



MCC and Mutual Accountability

Mutual accountability is a key principle of the Paris Declaration on Aid Effectiveness, and is the idea that donors and partners should hold each other responsible for development results and be transparent in the use of development resources. The Paris Declaration commitments in this area call upon donors to provide transparent, comprehensive information on their aid flows so that partner countries can plan and budget, as well as to assess with partner countries country-level progress on the Paris Declaration.

MCC performs well on the mutual accountability commitments of the Paris Declaration. It commits all funding in full when a “compact,” or grant agreement, is signed, so partner countries know exactly how much they can expect to receive over the life of the compact. MCC also requires that anticipated disbursements for compact activities be on-budget wherever possible – that is, reflected in partner countries’ national budget documents. To help make this feasible, MCC asks partner countries to have a single accounting classification system in place to categorize compact activities that mirrors or can easily be converted over to and understood by the national budget system.

MCC also requires that all actual MCC disbursements be included in national financial accounts. The “accountable entities” our partner countries designate to manage and implement their compacts also make information publicly available quarterly, such as financial information, procurement notices and awarded procurements, etc...

MCC holds itself accountable by reporting all compact disbursements to Congress on a quarterly basis and by making quarterly compact development and implementation status reports available on MCC’s external website.

On the commitment requiring donors and partner countries to use existing mechanisms to mutually assess their performance on the Paris Declaration commitments, MCC has been active in each of the two Monitoring the Paris Declaration survey rounds. MCC staff also participate in existing country- and sector-level joint and annual review fora and government-donor working groups, where both policy issues and performance on aid effectiveness are discussed. MCC supports this commitment and believes that, rather than establishing new domestic or even international mutual accountability mechanisms as some have proposed, it should rationalize and improve the numerous country-level mechanisms already in existence.

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.