



MCC and Country Ownership

Ownership is not only a core principle of the Paris Declaration on Aid Effectiveness, but also a founding MCC principle. The Paris Declaration calls upon donors to respect partner countries' leadership and help strengthen their capacity to exercise it over their own development. MCC's model incorporates this commitment in a number of ways, beginning at the time MCC selects countries eligible for grant, or "compact," funding and lasting throughout the implementation of MCC programs.

Selection: MCC only selects as compact-eligible those countries that have demonstrated government leadership and ownership of key policies related to good governance, social investment, and economic freedom. Candidate countries are ranked against their peers in the same income group on 17 independent policy indicators. How well a country scores on such indicators is influenced directly or indirectly by government policy.

Compact development: MCC asks partner countries to identify their own binding constraints to growth and poverty reduction and to propose for compact funding a program that addresses those constraints. Partner countries first perform a constraints and sector analysis to help themselves determine priorities. They then seek input from their people --civil society, the private sector, and other local and national stakeholders-- by holding broad-based, ongoing consultations. This deepens country ownership of the process and makes it more democratic by giving a wide range of societal actors a voice in how development funds are spent. Finally, informed by their constraints and sector analysis and having consulted with their citizenry, partner governments design their own proposal for MCC compact funding.

Compact implementation: MCC gives partner countries the lead in implementing their own compacts. Under MCC's model, each partner country proposes its own "accountable entity" structure to manage and implement the compact. MCC supports a variety of types of accountable entities proposed by partner countries.

MCC compact funding is untied (meaning not subject to "Buy America" provisions) and committed in full at compact signature, which makes it easier for partner countries to truly be in the driver's seat during implementation and retain full implementation responsibility. Partner countries have a confirmed five-year budget and the ability to procure goods and services through international competitive bidding.

Capacity development: MCC respects and helps strengthen partner country leadership by providing capacity development assistance when requested by the partner country. Most MCC compacts have a certain amount of

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.

capacity development assistance built into them, so that partner countries who request capacity development assistance can seek the help they need to effectively manage and implement their compacts. As part of a new pilot initiative, MCC will also provide the Government of Malawi with significant up-front capacity development assistance that will not only help strengthen the country's capacity to successfully develop and implement a compact, but also build capacity that goes far beyond what is needed for the compact.

In each of these many ways, MCC is deepening and reinforcing not only its own commitment to the concept of country ownership, but the Paris Declaration commitment to ownership as well.