

MCC's Approach to Country Ownership

Country ownership has been broadly embraced by the international donor community as a critical element of international development aid. The U.S. Government's Millennium Challenge Corporation (MCC) was established in 2004 with three core principles based on lessons previously learned by the development community: sound policies matter for economic growth, "country ownership" (country-led development) is critical to sustainable development, and aid should be delivered with accountability for results. MCC has spent the past four years working to develop and institutionalize internal processes that can help shift country ownership from a guiding principle to a practical approach. While this effort remains a work in progress, the approach has become more systematic and it represents progress towards operationalizing a complex principle.

Defining Country Ownership

MCC defines country ownership as:

Country ownership of an MCC compact occurs when a country's national government controls the prioritization process during compact development, is responsible for implementation, and is accountable to its domestic stakeholders for both decision making and results.

Ownership is not static, but can evolve over the life of a program. The definition also highlights three distinct component parts, each of which has prompted some practical, tangible actions and processes by MCC in an effort to pursue comprehensive country ownership.

1. **Countries control the prioritization process:** For MCC, this means that country governments set their compact priorities. MCC has neither pre-established objectives nor sector-specific spending priorities. Each country partner identifies its own priorities for removing constraints to economic growth and poverty reduction, and to propose specific programs based on those priorities. MCC does not establish a field

"...the MCA is designed to allow developing countries to take ownership and responsibility for funds provided by the Millennium Challenge Corporation. I wish to confirm to the Honorable Members of the House that our professionals have designed a program that belongs to us and one that we Ghanaians can implement successfully."

*—Minister
Papa Kwesi Ndoum's
testimony to
Ghanaian Parliament*

presence until after a compact has been signed. During compact development, countries conduct their own early economic constraints analyses; retain responsibility for donor coordination; and hold consultative processes that lay ground work for broader ownership in the long run.

2. **Countries implement their compacts:** Once a compact is signed, MCC partner country governments empower a domestic accountable entity that will take the lead in implementation, and support that entity as appropriate. This may be a pre-existing system within a ministry or agency, or it may be new and independent. The implementation entities (managed and staffed by country nationals) have formal management responsibility and are accountable to their own domestic board of directors. MCC's implementation model has also evolved to include a sliding-scale of assistance and oversight that is based on capacity.
3. **Countries are accountable to local stakeholders:** Country ownership is larger than the wishes of individuals in the national government. MCC expects country partners to incorporate practices and procedures that protect the "democratization of ownership." While a country government needs to satisfy accountability requirements for use of MCC funds, it must also remain accountable to its own domestic stakeholders for economic development decisions and actions. MCC process requirements are designed so that support or opposition for the government's decisions and actions can be expressed and acknowledged through the country's normal institutional channels.

Looking ahead

MCC's experience to date suggests that country ownership is as complicated as it is desirable. There are some practical realities that present real challenges when attempting to shift from a broad commitment to practical actions. Country ownership may be necessary for sustainable development, but it is not sufficient. Compacts also need roots in sound economic analysis and program logic. Once a compact is underway, the desire for rapid implementation and universal quality control can be in direct tension with efforts to pursue ownership on a more country-driven time table. Even within a single country, the range of expectations and capacity levels can create misunderstandings and friction over the course of compact development and implementation.

Despite these challenges, MCC has begun to build a practical approach that MCC country partners value as well. The operationalization of a practical approach to country ownership will continue to evolve. As MCC moves ahead, each individual country actor will play their distinct role in the compact process— whether that is through public consultations, in the technical or managerial aspects of compact implementation, or by working along side compact programs to deepen their impact on economic growth and poverty reduction.

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.