

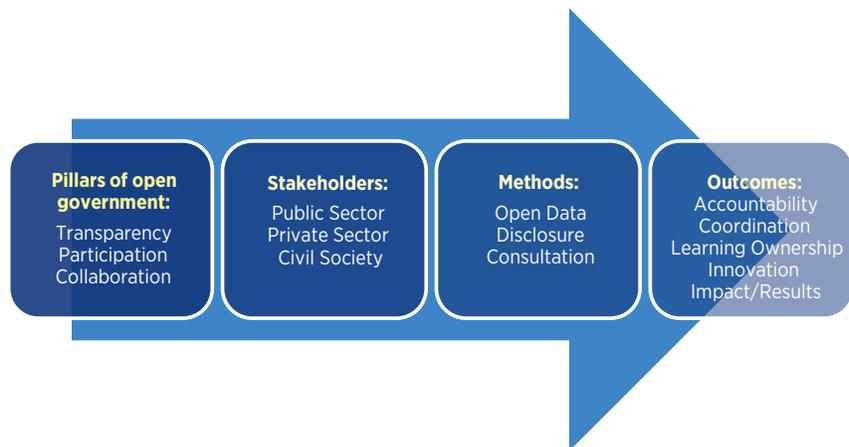


## MCC's Approach to Transparency and Accountability

The Millennium Challenge Corporation's model is based on a set of core principles that are essential to effective development assistance: good governance, country ownership, focus on results, and transparency. MCC promotes transparency to provide people with access to information that facilitates their understanding of MCC's model, its decision making processes and the results of its investments. Transparency is a core principle for MCC because it is the basis for accountability, it provides strong checks against corruption, it builds public confidence, and it supports informed participation of citizens. Transparency is critical for:

- ★ Improving accountability, both to U.S. taxpayers and to the intended beneficiaries of MCC investments;
- ★ Increasing coordination among donors, private investors and partner country governments
- ★ Advancing learning about which approaches to poverty reduction through economic growth yield the greatest impact
- ★ Deepening the involvement of stakeholders in MCC investments in order to promote increased ownership and reinforce accountability
- ★ Promoting innovation, as data and results from MCC investments are openly shared with and utilized by partner governments, civil society and private investors who can benefit from additional quality data and information
- ★ Ensuring that MCC investments deliver results by being clear about measurable impacts

MCC believes that reaching these goals through practicing transparency requires more than simply providing access to information. MCC seeks to understand the needs of stakeholders in the public sector, private sector and civil society by actively promoting their participation in its work and consulting with them to better understand their concerns.



## What does MCC do to Promote Transparency?

Transparency is built into each stage of the development program life cycle: selection, design, implementation, monitoring, and evaluation.

***MCC sets clear criteria and process for country selection and for monitoring continued eligibility.*** MCC selects partner countries based upon their performance on independent, third-party indicators to measure performance in three categories: Ruling Justly, Investing in People and Encouraging Economic Freedom. MCC publishes annual scorecards of country performance, empowering a broad range of stakeholders—including government officials, civil society organizations and private sector investors—to monitor countries' performance and to advocate for reforms designed to create a more enabling environment for inclusive economic growth. Once selected, countries are held accountable for continued strong policy performance. MCC's policy on suspension and termination allows funds to be frozen or withdrawn in the case of significant, sustained indications that a country has reversed its commitment to rule of law, public investment and economic freedom.

***MCC uses an evidence-based, disciplined and consultative process for selection of investments.*** Once countries are selected as eligible for investment, MCC works with partner countries in conducting an analysis of the major constraints to economic growth. This analysis is shared with stakeholders through a consultative process that narrows the field of investment options. MCC then works with country partners to analyze the costs, benefits and expected rates of economic return for each of the potential investments. Finally, beneficiary analysis and social and gender assessments are carried out to explore social and gender concerns and determine how each potential program is expected to benefit different income groups. MCC works closely with partner country governments to ensure the results of these analytical exercises are shared with the public, demonstrating the evidence base for investment decisions.

***MCC discloses compact agreements and publishes quarterly progress reports.*** Once projects have been selected, MCC works with partner countries to develop a detailed compact for project implementation, including budgets, activity timelines and expected results. This compact is made available to the public upon signing, and progress towards the goals laid out in the compact is monitored through tracking of indicators designed to measure inputs, outputs and outcomes. MCC posts quarterly financial and performance monitoring reports each quarter to its website, providing the public with basic tools required to assess MCC's progress and to hold both MCC and its partner countries accountable.

***MCC practices open, transparent procurements.*** All procurement opportunities available through MCC investments are made public. MCC works with partner countries to establish accountable entities known as Millennium Challenge Accounts to implement projects selected; these MCAs are required to conform to MCC's Program Procurement Guidelines and Fiscal Accountability Guidelines. This allows for an open, competitive bidding process that is meant to ensure cost-effectiveness and minimize opportunities for corruption. It has also opened new business opportunities for the private sector in MCC partner countries and created stronger public trust in the MCAs, both of which contribute to successful results.

***MCC publishes the results of independent evaluations—and the data behind them.*** MCC's rigorous independent evaluations of projects have produced a wealth of survey data that MCC strives to make freely available for public use. To ensure adequate legal and ethical procedures are followed to protect individuals surveyed, MCC has established a Disclosure Review Board to advise on preparing this data for public disclosure. The evaluation data catalog where this information will eventually be housed can be viewed at [data.mcc.gov/evaluations](http://data.mcc.gov/evaluations).