



Millennium Challenge Corporation

Reducing Poverty Through Growth

June 27, 2005

Request for Ideas Natural Resources Management Indicator

The Millennium Challenge Corporation (MCC) works with the world's poorest countries and selects countries as eligible to apply for funding from the Millennium Challenge Account (MCA) based on a country's performance against its peers on policies in three categories: ruling justly, investing in people, and economic freedom. In its authorizing legislation, MCC is asked to use objective and quantifiable indicators to evaluate a country's demonstrated commitment to, among other things, economic policies that promote the sustainable management of natural resources. Thus far, MCC has been unable to identify an existing measure that meets our criteria for an indicator. To address this need, MCC has launched a public process to seek broad input from the academic community, public and private sector practitioners, and researchers at think tanks and non-governmental organizations.

On February 28, 2005, MCC announced plans to establish a working group to look into this question and a process to seek public input on an indicator. After extensive research and dialogue about existing and potential indicators and indices and criteria for an indicator, MCC now invites ideas from the public for an index or indicator and will accept ideas August 8, 2005 (a period of six weeks). MCC will notify the submitter upon receipt of proposal. MCC has enlisted the help of experts with backgrounds in natural and environmental sciences, economics, and public policy to individually rate proposals and submit independent evaluations to MCC. These evaluations will enable MCC to make a recommendation to MCC's Board of Directors on a potential measure. Following the Board's determination, MCC will announce publicly the selected indicator or index.

MCC will not provide compensation for any ideas submitted pursuant to this request. MCC is willing to enter into a mutually acceptable royalty-free license agreement with the submitter so that the individual or institution retains its proprietary and intellectual property interest, if any, in the indicator or index. MCC does not intend to fund in any way the development of the indicator or index, nor collection of data or any other related activities.

Proposal Requirements

Proposals for a natural resource indicator or index must contain:

- 1) A description of the index or indicator including the methodology and the data to be used; if using existing measure or existing data, the source and the number of countries for which data is available; if measure is new, how it would be compiled; if data is not currently available, how data would be collected, what institution(s) would do data collection, the approximate cost of the data collection, and how long it would take to collect data.

- 2) A description of how the index or indicator meets the legislative requirement to “...use objective and quantifiable indicators of a country’s demonstrated commitment to ... economic policies that promote ... the sustainable management of natural resources.”
- 3) A description of how the index or indicator meets the following MCC criteria for an indicator or index, consistent with MCC’s FY05 Methodology and Criteria for Selection:
 - a. Has been or will be developed by a third party, independent of MCC
 - b. Utilizes objective and high quality data
 - c. Is analytically rigorous
 - d. Will be publicly available
 - e. Has had or will have broad country coverage (across MCA candidate countries defined as low income or lower middle income countries)
 - f. Is or can be comparable across countries (including those with a variety of physical endowments)
 - g. Demonstrates a clear theoretical or empirical link to economic growth and poverty reduction (providing a causal explanation)
 - h. Are policy-linked, *i.e.*, measure factors that governments can influence within a two to three year horizon; and
 - i. Has or will have broad consistency in results from year to year (describe the frequency of the measure)
- 4) A real or theoretical example of what kind of information the indicator or index would provide for five MCA candidate countries with a variety of physical endowments.
- 5) Technical feasibility including cost and time for implementation, institutional capacity to develop the indicator or index and collect data and any other related activities, and adequate institutional financing, or capacity to obtain adequate financing for development of the indicator or index, collection of data, and any other related activities.

Proposal Evaluation

The Proposals will be evaluated based on the extent to which the proposal for an index or indicator addresses:

- 1) Each of the five elements listed above, including element three regarding MCC criteria and
- 2) Technical feasibility (time, cost and other factors), institutional capacity and financing capacity.

To ask questions about this Request for Ideas or to submit a proposal, or how to contribute to the work of the Natural Resources Working Group, please contact MCC’s office of Development Policy at: MCCDevelopmentPolicy@mcc.gov

