would we use to measure progress and is baseline data available? Have targets for measuring success been defined up front? Who will be responsible for collecting data, monitoring results and evaluating performance?

Pre-Compact Assistance

MCC can, where appropriate, provide eligible countries with pre-compact financial assistance (so-called 609(g) funding) to facilitate compact development, while preserving country ownership.