



# MCC and Alignment

“Alignment” is one of the core principles of the Paris Declaration on Aid Effectiveness, and refers to donors basing their overall support on partner countries’ development priorities, institutions, and procedures. Specific commitments call upon donors to base their activities on partners’ national development strategies, to draw conditions from these strategies wherever possible, and to limit conditions on aid to those which are sound, mutually agreed, and manageable in number. Other alignment commitments call upon donors to untie their aid; avoid creating parallel project implementation units (PIUs), as they undermine national capacity building efforts and distort salaries; provide transparent, comprehensive information on aid flows; use common, mutually agreed standards to assess country systems; and strengthen and progressively rely on country systems.

MCC performs well on a number of these commitments, due in large part to its model, founding legislation, and focus on ownership and accountability.

- ★ MCC’s founding legislation requires that compacts “take into account the national development strategy of the eligible country.” MCC aligns its assistance even more directly by asking compact-eligible countries to identify key development priorities themselves, and to design a proposal for funding that addresses those priorities.
- ★ All MCC conditions for disbursement are negotiated and mutually agreed with our partner governments during the compact negotiation process, which occurs prior to compact signing. They are also fully transparent, available on MCC’s external website. MCC meets with other donors during compact project development and appraisal to ensure potential conditions make sense and will achieve desired outcomes.
- ★ All MCC compact assistance is untied (meaning not subject to “Buy America” provisions) and committed in full at compact signing, which enables MCC to provide partner countries with a predictable flow of financing.
- ★ MCC has not adopted or begun implementing harmonized diagnostic reviews of country systems, but has been active in the Development Assistance Committee’s Joint Ventures on Procurement, Public Financial

*The Millennium Challenge Corporation is a U.S. Government agency designed to work with some of the poorest countries in the world. Established in January 2004, MCC’s mission is to reduce poverty through the promotion of sustainable economic growth. Before a country can become eligible to receive assistance, MCC looks at their performance on 17 independent and transparent policy indicators. Countries that perform well on the indicators may be considered eligible for Compact Assistance.*

Management, and Managing for Development Results, whose mandates include establishing mutually agreed frameworks for assessing country systems.

MCC is strengthening countries' procurement and national public financial management capacity by using ministries of finance and other government ministries for fiscal and procurement agent functions in several compact countries.

- ★ MCC helps develop existing country capacity by supporting the “accountable entities” our partner countries designate to implement their compacts as they work with environmental ministries, statistics ministries, and other national ministries and domestic institutions on implementation functions and program monitoring and evaluation.
- ★ MCC does not create parallel PIUs to manage its programs, but instead allows each partner country to designate its own “accountable entity” structure to implement the compact. All are considered “integrated” PIUs in Paris Declaration parlance, and several are located within existing ministries.

MCC is supporting compact and threshold program activities to strengthen country systems in Ghana, Cape Verde, Albania, Indonesia, Kenya, Malawi, Niger, Tanzania, Uganda, and Zambia. For example, Ghana is receiving over \$2.3 million in assistance to strengthen the procurement capacity of its public sector, and Cape Verde's compact includes an institutional capacity building activity to establish and implement a Government-wide e-procurement system.