

MCC Quarterly Town Hall Meeting

Speakers:

Paul Weinberger
Vice President, Congressional and Public Affairs
Millennium Challenge Corporation

Daniel Yohannes
Chief Executive Officer
Millennium Challenge Corporation

Jonathan Bloom
Deputy Vice President, Compact Operations
Millennium Challenge Corporation

Heather Hanson
Senior Policy Advisor
Millennium Challenge Corporation

James Gerard
El Salvador Team Lead, Compact Operations
Millennium Challenge Corporation

[*]

YOHANNES: Good morning. For those who I have not met, my name is Daniel Yohannes. I'm the CEO of the Millennium Challenge Corporation. Welcome. And we also have special guests today, the ambassador from El Salvador; the ambassador from Lesotho, welcome.

In a few minutes, Paul Weinberger, our Vice President for Congressional and Public Affairs, will moderate what was discussed at the board meeting yesterday. But before I yield the podium to Paul, let me very briefly tell you about some of our activities for the last 3 months, and also briefly tell you about what was decided and discussed at the board meeting yesterday.

First, I was in Morocco in June to see what has been accomplished in that country. Morocco is a recipient of \$700 million, and most of the funds are invested primarily in agriculture, fisheries and training the artisans. It's coming to an end next week. And let me tell you that they have done an outstanding job in implementing the program. I spent time speaking to a number of the beneficiaries: women's group, farmers, artisans and so forth. They tell me that their income opportunities in the future are increased significantly. In fact, some of them have already seen increases in their income 100 percent.

And they are extremely grateful to the U.S. taxpayers about what has been done in their country. They've been able to increase their incomes, their families' incomes, their community's income. So I'm going to say that, overall, the Moroccan government has done an outstanding job in implementing that contact. And (inaudible) also in the commitment to sustainability of our investment. And a conference meeting, the prime minister of the country, Benkirane, and the agriculture minister told me that MCC support and development is now their standard for future development activities. So this is way—in addition to the investments that are being provided by us, which is good news. This is what you like to hear.

After Morocco, I had a great privilege of joining President Obama during a historic trip to Sub-Saharan Africa. I met the president for his stops in Senegal and Tanzania, both MCC partner countries. These partnerships are great examples of how MCC supports the Obama administration's priorities for constructively engaging with African countries in order to deepen sound democratic and economic governance, promote greater energy and for security, and create conditions to attract private sector investment and trade.

In Senegal, we have a \$540 million investment primarily concentrated in agriculture and infrastructure to help that country become fully secure and also to provide the constituencies in that country to have access to market.

In Tanzania, we have invested \$700 million, primarily concentrated in infrastructure to build roads within the country as well as to connect the country with neighboring countries to accelerate trade investment-related activities; to help that country become more energy secure and water secure.

In Senegal, Tanzania and elsewhere, MCC insists on holding partner countries accountable for sound policy performance. This contributes significantly to creating an enabling environment for greater private sector investment that will drive and sustain economic growth. That was a key message President Obama delivered during his trip. And it is a message we work very hard to make a reality through MCC partnership in Africa and elsewhere.

In late July, I traveled to Tbilisi to sign Georgia's second MCC compact. This \$140 million compact focuses on educating Georgians in science, technology, engineering and math skills they need to compete and succeed in a modern economy. We appreciate the support of Prime Minister Ivanishvili's—administration support. Actually, the whole project began with President Saakashvili, so we enjoy both the support of both Saakashvili and Ivanishvili's administration. And I think it's going to have a huge impact once a compact is completed in the next 5 years.

And in August, I asked Sheila Herrling, who is sitting in front—our vice president for policy and evaluation—to travel to Honduras to sign a \$15.6 million threshold program with the country. This program focuses on two things: important public financial management, and developing more effective public-private partnerships. The investment aims at deepening a culture of transparency and government effectiveness in Honduras. Honduras has also been a great partner. They did an outstanding job in getting the first compact completed.

Now, this month MCC compacts are coming to a close. We have five countries—Tanzania, Morocco, Lesotho, Mongolia, Mozambique—that will be completing \$2.5 billion of compacts. I know Jonathan Bloom is going talk about it in a few minutes, but let me tell you something I was also in Lesotho—Mr. Ambassador—must have been April-May. And I was extremely impressed how the country has done in all of its investment activities. And I must say that trip went extremely well so I came home very impressed with all the activities and the coordination that exists among other USG organizations with the USAID and PEPFAR. And also other international organizations working the water projects.

So at the end of the day, the \$380 million compact that we signed with Lesotho was complemented by an additional \$150 million from the government, and an additional 5—\$600 million from other sources. So at the end

of the day, the \$380 million compact was complemented to be about a billion dollars. So I must say it was done extremely well.

And let me go back now the board meeting yesterday. The board approved a \$277 million MCC compact with El Salvador. That money was also complemented by additional \$85 million from the government of El Salvador. The compact seeks to improve El Salvador's productivity and competitiveness in the international markets. It will do this by investing in the country's institutional, human and physical capital. Again, James Gerard, who has led the compact development process, who's here today, he'll talk about in detail. And let me say one thing, though. That, as the board approved the compact, we expect the government of El Salvador to make continued progress on strengthening the investment climate and the rule of law, including respect for judicial independence.

We also expect the government to make progress in combating money laundering and effectively implementing trade agreements. Efforts by the current government, and the next government, to demonstrate tangible sustainable progress on these issues will be critical to our partnership. We're hoping to sign the compact in El Salvador this fall.

We also briefed the board on two subjects that are at the heart of MCC model.

First, selection. The board approved a selection criteria and methodology report that is used to determine how we select countries for MCC assistance. It really has not changed from last year but, since we had new board members, we decided to take them through that process this time.

And second, transparency. The board learned more about MCC's commitment to transparency and open data. And Heather Hanson, who's sitting here, is going take us through the process robustly in a few minutes. Reflecting the Obama administration's commitment to open government, I am proud of the measures MCC continues to practice to put the principle of transparency into practice.

Last year, as you know, we had five independent compact evaluations completed, particularly as it relates to farmer training. And those results were posted on our Web site, in addition to what we learned from those experiences. We want the whole world to know, and learn from, that process. As a learning institution, transparency is part of our motto, is part of our DNA. This is what makes MCC so special. So we'll continue to push the envelope to make sure that we are—we continue to be more transparent.

This year, we developed and launched a new open data catalogue, where MCC's financial performance and selection data are made available to the public in various readable formats. In other words, in addition to just reading what happens or what transpires, now people have the opportunity to download it. So it has become a special asset and special good. Recognizing our leadership and transparency, on the Publish What You Fund Index, I think, last year, we were rated number one among USG and number ninth among 72 different other donors.

And given what we have done this year as we continue to complement the strength of what we provide, it is my hope that we could be in the top three or four. So let's wait and see. I think the analysis and the decisions would come sometime in October. But let me tell you that I'm really excited. And there has been a lot of work. I really want to thank all those that have been involved at MCC—Chantale, Sheila, Heather and everybody—who had made this possible. So I'm really excited. Thank you, and we're going talk it about it more but I am really excited about this endeavor.

And lastly, I want to introduce Kamran Khan. Kamran is the new vice president for compact operations who replaces Patrick Fine. He comes from the World Bank in Singapore. Before that, he was with USAID. He also has extensive banking experience. So we are really, really excited to have Kamran. I think he's going to be able to play a major role in terms of what we want to accomplish in the next 4 years. So please get to know him. He's a nice guy. And thank you very much for being a part of the team.

I also want to thank Jonathan Bloom—Jonathan, why don't you stand up—who has been doing two jobs in the last 3 or 4 months. In addition to being the DVP for West Africa, he has been the acting vice president, doing a very good job. I know he's aged a little bit just in the last 4 months, but I'm sure he'll be rejuvenated in the couple of next months. So thank you again, Jonathan, for all the good work you've done.

So I'll stop here and take a few questions. And then I know we have a lot of other programs. Well, there are no questions. Have a great day, and I will yield the podium to Paul. Paul? Thank you. Thank you, guys. Have a nice day.

(APPLAUSE)

WEINBERGER: Thank you, Daniel. And good morning everyone. Thank you for joining us here today for our town hall.

It's my pleasure to introduce our panel. If the panelists want to step up and join me, that'd be great. We will hear from them first, and after they're all done we'll have a chance to take questions from the audience.

First we'll hear from Jonathan Bloom, who you just heard about, our deputy vice president for West Africa in the department of compact operations. Jonathan's going to talk about the five countries that are closing out their compacts this morning; the lessons we learned, the challenges and, of course, the good results we've had, as well.

Next, we'll hear from James Gerard, who is our transaction team leader for El Salvador, the second compact. James has had a busy couple years working on the compacts. And he'll be talking about the process and what the compact will do for El Salvador.

And lastly, we'll hear from Heather Hanson, senior policy advisor in our department of policy and evaluation. And Heather will—Heather's responsible for leading MCC's open data and transparency efforts. We have a lot to talk about, so let's get started.

Jonathan, do you want to kick things off?

BLOOM: Thank you, Paul. And excuse me while I get settled in here. Forgive me. So thank you again.

I'd like to give you—give you all a brief overview of the results and the lessons learned in the five compacts that are closing out, as—as Daniel mentioned, in Lesotho, Mongolia, Morocco, Mozambique and Tanzania. As Daniel also mentioned, they total \$2.5 billion, and these five—sorry—these five compacts are expected to benefit some 12 million people. What I'd like to do is...

(AUDIO GAP)

BLOOM: OK. So I would like to briefly run through some of the principle results that were achieved, and just highlight for each compact one particularly noteworthy aspect. And let me start with Lesotho. Lesotho has one of the highest HIV/AIDS rates in the world, at 23 percent. As part of the 120 million health project, MCC is funding the renovation or construction of 138 rural health centers to increase access to life-extending antiretroviral treatments and essential health services, backed up by an efficient central health services. MCC's investment is complimented by funding from the government of Lesotho and other USG agencies, including USAID, PEPFAR and CDC.

In Mongolia, the compact financed improved cook stoves, which greatly reduced interior and outdoor air pollution. But the aspect I want to talk about responds to a need in the Mongolian economy which has been growing rapidly, creating job opportunities in sectors like mining, construction and health technology. Mongolian labor

has lacked training in the skills needed for these more demanding and financially-rewarding jobs. The compact helped reform the technical and vocational training system so the priorities and standards are set with prospective private employers.

Nearly 80,000 students have participated in compact-supported training. Over 800 instructors have been trained and certified, with the result that almost 50 public-private partnerships have been established; beginning to make the whole vocational-technical training system responsive to real-world private sector demands for higher-paid workers.

In Morocco—let me just check we're on track here—the original core theme in the Morocco compact was to spur adaptation of Moroccan agriculture to the new reality of a free trade agreement with the E.U. and with the U.S. The Moroccans took the opportunity the compact gave them to begin to replace rain-fed wheat where they were not competitive with olive trees for olive oil aimed at the domestic and European market; simultaneously taking advantage of a market opening as Greek and Italian production declined.

In Mozambique, improvements to the urban water and drainage system will benefit over a million Mozambicans in the north of the country by providing more reliable access to clean water and a reduction in water-borne diseases. Upgrades to these urban water systems, as well as MCC's investments in roads and land, are critical components for the rapid growth of these economically-dynamic cities.

And finally, in Tanzania, our \$200 million energy investment in transmission, distribution and institutional capacity also built a submarine cable carrying power from the mainland to the island of Zanzibar. The importance of this investment was demonstrated twice during implementation, when the predecessor overstretched transmission system blew up, leaving Zanzibar without electricity for months. More than 400 Zanzibaris will benefit from more reliable electricity due to MCC investment. And based on the analysis we've done with the Tanzanians under the Partnership for Growth, the second compact now being developed will focus on the power sector, so that the learnings and reforms started under the compact now ending will strengthen the base for development.

As you know, we at MCC set targets for outputs, outcomes and the continuum of results. I wanted to show you just a few selected results of comparisons of the actual results under a few of these compacts with the original targets with actual outputs. I won't go through them, but I think it's an illustration of where we sometimes hit the targets and sometimes we come up short. But it is transparent and detailed. Beyond the physical results, the policy and institutional changes that we support ensure sustainability, which is key to the durability of the investments.

So that in Lesotho, in addition to building clinics, the program is training nurses and has established a private-public partnership for management of the clinics following the end of the compact. In Mongolia, the cook stoves I mentioned have reformulated into a range of businesses for production and marketing of the cook stoves so that, again, it continues past the end of the compact.

Daniel mentioned in Morocco the government has adopted many of the methodologies and technologies of implementation of the compact into what they call Plan Maroc Vert, the Plan for a Green Morocco. So that—it's become integrated, the implementation methodology has become integrated into their agriculture development.

In Mozambique, extending the water systems is a new water and sanitation entity which will manage these systems nationwide. And in Tanzania, the road investments are being maintained, contrary to practice in a number of countries, through a new road maintenance fund.

Finally, the lessons we've learned and applied from these compacts are, as I say, being applied to compacts under development. And let me go through these a little bit more slowly.

The first lesson we've learned is the need to push compact preparation, finishing feasibility studies and plans as far as possible, before entry into force or shortly thereafter. We are constantly improving our compact development guidance and practices to provide sufficient time for project preparation studies, and to be more targeted and cost-effective with these plans. In Zambia, the Lusaka water and sanitation project is a good example of some of these better practices.

Second of all, we've learned to focus programs. Instead of the range of many sectors that you've seen in these programs, we focus on one, or two at most, sectors to clarify program development implementation and evaluation. This is a better fit, frankly, with our partners' capacity and with MCC's capacity. The Malawi compact, for example, focuses only on power. And the Georgia compact focuses on human capital. Prospectively, Ghana and Tanzania will focus on power.

The third lesson we've learned is to front-load the reforms so that as we focus increasingly on policy and institutional reforms to require early steps in real achievement during compact development, and then continuing progressively during implementation. The second Cape Verde Compact, focusing on water and sanitation, reform of the utilities, has already started this process, and it's continuing.

Fourth is to develop MCA capacity so that increasingly we assess it and build it early on, targeted to specific capabilities and gaps that are necessary for implementation of the compact. We also are increasingly promoting exchanges between implementing entities. So that, for example, MCA Indonesia recently visited—several times, actually—MCA Philippines to get an early start on establishing the entity. MCA Senegal and MCA Burkina have reinforced their project management capabilities with strong staff that they've hired from MCA Mali.

Fifth, we increasingly are managing the completion risk to finish, within 5 years, managing contract—contractor performance, which is a perennial issue in all development projects. We've learned working with the MCAs to anticipate problems, act on them quickly and decisively.

And finally, we've learned that it's never too early to begin planning for closure. Compacts, as you know, are no more than 5 years long. Having a plan for handing over the responsibility of these massive projects to government authorities is a substantial undertaking. So this has been put into action in Burkina Faso well along a year-plus before compact end. And Namibia and Moldova are off to a good start, planning the end even 2 years ahead of time.

And we'll hold questions until James—or do you want to do them now?

WEINBERGER: We'll hold questions 'til the end, yes. Thank you, Jonathan. Actually, you can keep (inaudible). Jonathan, one question I have for you, which is can you talk a bit more about how MCC will be applying these lessons learned to future compacts?

BLOOM: I think the—the critical part of that is taking these lessons learned through from development of the compact, implementation, closure and post-closure sustainability. So that it is developing the guidance for ourselves and for our partners, so that increasingly we have more and more detailed templates, tools, elaborated guidance. \

And, I think, we're in the process of building a collaboration platform for increased collaboration among MCAs, which would enable them to exchange experiences among each other which we find is a very powerful learning kind of tool so that it is, progressively, we learn, they learn, and we're sharing those lessons among outside and they among themselves.

WEINBERGER: Thank you, Jonathan.

Next, we'll turn to James to talk about the El Salvador compact. James, can you talk a bit about the process for developing the compact? And, in particular, since El Salvador is one of just four PFG, Partnership for Growth, countries, how did that affect the process?

GERARD: Thank you, Paul, and good morning. As you mentioned, El Salvador is one of only four countries that have been participating in the Partnership for Growth, which was a whole-of-government approach to put into practice the president's policy directive on global development. So—and it's the only country in the Americas that is participating. How that affected development is that it gave a head start to our development process, in that a constraints analysis—which is part of the Partnership for Growth framework—was done in 2011, and identified low productivity in internationally traded goods and services as a key constraint to economic growth.

So building on that analysis that was done under Partnership for Growth, the government of El Salvador did its own consultative process with over 4,000 participants both in El Salvador and the United States, and including over 200 businesses, to find out what the underlying barriers to productivity were.

WEINBERGER: Thank you. And what would you say is the main objective of the compacts, and how—how are we going to actually achieve that goal through the compact?

GERARD: I think the main objective, ultimately, is to unleash private investment to increase productivity and competitiveness in El Salvador. And perhaps more than any MCC compacts, the second El Salvador is designed to engage the private sector as the ultimate engine of economic growth and sustainable poverty reduction. So how are we going to do that and achieve that objective?

So MCC and the government of El Salvador, jointly, will invest \$365 million in—to address three key factors of productivity to overcome the barriers identified in the constraints analysis. First, we're going to invest in the institutional capital to improve the investment climate. What that means is, we're going to support the government in streamlining regulations to cut red tape and provide investors with greater certainty and reduce the potential for corruption in application of those regulations. We also have a few activities planned to foster innovative partnerships between the government and the private sector.

Second, we will invest in the people of El Salvador to strengthen human capital. In order to attract businesses, it's important for the workforce of El Salvador to become more productive. That will require investments to improve the quality of education, reforms to the curriculum and increased teacher training, and investing in full-time schools. So increasing the school week from 25 hours, currently, to 40 hours. Our intervention is going to focus on grades 7 through 12, and particularly on the skills required by firms engaged in international trade, including English, information technology, problem-solving skills, things of that nature. And finally, we will also be doing reforms to the technical, vocational and education training system to better match the skills supplied by the public sector with the demands of the private sector.

The third factor of productivity that the compact addresses is the physical capital of El Salvador. And here, we're aiming to reduce transportation and logistics costs. The compact will invest to relieve two bottlenecks to commerce; one, a highly-congested road segment along the coastal highway that connects the airport and El Salvador's two seaports, and the other at the border crossing with Honduras.

WEINBERGER: Thank you. James. You mentioned engaging the private sector. And one of the interesting elements of the compact, for me at least, is the public-private partnership aspect, and also the El Salvador investment challenge facility. And I'm wondering if you can talk a bit about that.

GERARD: Happy to. And I think this is something that has really generated a great deal of interest and excitement, I think, in El Salvador and there in the United States. I'll start with the public-private partnership aspect. A key component of this compact was to foster public-private partnerships. And as a result, El Salvador passed

a public-private partnership law as part of the compact development process. And MCC will provide technical assistance to build capacity in the institutions that will be implementing this law.

And in addition—one thing is to have a law, another is to actually implement it and carry out transactions under that law. So in a kind of learn-by-doing model, we will be providing transaction management support for two important public-private partnerships: the expansion of the El Salvador International Airport and wind farm. The wind farm is important also—El Salvador needs to develop alternative sources of energy. And this could provide a model for that going forward.

The El Salvador investment challenge is something I think is fairly innovative and interesting, especially the fact that it has already generated a lot of interest. The government of El Salvador and MCC launched a call for expressions of interest. And through that process, they've—we've received, already, over 74 expressions of interest for investment in El Salvador in the trade sector. So, now, MCC's investment will be investing in the public portion of these investments, while the private proponent will be investing in their own private good.

And the idea is to catalyze those investments—and use scarce public resources in a transparent and efficient manner, to catalyze those investments. We estimate that for every one dollar of the U.S. taxpayer, this will leverage 5 dollars in both government matching contribution and private sector investment. And already, the facility is oversubscribed.

WEINBERGER: This is a second compact, and one of the questions we at MCC get quite frequently are questions about second compacts. And particularly, how do we think about them; do we think about them differently than first compacts. Actually, this was a topic that came up at the board yesterday. I'm wondering if you can talk a bit about how this will be different than the first compact.

GERARD: Yes. I think this compact is different in a couple of ways. The first compact, which was highly successful—a \$461 million investment in the northern zone—was focused, really, on connecting an isolated zone of the country with the rest of the country. And really invested in—made some basic investments in infrastructure, rural electrification, water and sanitation, small community infrastructure, as well as a large highway that connects across the entire northern zone.

But I think for the second compact, what's different is, again, this is a more national program in the sense that the reforms that we are contemplating under this compact will affect businesses operating throughout El Salvador. And, again, it's aimed more at the future growth of El Salvador and complements, I think, the government strategy to develop its coastal zone. Which is an area for potential growth.

WEINBERGER: Great. And lastly, can you talk a bit about the expected results from the compacts? And also, how will we know whether, or if, those results have been achieved?

GERARD: Sure. As I said, the goal of this compact is to ultimately create a better environment for businesses in El Salvador to increase private investment. Over time, that should lead to higher output by firms operating in El Salvador and, eventually, employment, greater productivity and, ultimately, growth and reduced poverty. We estimate that the improvements to the investment climate will benefit over 25,000 firms that are currently operating in El Salvador. So higher productivity should be passed on also to employees of those firms.

The education project will target 176,000 students throughout El Salvador in grades 7 through 12. And the coastal highway segment and the area around the border we expect 171,000 individuals living in or near that area to benefit from that.

In terms of monitoring and evaluating in the compact, one of the important things about this compact is that for the education project we're planning a rigorous evaluation of the full-time, inclusive school model that the government is going to be—hopes to roll out nationally.

So we hope that with this rigorous evaluation the government will be able to learn quite a bit from the implementation of this project to adapt it as it rolls it out nationally.

WEINBERGER: Thank you, James. And as I mentioned, we'll have audience questions at the end.

At this point, we'll hear from our third panelist, Heather Hanson. Heather, I understand you'll be giving the same presentation that the board saw yesterday on open data and transparency?

HANSON: Thank you, Paul. And thank all of you for coming this morning. I'm really excited to present on our work on open data and transparency. It's an area where we put a lot of work in, but don't get a lot of opportunities to talk to the public about. And we're really happy to share this work, and also to hear from our stakeholders about what we could be doing better or what we're doing well. You can also let us know if we're doing well.

As a relatively young agency, MCC's had the advantage of building on learning of other U.S. agencies. And also, our founding fathers really imbued MCC with the spirit of transparency and open data, really, in our DNA, making these founding principles for the organization. This past year, we've seen so much progress across the U.S. government as a whole in terms of a transparency. Many of you have probably seen the enhancements in quality and quantity of data available on the foreign assistance dashboard.

This reflects the commitment of this administration and many administrations before it to really improving the practice across the U.S. government as a whole. Today, I'm going to talk specifically about what MCC is doing in this space of transparency and open data, talking about why we do it, how we do it, what we've achieved, and also laying out what we think some of the challenges are and what the promises of open data for the field of development. Why do we practice open data and transparency? There's three main reasons, and for MCC they're all about development effectiveness.

Being transparent enhances our reputation as a service provider. It generates the support needed domestically in the U.S. for us to stay in business. But in the partner countries where we work, it also generates the support needed to really encourage the level of involvement and country ownership that's required in our programs.

It also ensures that we can be held accountable and that our country partners can be held accountable. Are we delivering what we promised? At what cost?

Finally, the whole process of documenting and sharing our results allows us, collectively, to learn, improve our efforts and, ultimately, to increase the impact of our programs.

So how do we do it? Transparency is built into each stage of the MCC life cycle. MCC is transparent about how we choose which countries to invest in. The methods and indicators that are used to populate our country scorecards, as well as the scorecards themselves, are published every year.

After each board meeting in December, when selections are made, we also publicize the results of those selections. We also share key economic analysis that guides our investment decisions; the constraints to growth analysis and our economic rates of return analyses. These are key parts of how we build partnerships that promote disciplined decision-making within the context of country ownership. Each quarter, we also prepare and publish reports that detail spending and results on our key performance indicators. These are posted in various formats at MCC—at data.mcc.gov. This data is also forwarded on to the U.S. Foreign Assistance dashboard.

We also share the results of our independent evaluations with the public, as Daniel was talking about earlier. We're in the process of building a complete evaluations catalogue online. This will eventually house all of the survey data that MCC has compiled in the course of our independent evaluations. This will be an enormous public good in terms of inspiring research, private investment and also new development applications. I'm going to run through our achievements so far rather quickly. People are happy to ask more about any of these during the question and answer session.

Let me first say, though, that doing work in transparency and open data for MCC staff really is yeoman's work. It requires a lot of effort to get these results up on our Web site to share all of this information with the public. So this won't do justice to all the work that MCC staff have really put into this area. As I've already talked about, each quarter we publish complete financial information and also results information. And every quarter, we try to improve the level of data that we're providing to the public.

The release of our first five independent evaluations last October really set a high standard for us in the future in terms of sharing the results, both when they work out as intended and also when we have important lessons learned to share with the development community.

As I mentioned, MCC, consistent with a new executive order on open data, has launched an open data catalogue, data.mcc.gov. You'll find various pieces of data in various machine-readable formats here. And we're looking to build out this catalogue in the future, and really understand where the demand is in our stakeholder community so we can publish in the format that's most useful to you.

At the same time, we're right now working to develop partnerships based on the data that we've already posted. As I said, we're aiming to publish our evaluation survey data. To do this in a way that's consistent with protection of human subjects and high ethical standards, MCC's formed a disclosure review board that will go through and make sure that the data is properly anonymized before we publish it. MCC has also developed a new disclosure policy. This policy, really, is guidance provided to our staff to allow them to implement what we call the "presumption of disclosure," and more actively share information produced in the course of MCC business that could be of use, in general, in the field of development.

This next year, we'll also update our open government plan, which will served as our public-facing statement on access to information for the agency. We're really proud of all these accomplishments, but in development where the rubber meets the road really is in this last area. All these other accomplishments really allow us to meet the reputational benefits and the accountability benefits that we see in transparency. But when we talk about impact, this issue of data capacity in partner countries will really be where we see the impact. Because getting the right information into the hands of stakeholders—private sector, public sector, civil society—in the countries where we work, we know that this is where we'll see the greatest benefits from all of this work.

While these—all of these efforts have exciting potential, there's also challenges. The first is that transparency and openness pose risks. The most obvious is that by being transparent and open you put yourself at risk for public criticism. Of course, openly sharing the results of our work is easy when everything works out as intended. Unfortunately, in the international development field that's not always the case. And so when it's harder is when the results are not what we intend. Still, MCC's committed to sharing those results, and we bear that risk, and we hope that our stakeholders will understand why we do this and also support us in taking the risks that we're taking.

These efforts also require leadership. One thing to understand about the MCC life cycle of programs is that we may learn lessons from these five compacts, but those lessons will only be fully applied in the compacts we're developing now. Meanwhile, we have a whole set of compacts that started long before we learned those lessons. So

we have to understand that it takes time for our learning to actually show up in our results. And our leadership has to be patient with that and be transparent regardless.

Finally, it also requires investment. A lot of times, external stakeholders see transparency as something that just is all about political will. And I can tell you, from being on the inside, that political will is really important and. We have great leadership here at MCC to support us in these efforts, but if you don't have the people to prepare the data and you don't have the tech people to put it up online you're still not going to get it done. And no one likes to talk about the kind of investment that's required for these efforts, but it's true. We have to invest if we want to share this information.

So for all the reasons I already laid out, even though there's risks we believe the risks are worth taking. Transparency and open data offer really exciting promise to change the way we do business in international development. And I just want to show you a couple of examples. We want to have more programs like this, like Open Data Nepal, where 80 percent of donor contributions coming into the country are now chronicled online. Allowing the government of Nepal, civil society and private sector groups to align their resources with donor aid to make sure that donors are accountable for the actions they're undertaking, to reduce waste and duplication.

All of these are great outcomes that can come from sharing this information. We want to see more programs like this. And also like this: private sector companies opening their data and allowing the public to use that data to produce value. Recently, the cell phone company Orange opened up 2.5 billion records of calls and texts in Ivory Coast. This is from 5 million users. They challenged researchers to develop new applications, and the winning result was a company that developed an application that would allow them to more effectively respond to country-wide disease epidemics. This is an example of data actually solving development problems.

At MCC, we really believe that open data and transparency have the potential to revolutionize the way we do business and, indeed, to put us out of business, right? Because the real end game is to allow our country partners to truly own their own development, moving out of aid-based relationships into true partnerships based on trade and investment. We hope that we can play a small—that our part in this can be a small contribution to realizing this promise.

Thank you.

WEINBERGER: Heather, thank you so much. And I have a couple questions for you. One is, I know you have a lot of big plans for the agency in this area. Can you talk a bit about next steps, as we continue to expand and improve our efforts on open data and transparency?

HANSON: Sure. For all the tech folks in the crowd, I'm going to talk first about open data because you're going to see some exciting things coming out from MCC in that area pretty soon. We've really been looking at data. mcc.gov. And if any of you have looked at it, you'll probably also have the same realization we've had, which is that it's kind of ugly and it's not as accessible as we'd like it to be. But some of you who are technically competent may also realize that we don't have data in all the formats that would really be useful to the developer community and to other stakeholders.

And we know this, and so we're in the process of actually revamping this and creating what's called an "API," which is going to drive—it's going to automate a lot of our internal data processes and drive output of data in different formats that are useful to different stakeholder communities. So you should be seeing that in coming months. As I said, we're also working on a new open government plan, which I think is due out June of New Year's Eve. And so we'll be reaching out to folks and trying to figure out what stakeholders really want to see from us in this field of open data and transparency and how we can continue to be a leader in this field.

We're going to be implementing our new disclosure policy so, hopefully, it'll be easier for folks to access information produced in the field. We've already seen examples where assessments we've done for projects that we may have decided not to fund have actually been useful to other donors who've picked that up and been able to fund that investment, even though MCC went down another road. So we're really hoping that all these things will help us to really begin to move this field forward.

Finally, we're really looking for flexibility to help our partner countries in some areas where data capacity may be needed in order to really drive smart investments. MCC is evidence-based, we're data-driven. We do a lot of analysis before we choose our investments. And sometimes, there's not enough data in the countries where we work to justify the kinds of investments that we and our country partners know would be smart investments, as a gut (ph). But MCC needs the evidence.

And so we're going to be exploring ways that we could more flexibly use some of our resources to actually help build that data capacity in areas where we know it's required to have evidence-based development on the MCC model.

WEINBERGER: Can you talk a bit about how our open data strategy fits into the broader administration priorities in this area?

HANSON: Many of you may already know that the Obama administration, on the first day in office, issued a directive on open government. It's been a big priority. This spring, they also issued an executive order on open data. This, for the first time, makes making data available in machine-readable formats—open and machine-readable formats—the default for the U.S. government. We had already posted data.mcc.gov at the time executive order was launched. At the same time, the guidance provides many new areas for MCC to deepen this work and be fully supportive of the administration's efforts.

In international development, we don't really know yet what impacts this will have, but we expect they can be great. Because open data really promotes—it unlocks the power and value in data. And we've seen this domestically with things like GPS, which was all built off open data that U.S. government agencies released. And no one ever thought we'd be using that to like find our way as Washington, D.C. with a device that talks to us. But that's what happened. So we're excited to see what happens in the development space.

WEINBERGER: Wonderful. And lastly, now that you've gotten our audience here and online excited about this topic, can you tell them how they can get engaged in our efforts in this area?

HANSON: Sure. On the data.mcc.gov Web site there is an e-mail that you can write to. We're going to be improving the user interface tools with that as part of an overall redesign of our Web site. You can also always call and—and talk to me, send me an e-mail. We're really excited to engage with our stakeholders in all of these processes and to hear from folks in terms of how our work can be made even better.

WEINBERGER: Wonderful. Thank you, Heather. Thank you, Jonathan. Thank you, James. At this point, I'd like to open this up to questions from the audience. We'll have a microphone coming by in just a second.

QUESTION: Thank you. This question is for Jonathan. On the lessons slide you talked about trying to make this a focused program. I think that's a great idea. But for most of the low-income countries—again, I'm going to give an example like Sierra Leone and Liberia. As a minimum, you need to develop institutional capacity. And if you look at, you know, infrastructure areas, for most of this country they need (inaudible). It's either power and water, or power and roads, or power, water and roads.

If you're going to limit the areas to about two, would institutional capability-building be one of those, or is it just institutional capacity will be just a baseline and then you can choose one or two more infrastructure sectors? Thank you.

BLOOM: It's a very good question, and it's something we struggle with. Let me start at the end of the question. Institutional capacity is not a sector in itself. It's in the service of investments in whatever, whether it's vocational training or health services or roads or water or whatever it is. And your point that in the poorer countries the problems are multiple and—and multiplex, the fundamental analytic tool that we use up front is—is called either a “constraints analysis” or a “growth diagnostic.” It's a rigorous process that's designed to articulate and define what are the key constraints to growth.

Now, you're absolutely correct. There are many, but you—we usually can identify one or two or three that are the primary ones that if you relieve them, yes, you run into other constraints but you get a running head start on growth. And then the task is to focus in on those one or two or three, and define important projects which will attack those key constraints. It's also true that, of course, we're not operating in isolation. So that even if we identify, let's say, three equally constraining developments there is a dialogue with the government to say what else are you doing.

And frequently, the government will have another plan to tackle one of those in another way with someone else. So it does allow us to focus in.

QUESTION: As you get with those member countries and decide which infrastructure project is a priority, do you get with other engineering firms, say, me or Jacobs, to figure out what other partnerships could become. Or—and is that information posted online? How do you go about getting other investors to invest with those projects that are not suitable for MCC?

BLOOM: Well, I—I guess I'd look at two parts to a answer. There is a broad consultative process throughout the compact development process. The constraints analysis or the growth diagnostic I mentioned is always informed by broad consultation with—I mean, obviously, led by the government, but then with farmers' groups, women's groups, environmental groups, various regions within the country. And strongly informed by the business community, both local and, increasingly we're doing outreach primarily in the U.S., but also in the country itself trying to pull in the global business community.

That's at the first stage, to identify the key sector to attack. At the second stage, when we're really trying to define the project, we go through that process yet again with many of those same communities. And certainly including the business community, both local and globally to look at what are the opportunities, what are the specific investment opportunities, that would tackle some of these—these constraints. And that process is continued during implementation, once we've defined the program.

The other opportunity, though, I'm not sure you're also alluding to, are the procurement opportunities for engineering firms to get involved in the implementation of the program. Which are opportunities both with MCC but, primarily, with the in-country unit—the MCA, the Millennium Challenge Account Senegal or Millennium Challenge Account Philippines. And those are—all of those opportunities, the consultative process as well as the procurement opportunities, are on our Web site and are on the Web site that's established by the country.

Part of our—one of the early moves in our transparency was to require countries, very early on in that process, to establish a Web site which has all this information.

QUESTION: I am the Salvadoran ambassador here in Washington. First, I want publicly thank for the approval by the board of the second compact. You have been working—making our people to work very hard for more

than one year and, lately, almost (inaudible) embassy of (inaudible) more resources than we have. But we were successful so far. And that is thank you very much. And I have two questions.

The first is for you, Jonathan. You talk about the—some of the compact with participation, financial participation, not only the corporation and the government but other partners. We have had some difficulties to get that in this last—in the second compact. Is there any way that successfully could be done? Has to be prepared well in advance, or how to do it? Because your compact is for 5 years, and they're (ph) an institution that could extend the corporation for more years, like the Inter-American Bank, in our case, or the world banks.

That will be quite good to involve them in the type of project that you do with the government. First, because they are going to learn quite a few things. But secondly, they have resources not for 5 years but for more time. That is something that I would like to know a little bit more.

And the second point about this question of transparency and open data. Is there any chance that could be a standard feature of any project that you do? Because it seems to me that this is a very basic and important condition for success and for ownership in the receiving country for any project. But in that sense, I understand that our governments are not very keen on this question of open and transparency.

[LAUGHTER]

Although theoretically they understand it, but when they try to implement they start to see the risk. And sometimes they are not prepared for that. Quite frank, right? And create problems in the question of implementing it. Is there any possibility that it would become a sort of a standard feature, or not? I don't know to whom is the question. Thank you.

BLOOM: Why don't we do the easy part first? In terms of involving other financial sources, yes, we frequently do, sometimes quite formally where there is a very close integration, a very formal planned integration. In other cases, less formally. An example of the more formal would be some of the roads projects, actually, in—in Honduras and—was it first El Salvador?

GERARD: Definitely Honduras Central American Bank.

BLOOM: Yeah, there's CABELI (ph), where there was an explicit agreement as to MCC funding a portion of a road and CABELI (ph) picking up the next portion. And that was—obviously needs to be fairly tightly coordinated. That's frequently the case in a number of projects. With Zambia, the water and sanitation program builds on and extends a World Bank program. In Morocco, currently the constraints analysis I described—and, actually, in Sierra Leone the same thing—constraints analysis working with the African Development Bank.

So there are both formal and informal cooperation. Even when there is not that sort of explicit financial partnership there is always coordination with the principle partner, developing partners, in—in the country. It's an essential part of the whole planning process to make sure that we are not just going off in isolation. And let me let Heather answer the rest.

HANSON: First, I should say that in many of the most essential ways transparency already is a requirement part of the way we work with our country partners. Because all country partners have to have a Web site, all country partners have to publish their procurements with the public. There's active consultation processes for every compact that's under development. And then there a public information plans that each MCA manages to keep the public in those countries informed of their efforts.

What the MCA does, though, is different than what the country government does sometimes. Although we've seen in many of our countries that after a compact is complete there are elements of the MCA model that the

country govern then picks up, or keeps the MCC going, to support. Because they've come to value that way of doing business, and the transparency and the accountability that the MCA has been able to offer during the course of the compact.

Could more be done? Sure, more could be done. We, right now, have 17 of our—of the countries where we work are members of the open government partnership. This means they all have national action plans for open government. It means the governments themselves have put themselves out there with certain goals. Are there ways MCAs could be supportive? Here, we tend to think that that's a country-by-country case because our countries are so different in terms of what they would prioritize, making transparent.

But I think, in many cases, the MCA model has been supportive of that. I think the question of how to deepen that really is probably a country-by-country question and goes along with compact development. But MCC probably wouldn't see that as—as sort of something for a program investment. Because our program investments are driven by the constraints to growth analysis that Jonathan mentioned. So unless we found a country where lack of information constituted a major constraint to growth it wouldn't be a program investment. But it could be part of institutional strengthening activities.

QUESTION: I was just curious to learn more about the learning collaborative platform and how that works, how it may integrate things like evidence-based decision-making or use of data. And also, if it's open outside of the MCC, as well, for participation.

HANSON: I'm not quite sure which learning platform you're talking about. At MCC, we do have technical groups that are practice groups. We also—I talked a little bit about the evaluation data catalogue. We don't have data up there now, but we will start posting data in coming months and there'll be a steady stream of data which will be publicly available. The other data that's already online also is publicly available. We also share our lessons learned through a series of papers called "Principles Into Practice," and we actively promote those with the development community.

QUESTION: In—in one of the slides in the first presentation there was mentioned a collaborative platform.

BLOOM: I did mention one of—in response to Paul's question about how we're applying these. It's a collaborative platform among Millennium Challenge Account units within the countries. Well, first of all, it's still in development, although we're hopeful we'll get it up in the next couple of months anyway, hopefully by the end of the year. It will be out in the public Web, although it's intended primarily for collaboration among MCAs.

But it will be—we will add to it progressively. It's not something that will start out fully blown. And actually, the first area of—of concentration will be a diagnostic of capacities of the MCAs. I mentioned among the lessons learned that we're applying is to really analyze or assess the capacity of the MCA units as early as possible. And then add highly-targeted, program-specific training to reinforce those capacities. So that's really where we're starting off for both formal capacity development, but also collaboration among the MCAs.

And then there is a series of plans that we'll probably roll out over the next year, year-and-a-half. So is that more responsive?

QUESTION: Yes.

WEINBERGER: There's a question in back here.

QUESTION: As you move towards more collaboration between MCC countries, are you in any way setting the stage for regional compacts to deal with sort of trans-boundary issues?

BLOOM: It's inherent in the model of MCC that our compacts are bilateral: United States with the specific country. That's the selection and eligibility model that is built into the legislation very purposefully. Having said that, we do look for those opportunities, as I mentioned, in some of the early Central American compacts. And actually, the highway and the customs—James, why don't you go ahead?

GERARD: I think, actually, in the El Salvador there's an opportunity here, in that one of our interventions in El Salvador will be at the border with Honduras at El Amatillo. And on other side of the border, on the Honduran side, our Threshold Program—which is focused on providing assistance with public-private partnerships—I believe the highway leading to that same border on the Honduras side is going to be concessioned under a public-private partnership. And, obviously, now, the actual border crossing, other donors have been actively involved there in facilitating some of the kind of systematic and institutional reforms that need to be made to facilitate border crossing there.

But—so that's one area. As Jonathan said, we don't necessarily foresee regional compacts, per se. But where there are areas where we can coordinate our programs, we look for those, as well.

BLOOM: There are an increasing number of those opportunities in Africa, as we see Malawi, Zambia, Mozambique, at—integrating not only road systems but power systems, even water systems. In the case of Lesotho, in West Africa, there's a similar integration. Roads and power are the obvious ones, but one could imagine a range of other cross-border cooperation that would emerge, actually, from the economic analysis.

WEINBERGER: I think we have time for one last question, if anyone wants to ask one. Going once, going twice.

If not, thank you all for coming. We appreciate you being here, and we'll post a video and a transcript of the event online at mcc.gov.

END