

Chapter 15:

# Best Practices in Compact Development



REDUCING POVERTY THROUGH GROWTH



## **Best Practices in Compact Development**

### **Operational and Practical Lessons Learned by MCC and MCA-Eligible Countries to date**

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MCC has hosted a series of workshops with partners in MCA Eligible Countries and the development community to exchange views about lessons learned since MCC was established. Below are some of the lessons which were shared:

#### **High Level Political Commitment**

Eligible Countries that have demonstrated a high level of political commitment to the MCA process have progressed more rapidly in developing their proposals and finalizing Compacts. MCA country core teams also benefit from having access to senior officials who can quickly make decisions.

#### **Dedicated Financial and Human Resources**

Eligible Countries that have quickly identified a coordinator, or main point of contact, and have established a country core team of dedicated, compensated staff have also moved more quickly. Such a team is necessary to effectively integrate input from a broad range of key stakeholders both within and outside of government and to identify technical resources as necessary. Further, dedicated financial resources have strengthened the quality of program development and design. (See below: Characteristics of an Acceptable MCA Country Core Team)

#### **Quality Consultative Process**

Eligible Countries that have focused early on conducting a timely, participatory, and meaningful consultative process -- which provides citizens with the opportunity to have input into the identification, prioritization and subsequent development and design of programs -- are having a greater success in program development. Maintaining an ongoing dialogue throughout Compact development and implementation allows for more sustainable efforts.

### **Transformative and Manageable**

Eligible Countries will be most successful if they propose a program which is both transformative -- having a dramatic and long-lasting impact on poverty reduction through sustainable economic growth – and manageable in terms of program implementation. Generally, a transformational program will require the MCA country core team to focus on addressing a limited number of key constraints to economic growth in a comprehensive manner. Focusing on critical constraints will assist in designing a program that can be successfully implemented.

### **Early and Continuous Dialogue**

Eligible Countries that are moving ahead quickly engaged with MCC early in the process and have continued a regular exchange. Although not a requirement, countries may consider providing a concept paper prior to proposal submission and engaging in a dialogue with MCC early in their Compact development process. Regular communication can come in the form of face to face meetings, conference calls and email. Countries that plan to include infrastructure read MCC's general and specific guidance on infrastructure and prepare the technical evaluations (pre-feasibility studies) prior to the submission of a proposal. An engaged Ambassador to the United States, who is kept in the information/feedback loop by both MCC and the eligible country, can be an important contributor to clear and regular communications which may help facilitate the process.

### **Technical Feasibility**

In addition to other qualitative aspects of a program proposal, during the due diligence phase of Compact development MCC evaluates a number of technical elements to determine whether it is sound investment: Is the program technically viable? Is the design appropriate? Is the policy environment suitable? Is the cost estimate correct? How is the program going to be sustained? Is there a potential environmental/social impact? How has gender informed program selection and design? These evaluations are a necessary part of an iterative process and will result in multiple visits by technical experts. To the extent possible, MCC will continue to communicate requirements in advance so that countries can better prepare for the visits.

### **Think Early About Implementation**

Eligible Countries will likely be able to move more rapidly through the final stages of program development and Compact negotiations if they integrate implementation planning into their thinking earlier on including: how the program will be implemented, managed, and monitored; how funds will be managed; and how goods and services will be procured. Developing documents such as workplans, and budgets early in the process will assist in identifying suitable arrangements. Likewise, MCC recognizes the need to provide eligible countries with clear guidance on the standards on which their programs will be evaluated. MCC has, and will continue to develop guidance on these issues and make them available to partner countries and the public on the MCC website.

### **Think Early About Economic Analysis and Measurable Results**

Eligible Countries will likely be able to move more rapidly through the final stages of program development and Compact negotiations if they integrate economic analysis and measuring results into their thinking early on, including: What is the potential economic rate of return and what drives it? What are the program and project goals? What are the expected results? How will we know if this has been successful? What data would we use to measure progress and is baseline data available? Have targets for measuring success been defined up front? Who will be responsible for collecting data, monitoring results and evaluating performance?

### **Pre-Compact Assistance**

MCC can, where appropriate, provide Eligible Countries with pre-Compact financial assistance to facilitate Compact development, while preserving country ownership. The circumstances under which MCC may provide such assistance are outlined in the MCC Compact Support Funding guidance on MCC's website.