



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

Indicative Timeline for MCC Compact Development Process

MCA National Stakeholder Conference

February 2009



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MCC overview

- Formally established in 2004 as a new, independent government corporation managed by a CEO and overseen by a Board
- MCC eligibility intended to provide significant resources to countries that have demonstrated good policy performance and to act as an incentive to continue to improve
- Illustrates that development is a key pillar in US foreign policy objectives
- Mission: Poverty Reduction Through Sustainable Economic Growth
- MCC resources add to other U.S. foreign assistance
- Important to monitor performance on indicators – must pass corruption to enter into Compact



Steps in the MCC Process

Step 1: Start up and Preliminary Analyses

Step 2: Project Definition

Step 3: Project Development and Appraisal

Step 4: Compact Negotiation and Compact Signing

Step 5: Pre-EIF Activities

Step 6: Implementation



Step 2: Project Definition

- A) Problem tree analysis and Initial Consultative Process completed
- B) Country develops and provides Concept Paper for each potential project**
- C) MCC reviews Concept Paper(s)
- D) MCC sends mission to country, if necessary, to determine studies needed to develop project(s)
- E) MCC provides formal response to Concept Paper(s)



Step 2B: Concept Papers

- **Concept Papers should generally cover:**
 - Project description and rationale
 - Sector and policy issues and related reforms
 - Expected outcomes, economic returns and beneficiaries
 - Potential social, environmental and gender impacts
 - Current level of project assessment
 - Proposed implementation structure
 - Preliminary budget



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Step 2C: MCC reviews concept paper

How does MCC evaluate Concept Papers?

- Is the project rationale sound? Does it conform to the key MCC & GoM principle of reducing poverty through sustainable economic growth?
- Is there sufficient stakeholder consultation? Is there sufficient country ownership?
- Do the benefits outweigh the costs? Does the economic rate of return meet the hurdle rate (above +12%)
- Can the project be implemented within 5 years?
- Is the project technically feasible?
- Are there environmental and social risks and benefits?
- Are the proposed implementations structures realistic and sustainable?
- What is the level of preparation of the projects? What additional studies are needed to develop the project concept into an investment suitable for finalization of a Compact? (ESIA, preliminary designs, resettlement plans)



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Step 2: Project Definition indicative timeline

- A) Problem tree analysis and Initial Consultative Process completed (July – December 2008)
- B) Country develops and provides Concept Paper for each potential project (*January – March 09*)
- C) MCC reviews Concept Papers (*March – April 09*)
- D) MCC sends mission to country, if necessary, to determine studies needed to develop projects (*February – April 09*)
- E) MCC provides formal response to Concept Papers (*May 09*)



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Step 3: Project Development and Appraisal

Project Development

- Country develops approved project concepts by completing required studies, as appropriate
- MCC disburses 609(g) funding
- MCC assists country in conducting required studies, such as: feasibility studies, EIAs, resettlement plans, preliminary designs, etc.
- Collection of baseline data for final ERR & Monitoring and Evaluation plan



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Step 3: Project Development and Appraisal

Project Appraisal

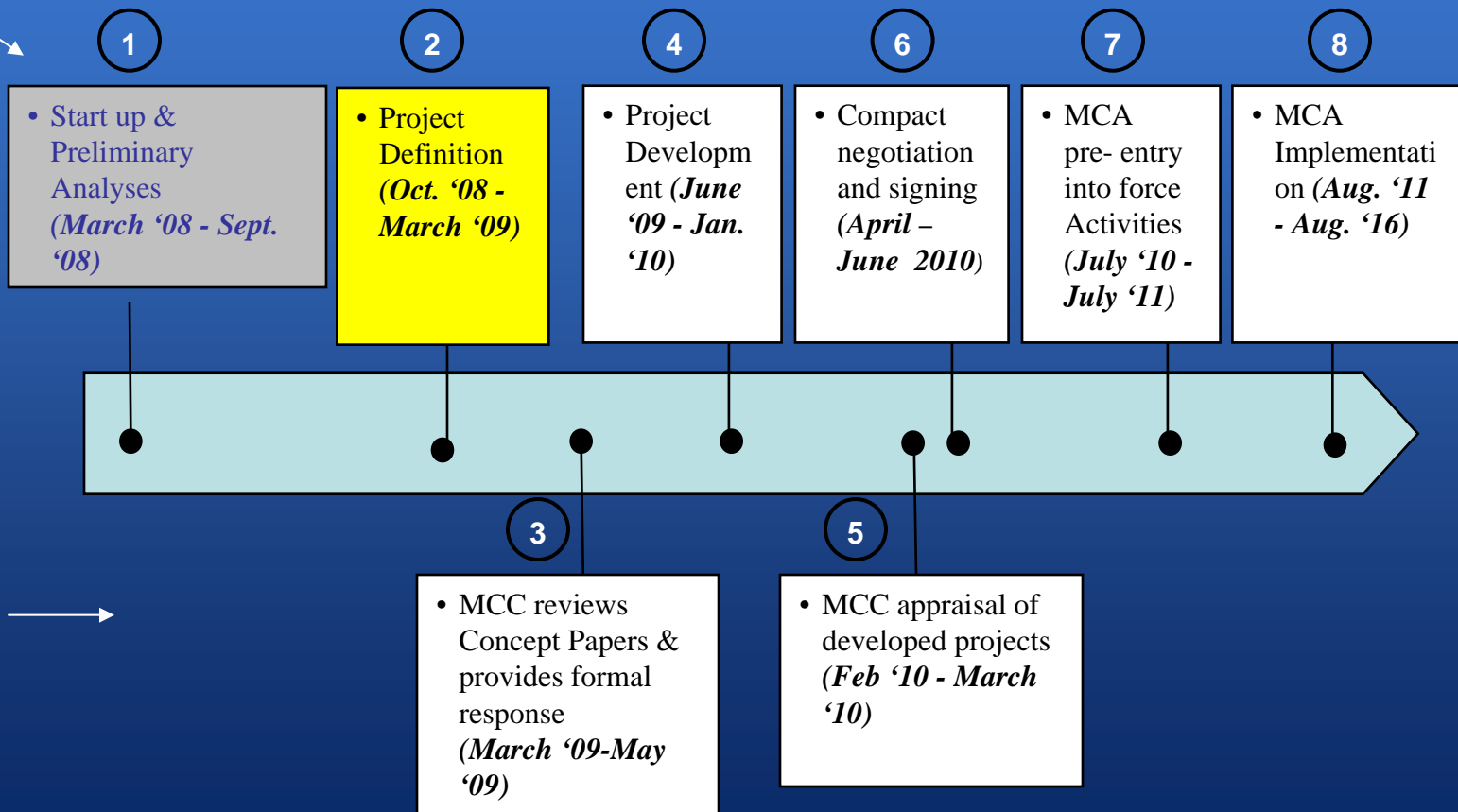
- MCC conducts appraisal of developed projects to determine if they meet MCC investment standards
- MCC conducts internal and external peer review of developed projects as part of appraisal process
- The MCA should begin establishing implementation structures
- MCC begins to develop Investment Memorandum for consideration by MCC's Investment Committee and prepares and submits Congressional Notification to commence negotiations



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MCC Compact Timeline

MCA
Core Team
(CT)
Activities



MCC
Activities



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Ongoing Opportunities for Civil Society/ Private Sector Involvement

- Participate in country-led consultative process that identifies key constraints to and opportunities for inclusion in a Concept Paper and program aimed at economic growth and poverty reduction
- Conduct feasibility studies, environmental assessments and appraisal of Compact program components (in response to MCC procurements)
- Participate in M&E and other accountability processes during Compact implementation
- Compete in country-led, open, program procurements related to Compact implementation



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Thank You