

## MCC and the U.S. Global Development Policy

*The Millennium Challenge Corporation (MCC) is a key Administration foreign assistance agency with a focused mandate and a unique model. MCC's mandate is to reduce poverty through economic growth in a select group of poor but well-governed countries. The MCC model is based on a commitment to country-led planning and implementation, and high standards of managing for results and transparency. The agency's rigorous, integrated, and transparent approach to putting these principles into practice has placed it at the forefront of accountable and innovative development assistance.*

As the United States reforms the way it engages with the developing world, its new approach recognizes that broad-based economic growth is central to global stability and prosperity, and that strong policies, country-led plans, and rigorous evaluation are essential to the sustainability of U.S. development investments. MCC has six years of experience testing and implementing these principles.

### Fostering the Next Generation of Emerging Markets

MCC makes investments in support of countries' own strategies to reduce poverty through economic growth, and aims to help them transition from development assistance to sustainable private sector-led growth. MCC works with countries that are committed to these aims by selecting partners that perform well on 17 independent, publicly-available indicators in the areas of ruling justly, economic freedom, and investing in people. With these criteria, MCC also creates incentives for reforms that help countries

*MCC's \$7.1 billion portfolio, approximately 70 percent of which benefits the people of Africa, is shaped by the priorities of its partner countries. With its country partners in the lead, MCC's portfolio has focused significantly on market-based solutions to food security, with over half of MCC investments in rural development and infrastructure that link producers to market opportunities. MCC country partners also prioritize investments in financial sector reform, health, education, and major infrastructure such as roads, energy, and water and sanitation as vital to addressing their constraints to growth.*

become more capable and accountable partners, contribute to the global economy, and provide citizens with the opportunity, means, and freedom to improve their lives.

## Holding Country Partners Accountable

MCC's country selection process holds partners accountable for good governance at the national level. MCC has also made sector-level policy reforms central to its strategy to ensure that its investments have full and sustained impact. Partner country government officials, civil society, and private sector representatives are jointly accountable to domestic stakeholders for decision-making and results as members of the boards of directors that oversee program implementation.

## Driving Policy with Analysis

MCC places great emphasis on achieving results, and is widely recognized for its technically rigorous, systematic, and transparent methods of projecting, tracking, and evaluating the impact of its investments. MCC uses data at all stages of its delivery of development assistance—from country selection; to project approval, monitoring and course correction; and finally to impact evaluation. MCC's impact evaluations—that are transparent about what has and has not worked for poverty reduction—will provide a growing base of evidence as the Administration uses data and analysis to drive decision-making about new investments. And with its approach, MCC is also able to answer the fundamental question of aid effectiveness: Do the expected results of a given investment justify the allocation of scarce aid dollars?

## Investing in Innovations

MCC stimulates increased private sector and non-governmental engagement to expand the reach, sustainability and impact of U.S. Government investments. The agency is looking to pilot new approaches, such as challenge grants to spur private and public investments in renewable energy, and performance-based assistance to promote innovation where creative solutions target development challenges.

*Under the Administration's new approach, MCC will continue putting its principles into practice, sharing what it has learned, and staying on the cutting edge of effective and accountable development assistance.*