



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

An innovative and independent US foreign aid agency

Overview



Context

MCC's Approach

Our Investment Strategy

The MCC Global Footprint

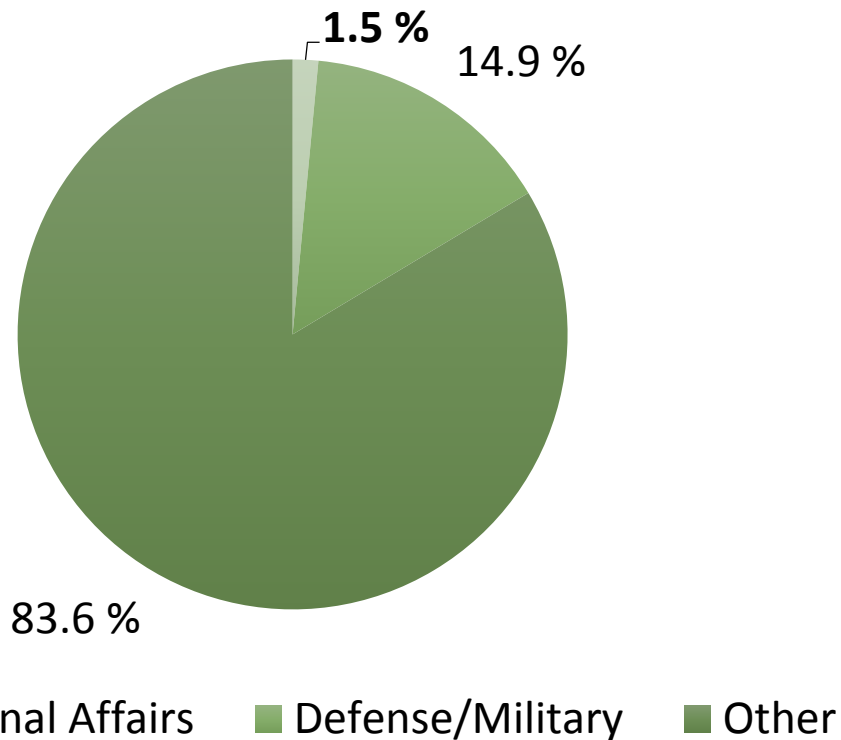
Measuring our Impact and Looking to What's NEXT



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Context: US Foreign Assistance

Only **1.5%** of the United States' budget is dedicated to non-military foreign aid.



1.5% = \$55 Billion
of which MCC receives
\$899.5 million
MCC is a small agency
with a **big** impact.



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Context: The Establishment of MCC

2004: Created by the U.S. Congress with bipartisan support, as a **different approach** to U.S. foreign assistance with several unique features:

- ✓ Competitive Selection
- ✓ Country-led Solutions
- ✓ Country-led Implementation

And a **focused mission**: **to fight poverty through sustainable economic growth**



Context: MCC Board of Directors

Chairman

John Kerry
Secretary of State

Public Sector Members

Jack Lew
Secretary of Treasury

Michael Froman
U.S. Trade Representative

Gail Smith
USAID Administrator

Dana Hyde
MCC Chief Executive

Private Sector Members

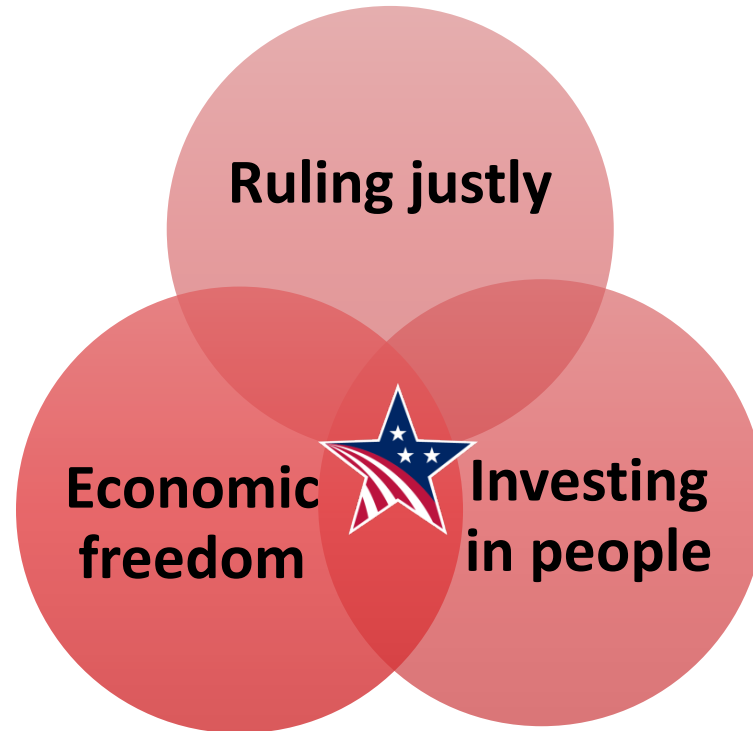
Mort Halperin
Open Society Foundation

Susan McCue
Message Global

Mike Johanns
U.S. Senator (ret.)

(Vacant)

MCC's Approach: Competitive Selection



MCC partners only with select countries committed to basic principles like fighting corruption and respecting democratic rights, including the rights of women—amplifying our impact and advancing core values.

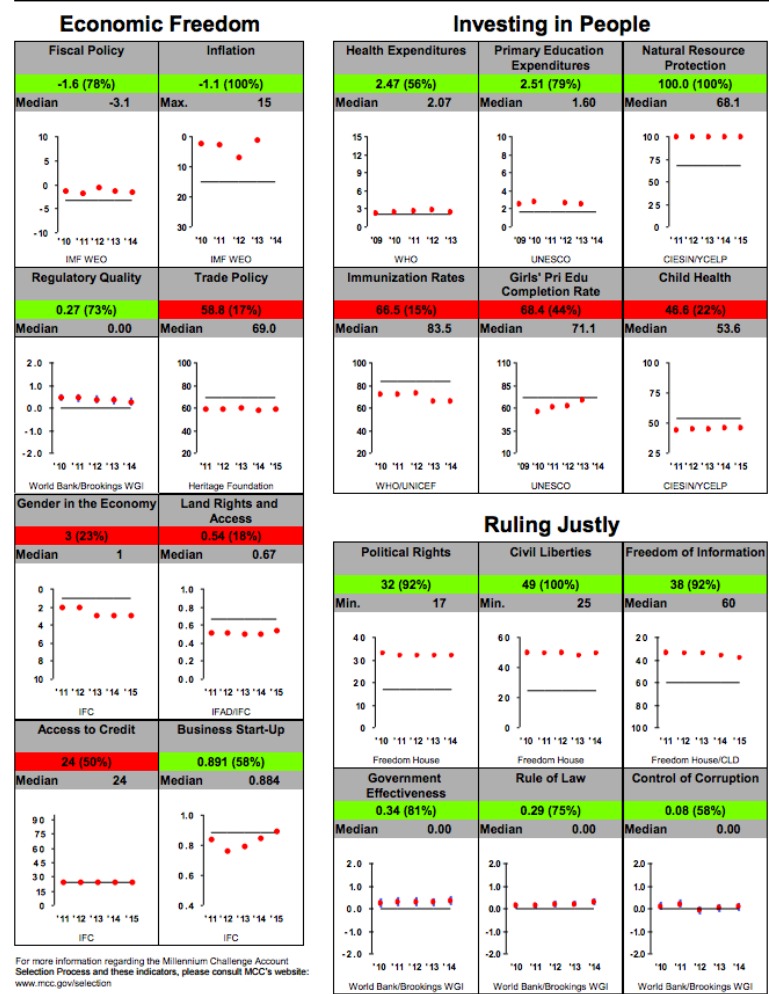


MCC's Approach: The Scorecard

MCC measures countries' policy performance using the "Scorecard" based on **20 independent indicators.**

Only **low-income** and **lower-middle income** countries are considered for MCC funding.

Benin FY16
 Population: 10,598,000
 GNI/Cap: \$810 (LIC)
 Control of Corruption
 Democratic Rights
 Pass Half Overall



For more information regarding the Millennium Challenge Account Selection Process and these indicators, please consult MCC's website: www.mcc.gov/selection

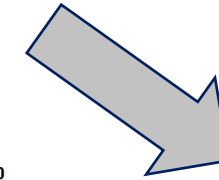


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MCC's Approach: The Scorecard

To be considered for possible compact eligibility, countries must meet the following criteria on MCC's scorecard:

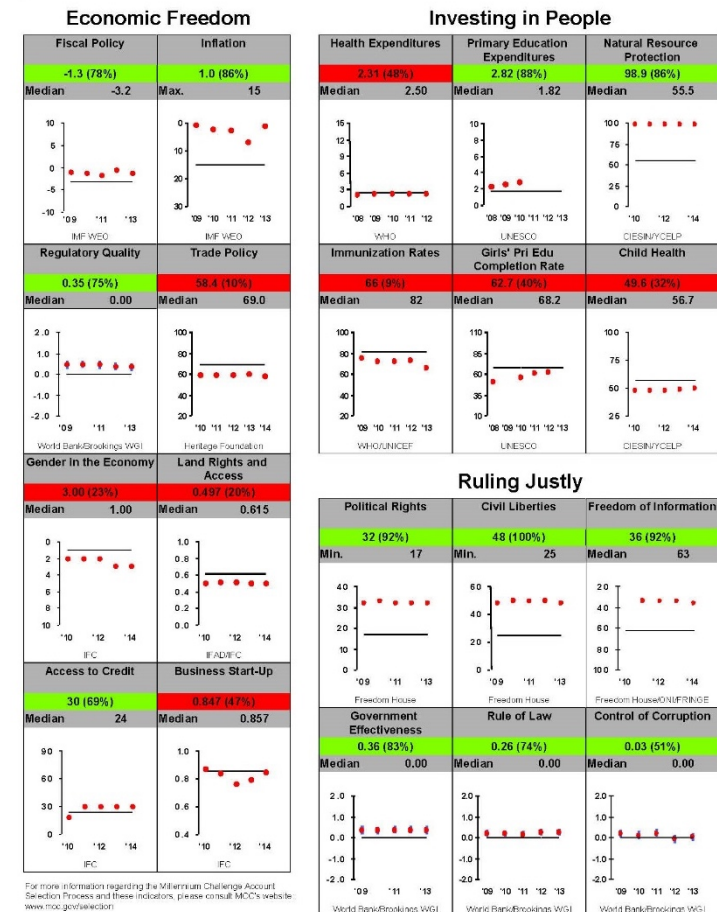
1. Pass the **Control of Corruption** indicator
2. Pass either the **Political Rights** or **Civil Liberties** indicator
3. Pass **half the indicators** overall



Benin FY15

Population: 10,323,000
GNI/Cap: \$790 (LIC)

Control of Corruption
Democratic Rights
Pass Half Overall



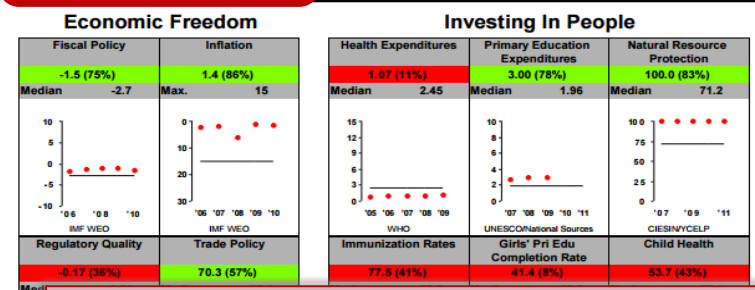
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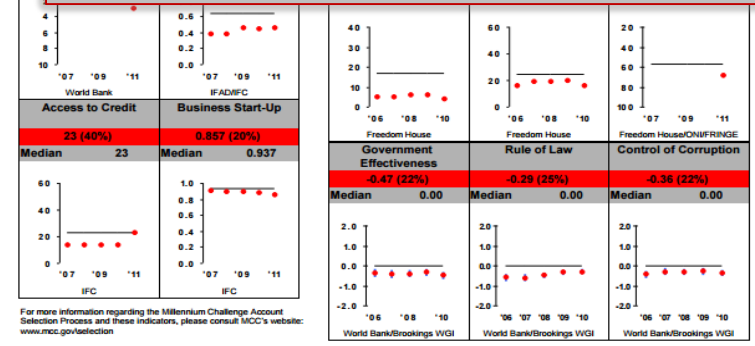
The MCC Effect: Côte d'Ivoire

Cote d'Ivoire FY12
 Population: 21,504,000
 GNI/Cap: \$1,070 (LIC)

Control of Corruption ■
 Democratic Rights ■
 Pass Half Overall ■



In 2012, Cote d'Ivoire passed only 5 of the 20 indicators



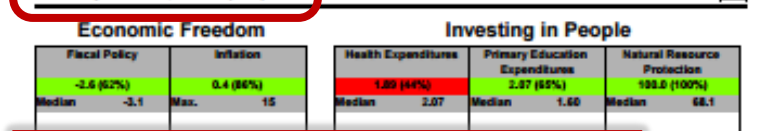
For more information regarding the Millennium Challenge Account Selection Process and these indicators, please consult MCC's website: www.mcc.gov/selection

The government established a special team in the Prime Minister's office that changed laws and tightened controls on corruption

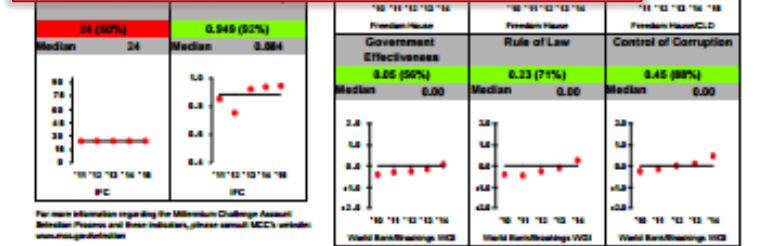


Cote d'Ivoire FY16
 Population: 22,157,000
 GNI/Cap: \$1,550 (LIC)

Control of Corruption ■
 Democratic Rights ■
 Pass Half Overall ■



These efforts paid off. In 2016, Côte d'Ivoire passed 13 of 20 indicators and was selected to develop a compact



For more information regarding the Millennium Challenge Account Selection Process and these indicators, please consult MCC's website: www.mcc.gov/selection



Our Investment Strategy

MCC provides well-performing poor countries with large-scale grants to fund country-led solutions for reducing poverty through sustainable economic growth.

Threshold

\$10 million to \$50 million

- Relatively small, 2-4 year grants
- Awarded to countries that come close to meeting the criteria and are committed to improving their policy performance

Compact

\$60 million to \$698 million

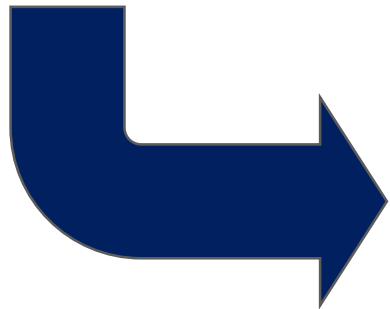
- Larger, five-year grants
- Available to countries that pass MCC's eligibility criteria

Data-Driven Project Design

2008: MCC became the first major development agency to deploy a Harvard-developed **constraints-to-growth analysis** to determine the greatest barriers to economic growth in a country.



MCC has also championed the use of **cost-benefit analysis** to select projects with the highest returns.



All projects must generate an economic rate of return (ERR)

= 10%



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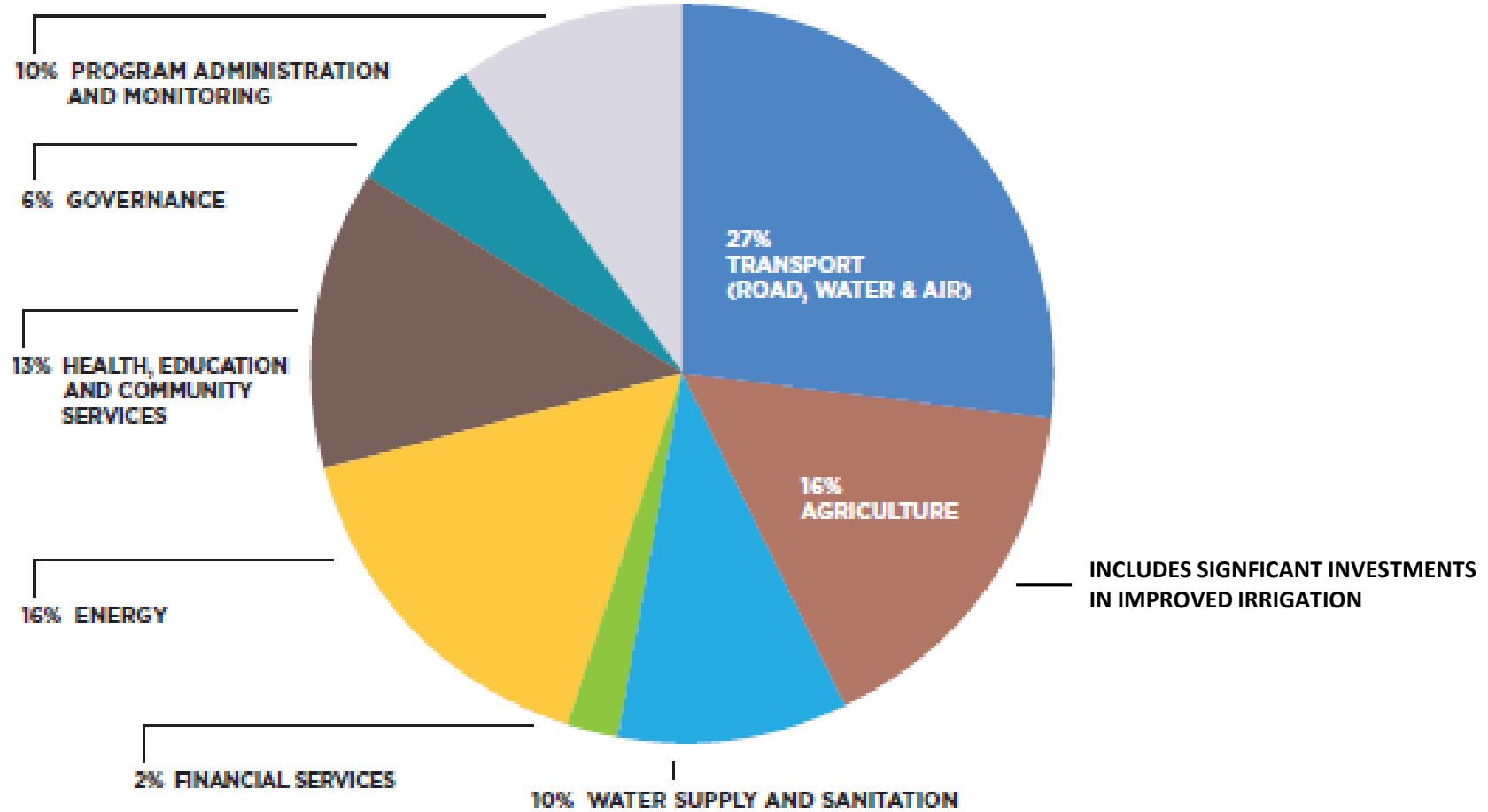
Grant-Funded Projects

MCC invests in projects like **power, clean water, land rights, and roads** that lead to economic growth and help people lift themselves out of poverty.



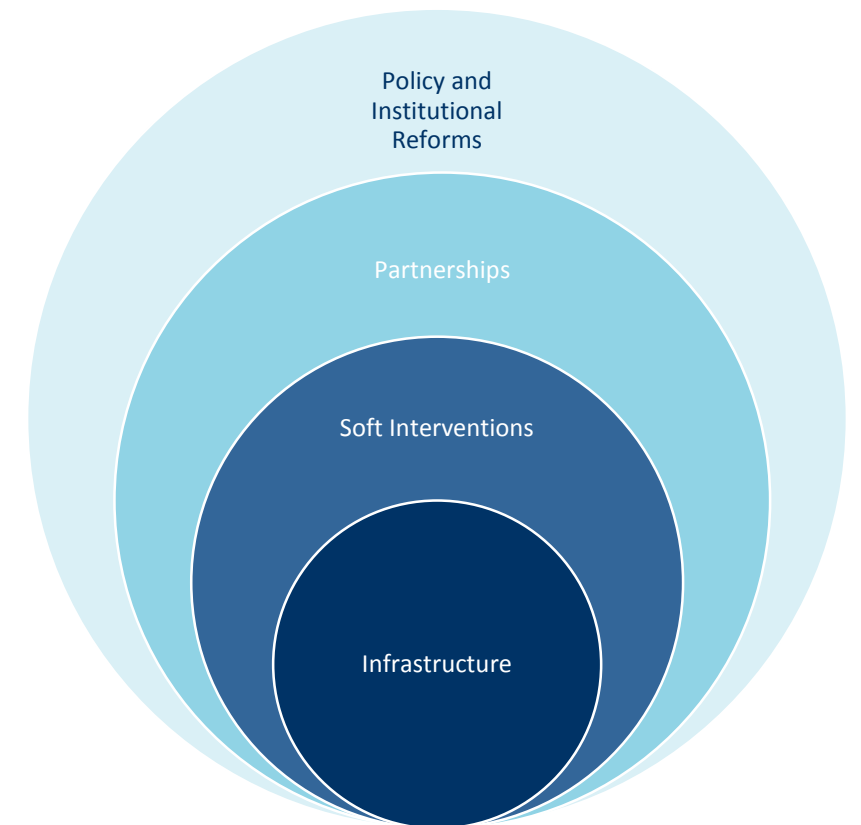


MCC's Investments To Date (June 2016)



Beyond Infrastructure: The Sector-Wide Approach

- Investments in comprehensive programs for success
 - “Hard” and “soft” interventions, including necessary policy reforms
 - Integration of E&S considerations
- Mobilize multidisciplinary teams for project
 - Development
 - Design
 - Implementation
- Mitigate risks related to
 - Completion
 - Sustainability
 - Environmental, Health & Safety



Country-Led Development and Implementation

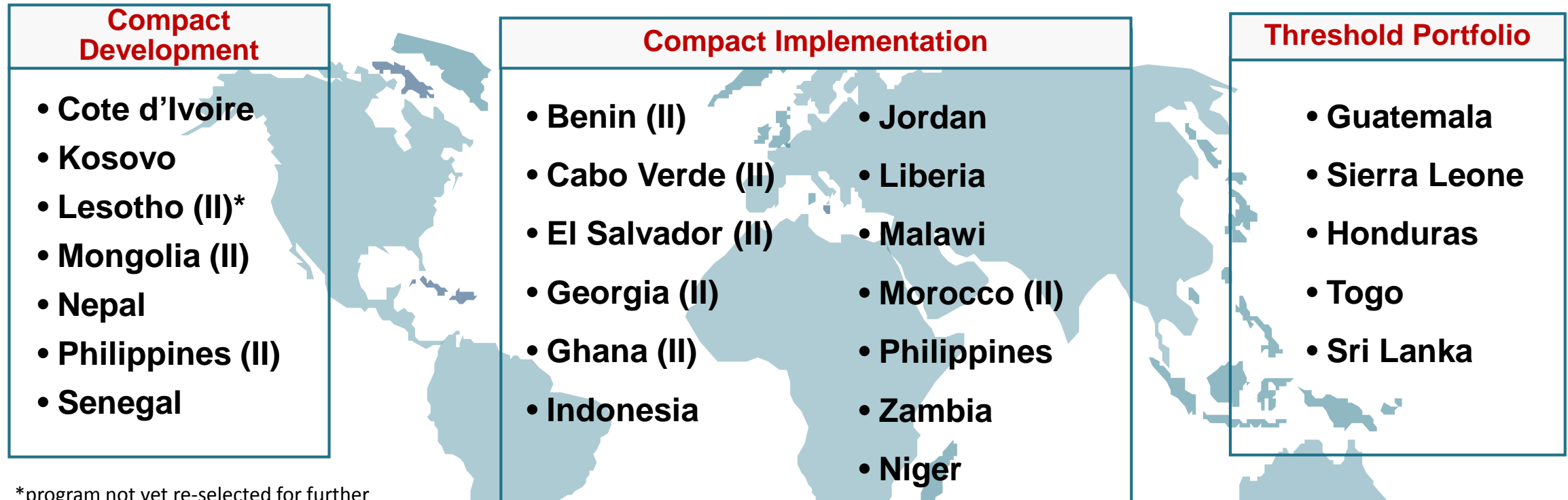
- Partner countries lead the constraints to economic growth analysis and drive compact development
- Once a compact is signed, countries establish a Millennium Challenge Account (MCA), that mirrors MCC's structure, to manage and oversee all aspects of implementation
- MCC plays an oversight role during implementation





Our Global Footprint

Since 2004, MCC has invested more than
\$11 billion in nearly **40 countries**



*program not yet re-selected for further compact development

Currently: 6 Compacts in Development, 13 Compacts in Implementation

Measuring MCC's Impact



MCC is modernizing the fight against poverty through our business-like approach, in which decisions are based on hard data and rigorous analysis, and the **results are monitored, measured and publicly shared.**

More than **40%** of all MCC programs will undergo a rigorous third-party impact evaluation. All projects are subject to a third-party performance evaluation.

These evaluations:

- Are **independent**
- Test **assumptions and attribution**
- Build **evidence** for future decisions



2016: MCC was ranked first in the U.S. Government and second among all donors in transparency in Publish What You Fund's Aid Transparency Index.

A Decade in Review (2004-2014)



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311,785 residents with newly formalized land titles

7,020,000 people using new water systems

2,270,000 people with improved sanitation

4,294 km of new electric power lines

2,876 km of new or rehabilitated roads completed in 15 countries



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- 1 HELP COUNTRIES CHOOSE EVIDENCE-BASED PRIORITIES IN GROWTH AND POVERTY REDUCTION STRATEGIES THAT REFLECT NEW LEARNING AND NEW OPPORTUNITIES
- 2 STRENGTHEN REFORM INCENTIVES AND ACCOUNTABILITY
- 3 BROADEN AND DEEPEN PUBLIC AND PRIVATE PARTNERSHIPS FOR MORE IMPACT AND LEVERAGE
- 4 LEAD ON DATA AND RESULTS MEASUREMENT, LEARNING, TRANSPARENCY AND DEVELOPMENT EFFECTIVENESS
- 5 MAXIMIZE INTERNAL EFFICIENCY AND PRODUCTIVITY. MAINTAIN AND MOTIVATE A WORLD-CLASS, HIGH FUNCTIONING STAFF

What's NEXT for MCC