



MCC and the Paris Declaration on Aid Effectiveness: Managing for Results

The Paris Declaration on Aid Effectiveness commits donors to managing and implementing aid in a way that focuses on the desired results and uses information to improve decision-making. Donors agree to link and align the resources they make available with existing partner country performance assessment frameworks, and to use partner countries' reporting and monitoring frameworks to the extent possible. Where this may not yet be completely feasible, donors commit to harmonizing their monitoring and reporting procedures with each other and to using joint formats for periodic reporting. Donors and partners also jointly agree to work together to strengthen country capacities and increase demand for results-based management.

MCC is deeply committed to managing for results; in fact, it is one of MCC's core founding principles. The following points exemplify how MCC is meeting its Paris Declaration commitments in this area, as well as its commitment to results-based management more broadly.

- ★ MCC and partner countries jointly develop a detailed monitoring and evaluation plan for each compact. MCC's Board does not approve an investment program, or "compact," before baselines and outcome and impact-level indicators have been preliminarily identified.
- ★ MCC conducts rigorous impact evaluations of many MCC-financed projects, with the goal of determining which partner country investments are most effectively helping to reduce poverty through growth.
- ★ MCC often uses existing government-donor performance assessment frameworks as a starting point in developing its own monitoring and evaluation plans, harmonizing on indicators where possible. For example, in Lesotho, close to 40% of indicators in the compact's health project monitoring and evaluation plan come from the Ministry of Health's Annual Joint Review document, a joint government-donor document that includes a set of core indicators reached through consensus with active health sector donors.
- ★ MCC participates in government-donor review fora in a number of partner countries, including Mozambique, Tanzania, Lesotho, and others. In these reviews, donors and government partners produce a single

The Millennium Challenge Corporation is a U.S. Government agency designed to work with some of the poorest countries in the world. Established in January 2004, MCC's mission is to reduce poverty through the promotion of sustainable economic growth. Before a country can become eligible to receive assistance, MCC looks at their performance on 17 independent and transparent policy indicators. Countries that perform well on the indicators may be considered eligible for Compact Assistance.

joint report of a sector's or program's performance, and are informed by a common performance assessment framework that is created and mutually agreed by donors and the government.

- ★ MCC further aligns and harmonizes its monitoring and evaluation efforts through the use of log frames, a tool that is widely used by MCC partner countries and donors to inform and design results-oriented plans.
- ★ MCC is strengthening country *capacity* for results-based management by working with national statistics agencies, research institutions, and other domestic data collection bodies to gather and refine relevant indicator data. This is the case in a number of compact countries, including Armenia, Georgia, Benin, Cape Verde, Ghana, Madagascar, El Salvador, Nicaragua, and Vanuatu.
- ★ MCC is strengthening partner country *demand* for results by making substantial funding available for monitoring and evaluation and actual impact evaluation (both in compact funding to partner countries and in administrative costs and contracts to partner country research institutions). This gives partners the incentive to prioritize results.
- ★ MCC makes progress on key performance indicator targets conditions to compact disbursement, which helps ensure that partner countries pay careful attention to them and work to demand that program results are achieved. The targets themselves are carefully selected by MCC monitoring and evaluation staff, in consultation with our partner countries and MCC sector staff.
- ★ MCC is an active contributor to the Development Assistance Committee's Joint Venture on Managing for Development Results and, as part of its contribution, is now piloting a capacity assessment tool called "CAP-Scan" with the World Bank, UNDP, and other donors. CAP-Scan is a self-assessment tool and will allow partners to determine where their capacities to manage for development results fall short.