



Enhancing Transparency and Communications of MCC Operations: An Action Agenda

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When the MCC was launched, it distinguished itself from other foreign aid agencies by the degree to which it was to make its operations transparent. The fact that it both established quantifiable performance criteria to determine country eligibility and made that data, individual country rankings, and the selection methodology publicly available was and remains innovative. But as decisions get made against the criteria and stated methodology, the challenge shifts to being equally transparent in its decision making process, including, in particular, decisions that are exceptions to rules, as well as in key aspects of its operations.

The MCC heads into year three of operations; the honeymoon is over. Attention now turns to the consistency and clarity of the country selection decisions and the compact and threshold program development process. And supporters and skeptics alike will be looking for success stories and greater understanding of the MCC's position in the larger foreign aid architecture (particularly now, with the "Transformational Diplomacy" initiative).

The MCC should display what it claims to be its innovative approach, by deepening its transparency agenda. It ought to keep up with – if not surpass – transparency and disclosure policies of other foreign aid agencies, most notably, the Global Fund for AIDS, TB and Malaria ("Global Fund"), and the Multilateral Development Banks. Several key areas to enhance transparency and build coalitions of support:

- 1. Make public the minutes of Board meetings.** The World Bank, Inter-American Development Bank, Asian Development Bank and the Global Fund all make minutes of their Board meetings public. Minutes contain a summary of decisions taken, including when and from whom there is opposition or abstention. The American taxpayers have a right to know how their money is being used. Equally important, the Board should be accountable to MCC-eligible countries, that seek to understand the decision making process. Minutes of Board decisions provide information upon which citizens – American and developing country alike -- can engage.
- 2. Explain the use of Board discretion:** When the Board exercises its discretion to either make eligible a country that does not meet the eligibility criteria and/or not deem eligible (or make threshold instead) a country that does meet the eligibility criteria, it should provide a public explanation. Often, there is new information, extenuating

circumstances or operational realities that the Board considers in its decision making process. However, to offset the perception that use of discretion is becoming the norm more than the exception, short explanations for cases that deviate from the stated selection methodology would go a long way in building good-will and support. Clearly, it also opens the door for criticism in some cases, but institutions committed to transparency and accountability should be prepared to publicly defend their positions.

3. Clearly define the objectives and selection criteria of the Threshold Program.

As it now stands, the Threshold Program is a black box. The stated objectives -- ‘an added incentive to countries committed to reform..used to assist such countries in moving towards future MCA eligibility’ – and stated country selectivity – “countries that were close to [passing the indicators tests] and had demonstrated a commitment to making continued reforms in the areas of weakness” – don’t match well with the countries selected. Kyrgyzstan, a country that failed all six governance indicators, is no model for future threshold program candidates. And in countries like Jordan, Indonesia and Ukraine, it is hard to imagine that sufficient program funding exists to truly incentivize policy reform. Now that the MCC has some experience under its belt, it’s time to re-define with greater specificity the Threshold Program.

4. Require countries to make public their original compact proposal and the final compact, both on their government website and the MCC's. Such a requirement should not be seen as an infringement of country ownership, but rather as a demonstration of the importance the MCC places on public accountability – by itself and its grantees. Indeed, if the level of public consultation in MCC countries was conducted to the extent outlined in the MCC guidance, publication of “before and after” compacts should not be an issue of contention. Simple fact sheets to explain differences between the original proposal and the final compact would be a nice complement. This kind of transparency would help address several issues. For example, there is growing perception in the development community that the MCC is cherry picking the high and quick economic return projects to the detriment of longer yield return projects in education and health. Requiring countries to publish their original compact proposals and the final compact agreement would either affirm or negate this perception.

5. Provide regular and accessible updates on country operations. The MCC should make public and in a more accessible form regular updates on disbursements of funds to each country. Currently some of this information is available through quarterly reports to Congress, but this method is too infrequent and inaccessible. The information should be made readily available on the web and updated frequently. In addition, as it receives updates on progress toward achieving specific goals, it should make these public as well. Providing this kind of information would undoubtedly create some discomfort in some circumstances and would require recognition that development is a complex undertaking, but it would put the MCC at the forefront of the global movement in aid organizations toward openness, transparency, and accountability. And it would provide citizens in the U.S. and, more importantly, in the MCC countries, information upon which to monitor Compact progress and evaluate institutional and capacity constraints to achieving results. If the MCC truly believes in the virtues of public participation and

accountability for results, it should embrace the opportunity to make this kind of information public and to demand the same from its grantees.

6. Build support through promotion of successes and strategic messaging. The MCC is doing some very interesting and very innovating things. Unfortunately, they remain under the radar screen. Greater priority should be given within the MCC to a vibrant website that showcases MCC success stories – people, projects, process and results – demonstrates how the MCC is truly innovative, and positions the MCC and its goal of poverty reduction within the broader U.S. foreign assistance architecture.