

MCC's Place in the USG Development Landscape

Economic Advisory Council Meeting
September 2022

The USG development landscape

The U.S. has multiple objectives requiring a variety of development tools, and our interests are well served by a range of agencies that address distinct objectives with complementary strengths and mandates.

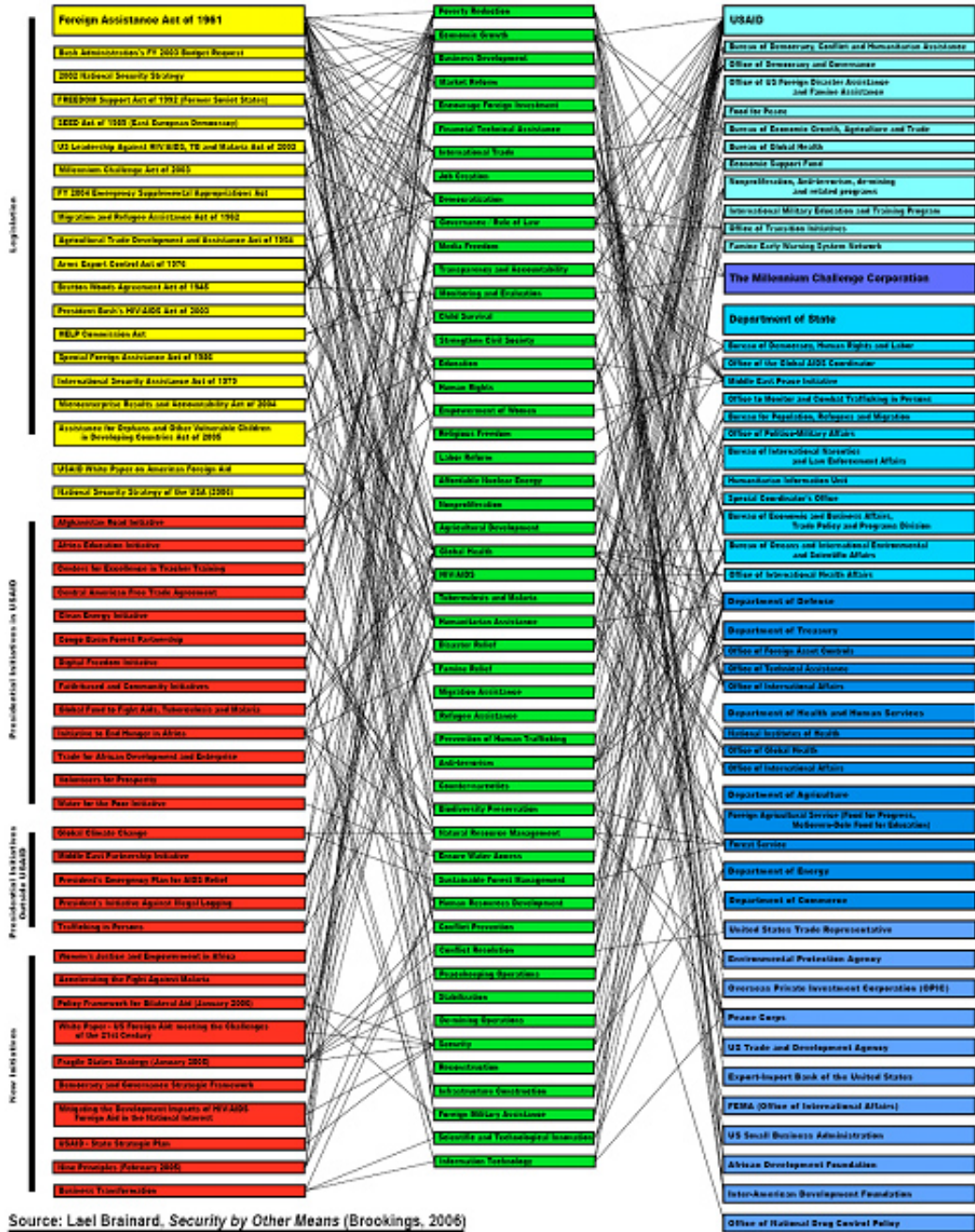
- **State:** Lead foreign affairs agency with programs in a broad range of sectors
- **USAID:** Lead development agency with programs in roughly 155 countries
- **Treasury:** Oversight responsibility for the MDBs, including the regional banks
- **Development Finance Corporation (DFC):** Catalyzes private capital into emerging markets
- **US Department of Agriculture (USDA):** Food assistance, agricultural programs, nutrition
- **Peace Corps:** Volunteers work in communities on locally prioritized projects
- **Defense:** Humanitarian assistance and military-specific health in more than 55 countries
- **Health and Human Services (CDC):** PEPFAR, PMI, Global Health Security Agenda
- **Others:** USTDA, Ex-Im Bank, Commerce, Inter-American Foundation, Interior, Environmental Protection Agency, Energy, Labor, Homeland Security, African Development Foundation...

US Foreign Assistance Legislation, Objectives and Organizations

Legislation, Presidential Initiatives and Strategy Papers

Foreign Assistance Objectives

US Foreign Assistance Organizations



Source: Lael Brainard, *Security by Other Means* (Brookings, 2006)

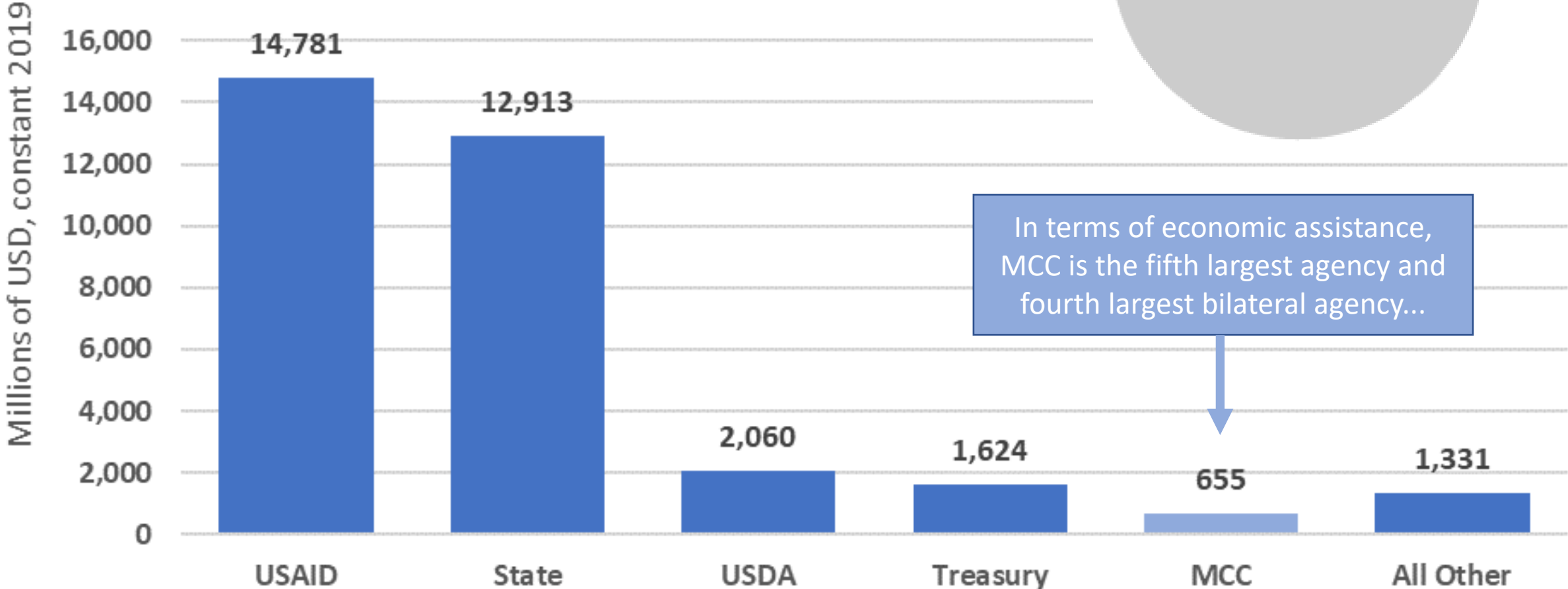
Where does MCC fit into the tangled web of the USG aid architecture?

MCC is unique among USG agencies

- 1. Country selectivity:** Partner exclusively with relatively well-governed poor countries
 - This leads to a geographic focus in sub-Saharan Africa – about two thirds of MCC programs
- 2. Singular mission:** Poverty reduction through economic growth
 - Programs address the most binding constraints to economic growth, often infrastructure
- 3. Compacts:** Relatively large, five-year investments implemented by country partners
 - Predictable, no-year grant financing on a disciplined timeline – no ongoing/rolling programs

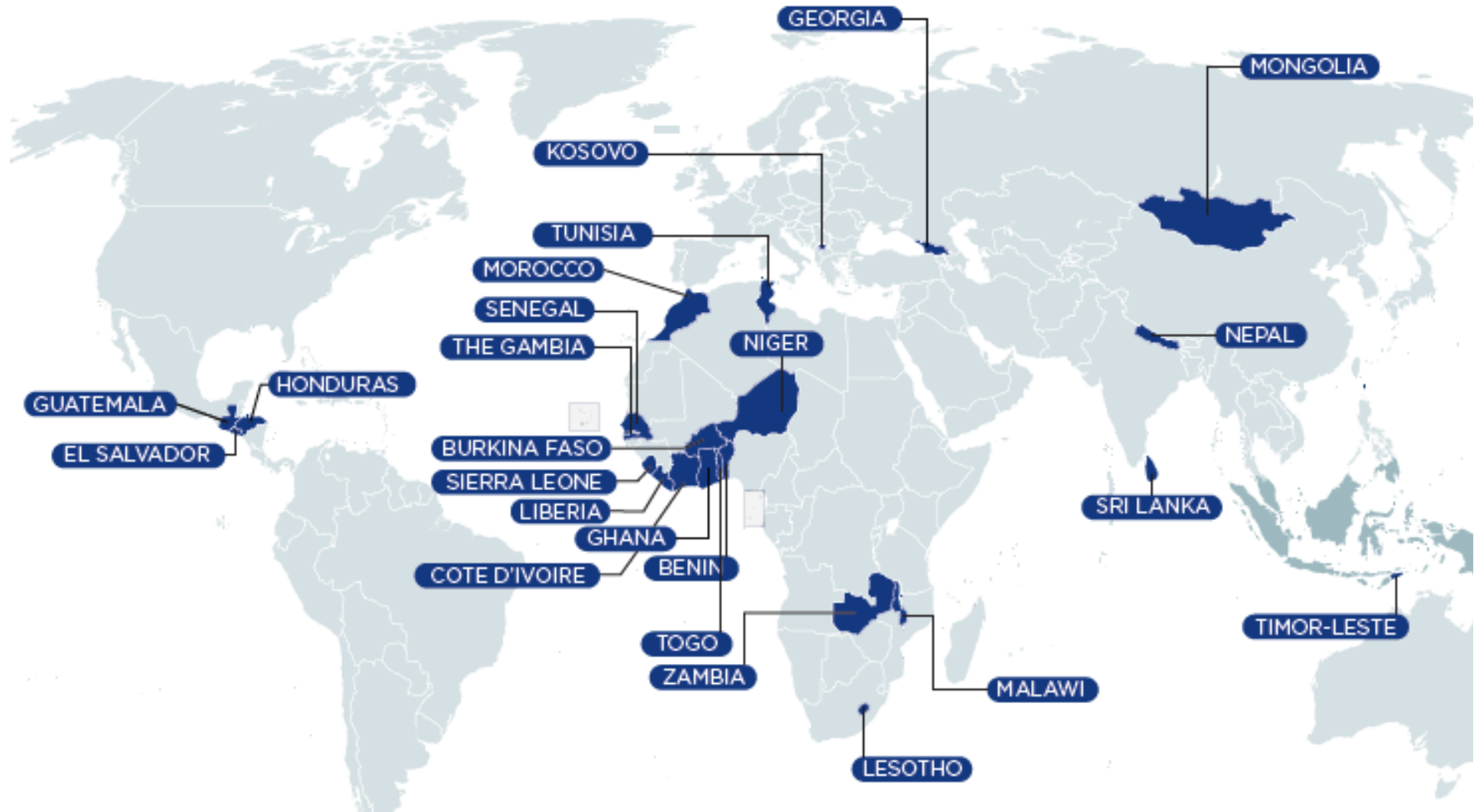
How does MCC stack up?

Average Annual Disbursements by USG Agency, 2019-2021

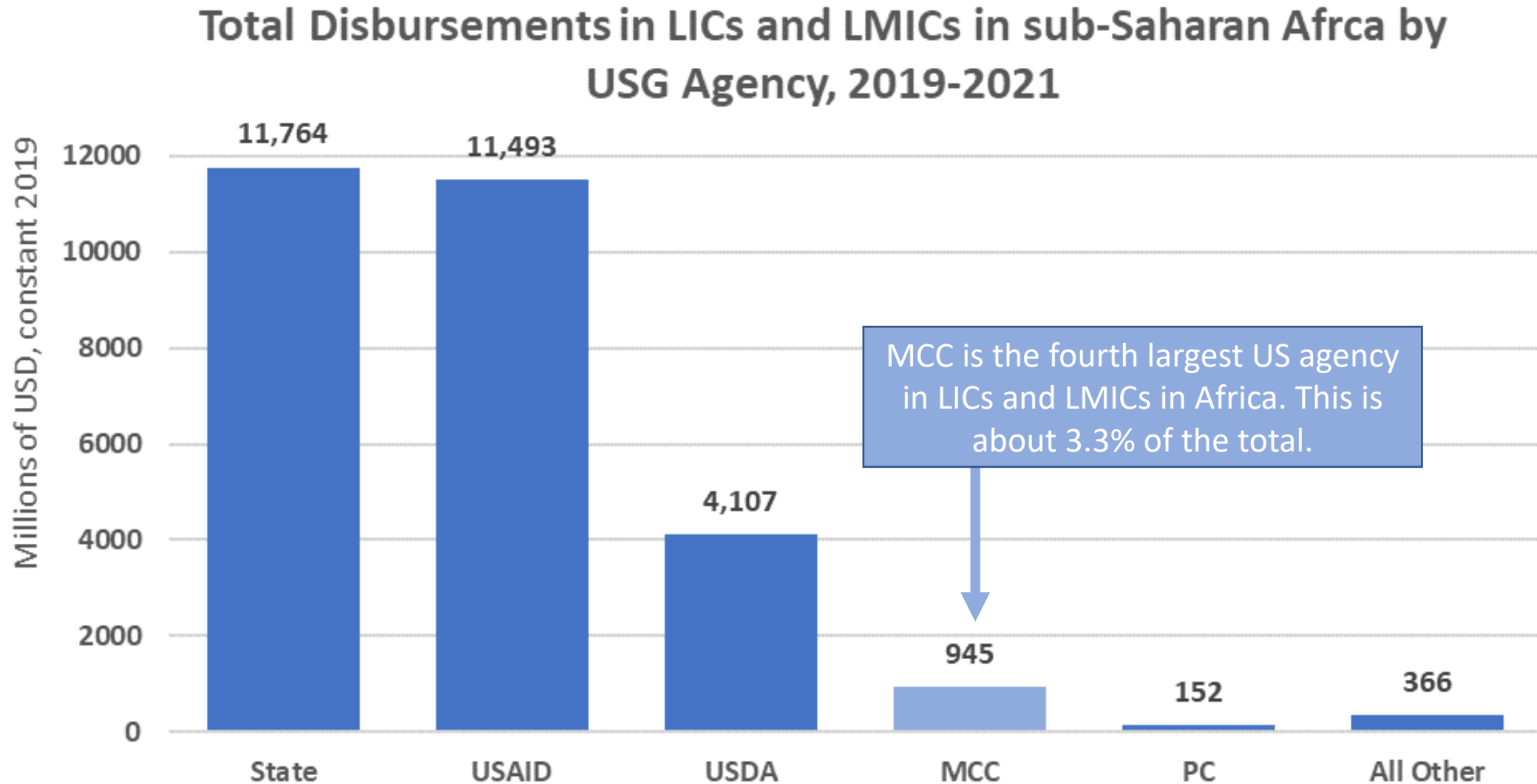


Source: All US aid data are from [ForeignAssistance.gov](https://www.foreignassistance.gov)

MCC has worked with fewer than 50 countries in its history

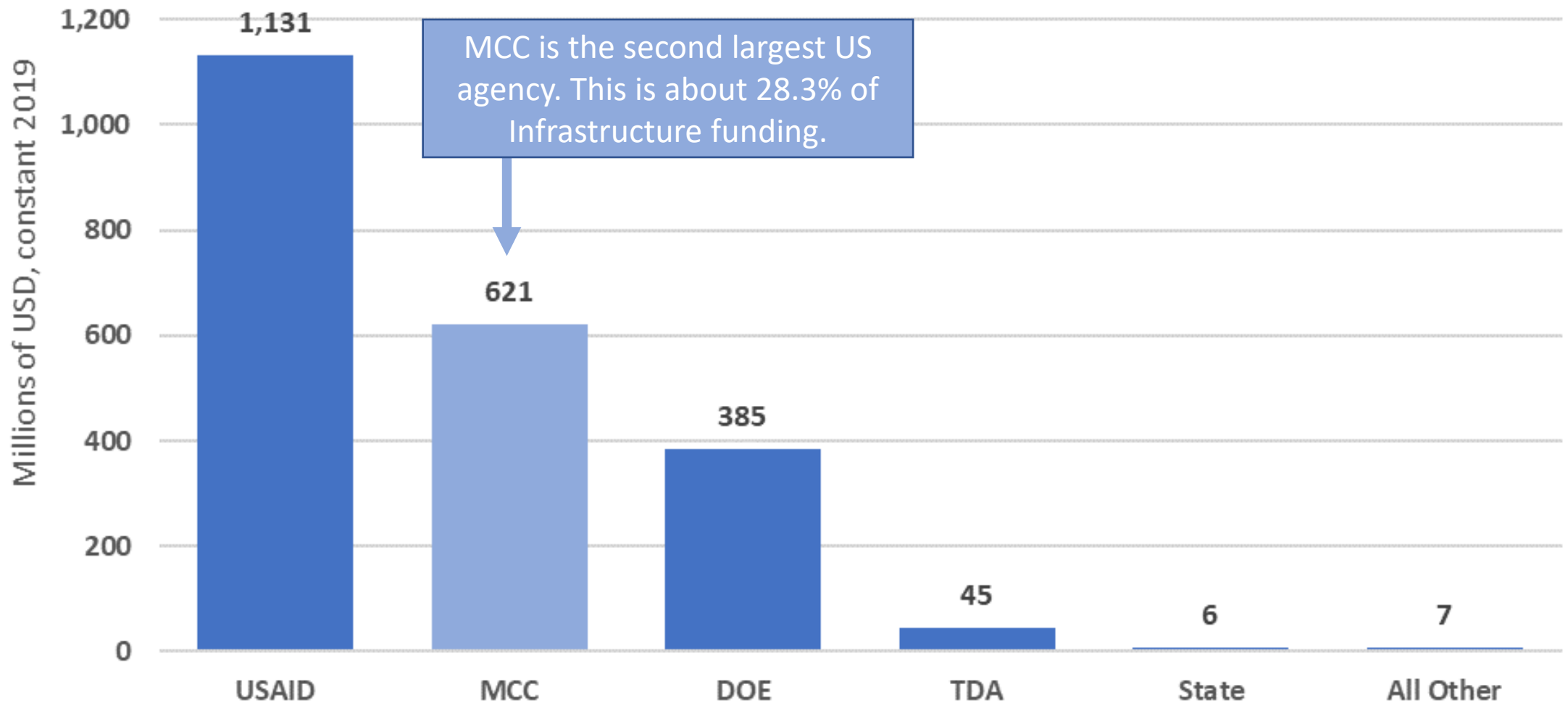


1. Country selectivity: MCC primarily with in LICs and LMICs in sub-Saharan Africa



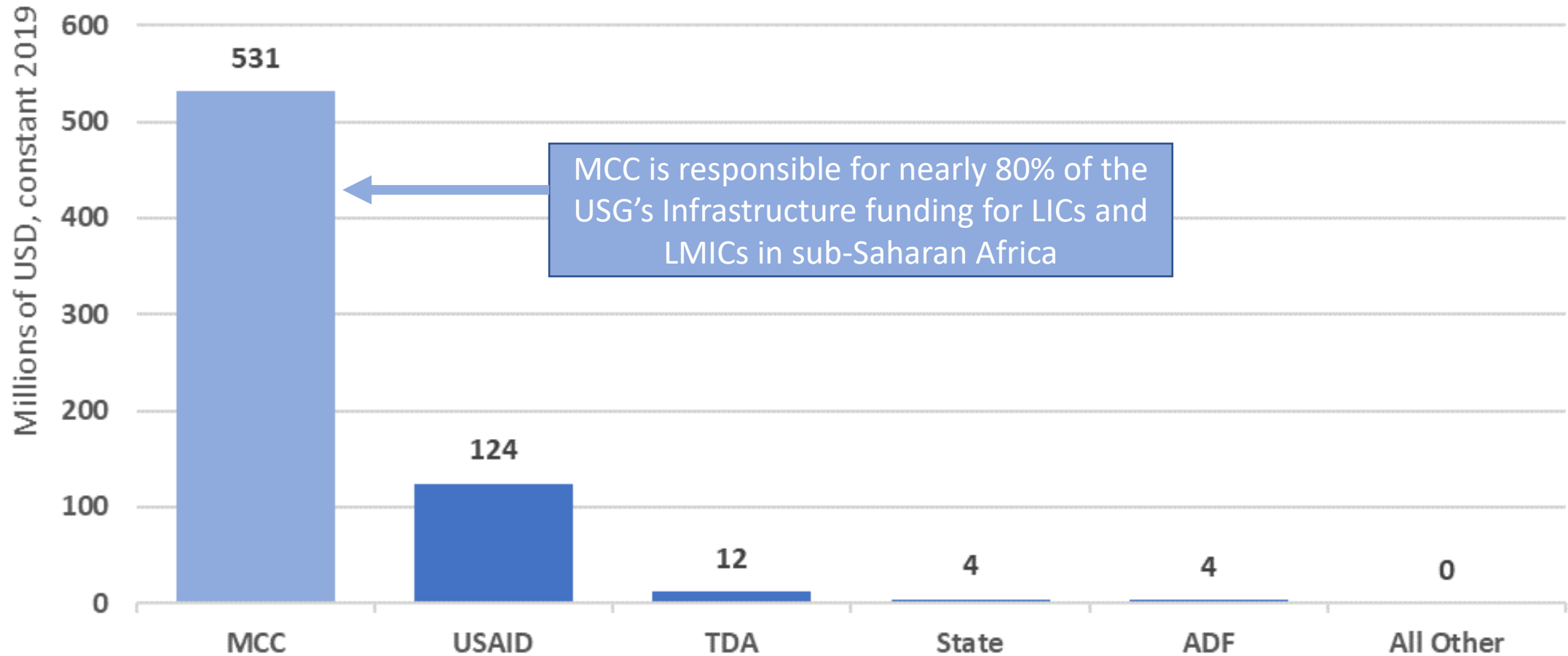
2. Mission: MCC works primarily in infrastructure

Total Disbursement in Infrastructure by USG Agency, 2019-2021



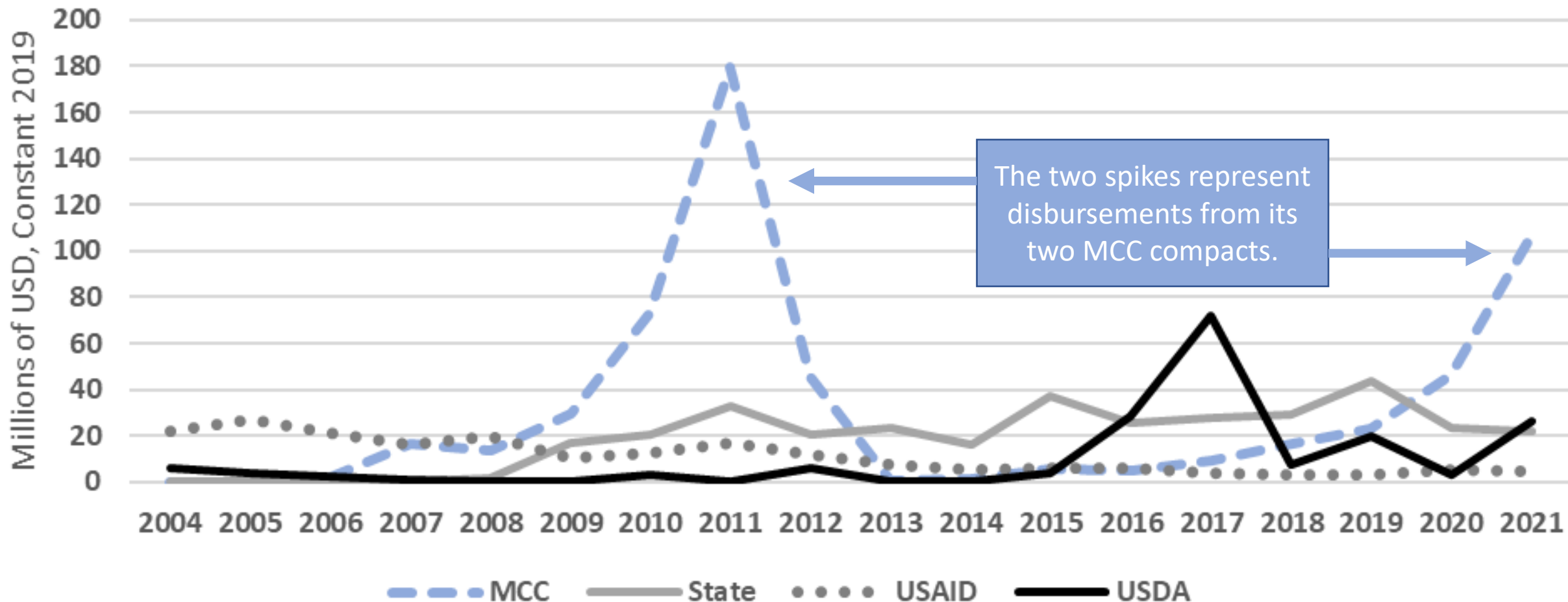
When you compare apples to apples, MCC stands out for infra in SSA

Total Disbursements in Infrastructure in LICs and LMICs in sub-Saharan Africa by USG Agency, 2019-2021



3. Compacts: MCC often becomes the largest donor in a country

USG Assistance in Benin by Agency, 2004-2021



Scaling up the MCC Model: “Do more with more”?

- **USG:** There have been several attempts to emulate the MCC Model
 - **Partnership for Growth, Security Governance Initiative**
- **External proposals:** There have also been external voices calling for MCC to scale
 - **Candidate pool expansion (CGD 2022):** “Greater scale at MCC would help put real financial capacity behind US aspirations and urgent poor country needs for infrastructure investment”
 - **Great Cities (CSIS 2021):** “Borrowing from the MCC compact model, the partnership would: Work directly with municipal governments; conduct joint constraints analysis to identify barriers and a work plan; and establish five-year municipal compacts and joint progress indicators.”
- ***Question for the EAC: Looking ahead to MCC@20, what does the evidence suggest would be the most effective way(s) to modify or scale the MCC model?***