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Transcript  
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# Millennium Challenge Corporation Hosts a Public Outreach Meeting

## Speakers

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# Transcript

SHERINIAN: Good morning, ladies and gentlemen. Welcome to the headquarters of the Millennium Challenge Corporation. My name is Aaron Sherinian. I'm acting vice president for congressional and public affairs for the MCC. And it, indeed, is a pleasure to host again our public outreach session to coincide with our latest MCC board of directors meeting.

Many of you have already seen the MCC press release of last evening. If not, it is available along with other materials right at the entrance here, so please make sure to grab a copy of that, the latest copy of our "Milestones" newsletter, and other missives from the field regarding MCC programs worldwide.

A couple of housekeeping items. We'd ask everyone to please turn off their cellphones. This event is being transcribed and will be available on MCC's public Web site, [www.mcc.gov](http://www.mcc.gov), so that you can go back and check for any of the content that was discussed during the meeting.

We're also happy to have with us colleagues from the media. We appreciate your presence, and thank you for being here.

When we open up the Q&A portion of the meeting, we'd ask that everyone identify their organization and please identify yourselves by name.

We are Tweeting, as are many of you. And the tag for MCC is "MCCTWEETS," if you want to follow the feed live from the meeting and/or tell anyone else about what's happening here at the MCC headquarters.

We're pleased today to have with us our MCC board member, Mr. Kenneth Hackett. We're pleased that he's able to join us, and we will hear from him after hearing from our acting CEO, Darius Mans.

We'd like to turn over the program to them for their formal remarks, after which they'll take a few of your questions before we excuse them for the -- some of their agenda items this morning.

So with that, we'll turn over the -- the microphone to Darius Mans for an update from yesterday's board meeting.

MANS: Thank you very much, Aaron.

And good morning, everybody. Welcome to MCC, the Millennium Challenge Corporation. We're pleased to be joined today by Ken Hackett, the president of Catholic Relief Services, and the longest serving member of MCC's board of directors. He will offer his firsthand insights about yesterday's board meeting shortly.

As many of you know, sadly, yesterday was Ken's last board meeting, as his term expires next month. MCC has certainly been very well served by Ken's outstanding leadership over the years as a member of the board. As both

MCC's previous CEO, John Danilovich, and acting CEO, Rodney Bent, did after past board meetings, I am pleased to engage with you this morning to talk about yesterday's board meeting.

This vital exchange is part of our ongoing commitment to transparency, and we welcome your feedback as we work to fulfill MCC's mission of reducing poverty through economic growth around the world.

Since we last met, let me share with you what we've been up to. Before I go into details about yesterday's meeting, I'd like to highlight a few key developments as MCC since our last public outreach meeting in June.

It's been a very busy summer for MCC. We've launched a new feature on MCC's Web site, a dedicated section on results. Through this one-stop resource, you can view regularly updated information on how we conduct constraints analysis, how we do economic and beneficiary analyses, and how we do monitoring and evaluation, including rigorous impact evaluations.

When the panel convenes in a few minutes, you'll hear from Shiro Gnanaselvam about the importance of monitoring and evaluation and what it means to have this process as a transparent part of our public discourse via these new features on our Web site.

I want to stress that, for us, this is only a first step, as the data and information continue to be updated and expanded. But what this underscores is our contribution to the conversation about delivering open, transparent aid for our partners and the U.S. taxpayers in a way that focuses squarely on results and doing so in a completely transparent way that welcomes public feedback.

I'm also pleased to announce that the board approved yesterday -- or sometime ago, as you may know -- Senegal's \$540 million compact to reduce poverty through economic growth, by making strategic investments in two major highways and an irrigation project that will help boost agricultural productivity and food security for the people of Senegal. We're planning to sign next week the compact at the State Department.

Implementation of our compacts continues at an exciting pace with a total of over \$1 billion disbursed to date and close to \$2 billion in commitments. We have completed, for example, two new roads in Cape Verde, the first roads to be completed in Africa. Around the world, we have more than 11,000 kilometers of roads under construction, helping communities reach markets and critical community services, like schools and health clinics.

To date, more than 87,000 farmers have been trained worldwide, and MCC-funded programs have made almost \$30 million in agricultural and rural loans possible so far. More than 12,200 hectares of land are under production helping farmers boost their food security and take care of their families.

As for yesterday's board meeting, Secretary of State Hillary Clinton chaired the meeting. We had full board participation, including the deputy treasury secretary of state -- deputy secretary of treasury, sorry -- the U.S. trade representative, the acting USAID administrator, and our four private board members, Ken Hackett from Catholic

Relief Services, Lorne Craner from the International Republican Institute, Alan Patricof, and representation from the office of Senator Bill Frist.

Given our fiduciary responsibility to make the most effective use of taxpayer resources in the fight against poverty, the board had what I would say was a very frank and fruitful discussion about the future of some of our existing and proposed compacts. I'd like to mention today a few highlights, and you'll hear more from Ken shortly.

In Honduras, the board terminated \$11 million in assistance slated for the transportation sector. As a result of the meeting, MCC will also place an operational hold on a compact project related to the CA-5 highway. You will hear more details about this when the panel convenes from Jonathan Brooks, MCC's resident country director in Honduras.

In Mongolia, \$188 million is being reallocated after the cancellation of the original rail project. About \$50 million will be used to expand existing compact programs aimed at strengthening property rights, vocational training, and health care. The board is still considering reallocation of the existing funds, remaining funds.

With regard to Madagascar, we have formalized close-out procedures and a final wind-up plan. Much of the progress from MCC-funded activities from our work in expanding credit and providing secure tenure to land and opportunities for farmers will be sustained by other donors. Madagascar's MCC compact officially terminated at the end of August, and we expect that final work in winding up the compact to be completed by early to mid-December.

Regarding Moldova, the board gave its green light to pursue negotiations with Moldova to finalize a compact.

The board also assessed topics related to selection that Sherri Kraham will detail when the panel convenes. I'd emphasize that the board remains committed to MCC's policy performance-based approach to delivering development assistance and that a sound policy framework, including a firm commitment to controlling corruption, remains indispensable to sustainable poverty reduction and economic growth.

Let me say a few more words about our work to control corruption around the world. We take fighting corruption very seriously at MCC. It is a major impediment to economic growth in the places where we are partnering, which are among the world's poorest places in the world.

While corruption cannot be tolerated, let's remember that, if we were to work exclusively in corruption-free environments, frankly, we would be working nowhere. We would be abandoning the men and women who are fighting for transparency and accountability in their societies and count on the kind of assistance that MCC delivers.

Keeping this in mind, MCC has developed a rigorous anti-corruption policy. This policy has been in the public eye recently, and we're happy to see groups like Transparency International point to it and discuss it. We invite you

to learn more about MCC's anti-corruption policy, and that is why it's posted to our Web site at [mcc.gov](http://mcc.gov) for your review.

Finally, let me say a few words about the big picture. I'm very excited that many of the principles by which MCC operates are the very ones we hear both President Obama and Secretary Clinton speak of quite often. While the president was in Ghana in June, he spoke of working with African countries as partners in building the capacity for transformational change.

Also, when Secretary Clinton was in sub-Saharan Africa in August, she emphasized, in Africa and elsewhere, we seek more agile, effective and creative partnerships. We will focus our country-driven solutions that give responsible governments more information, capacity and control as they tailor their strategies to meet their needs.

This will require greater coordination within our governments and the donor community. And it will also require a broader use of measurements to assess whether we are achieving results.

This may sound familiar to you who know MCC. MCC already operates in this way with our partner countries worldwide. We will continue to learn and grow and make our operations more efficient and effective so that we can continue serving as one of this administration's key tools in the fight against global poverty.

With that, let me introduce Mr. Ken Hackett to share his thoughts on yesterday's meeting. Afterwards, we would welcome an opportunity to answer any questions you have. But before he comes, let me just say that Ken, again, has been a beacon of continuity and a source of very wise counsel to all of us here at MCC and very steady leadership.

MCC has benefited tremendously from his commitment service, and the important decisions we have made over the years have relied profoundly on his field experience, development experience, and genuine compassion for improving the lives of the world's poor.

Please join me in welcoming Mr. Ken Hackett for his dedicated service and thanking him for it as we welcome him to the podium.

(APPLAUSE)

HACKETT: Thank you very much, Darius. It's a pleasure to have served these past five years on this board.

This is for me and I think for the institutions in this town a unique type of board. We, as the four private members, mesh wonderfully, complementing each other, arguing with each other, but coming very often to coherent and cohesive ways in which we could help the management of MCC move this great endeavor forward.

The -- the board of directors, the four private ones, as you know, Senator Bill Frist, Alan Patricof, and Lorne Craner and myself, all bring something different. I've been doing this type of work for four decades, so I bring all of that.

Lorne has some unique and specific insights into issues of transparency, corruption, governance. Alan Patricof, who many of you may not know, is a venture capitalist from New York who finds himself in places like Coteau (ph) and Cabrioni (ph) and places in Europe. He just moves around the world and has great insights. And you know Senator Bill Frist, who brings a wealth of knowledge, connections and experience.

So that unique combination is what I think has helped move this organization and this concept from its infancy five years ago to something that is truly great.

I was just saying to Ray Almeida as we came in, five years ago, we were talking about a compact for Cape Verde, and we were saying, "Come on. This isn't going to work. This is going to be too difficult," because it was the first one. And then Secretary Clinton visits Cape Verde and actually sees the results. This is phenomenal.

o from this point on, we will be seeing more results. And I hope you in this room who have a specific interest in -- in making this enterprise work will take the time to talk to some of those people up on Capitol Hill who by their very nature are skeptical. And in this town, when you need results tomorrow because there's an election coming up, and this program is about long-term development, you can help make it successful by talking to people on Capitol Hill about what's -- what's happening.

One of the things that was -- Darius mentioned most of what we covered yesterday, but one of the things that I found very important and interesting was the conversation we had about sustainability. There we are in Madagascar. Things have kind of come to the end. But we're thinking about what should be next. How should we build on the investments that have been made? What's going to happen in Niger?

We should be thinking about sustainability at the outset. And so MCC's very competent staff have taken upon itself to look into those issues for the future.

We talked about concurrent compacts and follow-on compacts. Should we -- should a country be allowed to have two compacts, three compacts? Maybe we could get things started a little bit faster if they were smaller and you could build on each other. So those are some of the issues that have come forward.

So let me just close in saying that this has been for me a wonderful experience, just personally, sitting on the board next to three secretaries of state and many other cabinet members, and you get to know them in different ways. They let their hair down, so to speak. And it's been a very creative process when you can bring this mix of private and public members together. I hope this government will use that public-private model in some other ways to move things forward in this town.

So I thank you all. It's been a wonderful ride for me, great experience on a great concept. Thank you.

(APPLAUSE)

MANS: OK, the floor is open. We're happy to take any questions or comments anybody in the audience has.

Madam Ambassador, please. If we can get a -- is there a microphone? Here.

QUESTION: Thank you, Acting CEO, dear friend, Darius Mans. And thank you also, Mr. Ken.

On behalf of Cape Verde, I would like to say that you have been very supportive, and we appreciate your supportive -- your support in implementing this very important compact for Cape Verde. As you have mentioned, Cape Verde is one of the very first countries in Africa to implement this very important program. Next year, we'll be finishing during the timeline. And this program has very -- very important impact on the lives of the population.

And since you have also preferred that one of the issues that we have discussed during the board meeting, it was the (inaudible) compacts or follow-up compacts. And we would like, as we think that having obtained very successful results in implementation of this compact, that Cape Verde is poising itself as a natural candidate to have a second compact or a -- a follow-up compact.

So I would like to hear more, if you have more specific (inaudible) about what has been discussed yesterday on concurrent compacts. Thank you very much.

And I wish all the best for Mr. Ken on all his new endeavors. Thank you.

HACKETT: I think Darius can elaborate more on the -- the fuller discussion, but the secretary did mention that, when she went to Cape Verde, the president raised the issue of a -- a second compact. So it's on her mind.

Now, there is an issue about money. There's no sense in having a compact if you don't have the money, and Congress has not given enough money to this great endeavor.

So I -- I would say -- and Darius will -- will say something further -- but what the countries can do is make -- make their -- give their perspective to those people on Capitol Hill. I don't think some of the congresspeople are hearing much about the -- the results -- the very positive results from the countries.

So I would say, don't just talk to MCC and don't just talk to the administration. Talk to the legislators.

MANS: Thank you. We had a very good discussion, if I could just conclude on this, with the board yesterday around second compacts. And there will be at least three considerations that will go into such a decision.

First and foremost will be policy eligibility, ensuring that a country meets eligibility criteria that you are all familiar with in order to become eligible for funding through a compact with the Millennium Challenge Corporation.

The second will be the track record of the country in implementing its first compact to ensure that they have met the compact objectives, done it in a way that's consistent with the principles and policy requirements for implementation that MCC has.

And the budget reality, of course, is another important consideration. But as we look ahead thinking about second compacts in Cape Verde, for example, I think we also need to do it with a view toward ensuring sustainability and reducing aid dependency so, at the end of the day, that the country will be well positioned for the kind of economic transformation that will lead to sustainable growth and development.

Other questions? I saw a hand somewhere. Sir?

Get a microphone to this gentleman. OK, first, introduce yourself.

QUESTION: Thank you. My name is Daos Thin (ph). I'm from (inaudible) Mongolia Embassy and thank you very much.

And, first of all, I would like to express thanks to MCC board meeting. And people of Mongolia -- Mongolia and the government of Mongolia really appreciated to have a compact with MCC.

In the yesterday's board meeting, Mongolia was \$188 million railway project. And from the -- it's such a kind of case happened in Mongolia, and we want to redirect \$188 million railway project to other projects. And how I understood that \$188 million railway project, it was -- it was located, and we submitted other projects (inaudible) highway and also (inaudible) air pollution, et cetera, et cetera.

And I understood that \$52 million expanded to the three (inaudible) projects. It's very (inaudible) and I want to (inaudible) \$188 million. It was -- it's (inaudible) discussion about new projects.

MANS: Yes, Mr. Hackett, I could start.

Yesterday, the board had a good discussion of the work that has been done so far looking at possible reallocation of the \$188 million. Three expansion projects have been proposed by the government through a broad consultation in Mongolia with active participation of the entire government.

Those three projects in total, the expansions are about \$50 million. The work is well advanced. We have done full technical and economic feasibility analyses of these projects. And what we need to do is some additional work on the other projects that have proposed, the new ones, including the road projects that you mentioned, the clean air project, and the veterinary services project.



That work is well underway. It is our intention to go back to the board once that work is completed and present our findings for the board's consideration and for an amendment to the compact that will enable reallocation of the resources.

But now, having said that, I do want to make one thing clear, which is a loud and clear message from the board yesterday that there is no entitlement to the resources. We want to be sure that the use of this money will be directed to projects that fully meet our rigorous requirements for every project, regardless of the country involved.

With respect to economic impact, the economic viability of the project, to ensure that it's consistent with our environmental and social safeguards policies, that work is well underway, and we will continue doing it, go back to the board sometime by December. That's our intention, with one amendment for all of the reallocations.

Mr. Hackett?

HACKETT: Now, if -- if you didn't say that last point, I would have. That -- that -- even though the money was originally committed, if things change, it's not an entitlement. It has to be -- the projects have to be approved by the board.

MANS: Sir?

QUESTION: David Cohen with Counterpart International. Could you elaborate on the Niger discussion? I know it's a tough situation going on there. But there was -- according to the press release here, things are not on hold yet, but you're just looking at what to do there.

MANS: Yes, I can speak very briefly to this, and Sherri Kraham will be on the panel, can go into further detail about this during the discussion.

But the board yesterday did, indeed, discuss this case and the pattern of actions which we have seen of late, which are inconsistent with the principles of MCC. It's something that bears close watching. We are keeping a very active watching brief on the situation there as it develops, but no board decision was taken yesterday.

I saw more hands. Let me go over in the side and then come back to this gentleman here.

QUESTION: Hi, Lara Pukach with Women Thrive Worldwide. Thanks, Darius, for your remarks and, Ken, for your leadership on the board.

As you know, the MCC recently conducted a review of its gender policies, so we'd like to commend the MCC not only for its comprehensive gender policy, but also for taking it upon itself to conduct that review.

I was wondering if you could share if the results of the review were discussed during the board meeting, specifically anything about plans to share the results, and using the gender policy review really as a -- an effective monitoring and evaluation tool for effective development projects. Thanks.

MANS: Sure, I can start. Just so everyone is aware, MCC, as you know, adopted a gender policy. We thought that we should step back, take stock of our experience with implementing the policy. As a result, we did an internal review looking at a number of country cases to see what has been the actual practice during implementation of compact programs with respect to our gender policy.

We learned some very valuable lessons through this exercise, including changes that we need to make with respect to staff awareness, management follow-through on activities, as well as how we are organized to carry out this work. We had a good discussion with a number of NGOs and shared with them the highlights of the gender review. We also put a summary of those highlights on the Internet for everyone to see. And it's something we take very seriously, and we'll see how we can learn from this experience and improve the way in which we are addressing these issues.

HACKETT: If I could just add something, that's a very good case, because it shows that this organization is a learning organization, and it can change, and it has changed.

When it -- when we started out, gender was not in the front of this organization's mind. Neither was natural resources management. And both issues have been taken and studied, and the organization has brought them into their very way of operating.

And I think that's one of the successful things about this organization: It's not -- it's not calcified in -- in the way it does things. It's continually changing.

We did not have a -- a specific presentation on the gender policy yesterday, but I can tell you that the secretary is committed to that issue. And -- and I'm sure the organization will bring it into its fabric.

MANS: If I may, I'd like to ask our acting vice president for compact development to say a few words about the lessons that we've learned through experience and how we're incorporating those in developing new compacts.

TETER: Thank you. In the case of Moldova, we did a full beneficiary analysis prior to -- I mean, we're actually still negotiating the compact, and that included basically an extensive and detailed farmer survey of small farms that would be affected by the agriculture project. And we were very -- we had a very specific set of gender-related questions in that survey.

That's one of the -- that's really a first. It's expensive and it's time-consuming, but we needed to understand exactly who controlled the assets and who was farming the land at that level.

And to me -- and, because, frankly, with Moldova, which has a trafficking in persons problem and it's highly correlated with women in rural areas, if you're going to provide economic opportunities, you have to make sure that women are -- actually have access to those opportunities or you're not actually dealing with the problem.

Assuming we successfully conclude a compact with Moldova, their MCA team will have a gender specialist who's -- who's supposed to be tracking that. And it's in the monitoring and evaluation plan.

Going forward for future compacts, we have four environmental and social assessment staff within the department of compact development, and I have tasked them to take the results of this study that you -- that you referenced and come up with an action plan for how you would really implement this, starting with the constraints analysis, which is an analysis that all countries do to look at the constraints to economic growth, so that we make sure that that analysis includes questions about people's ability to participate in economic opportunities.

And it could be -- it could be a women's issue. It could be other vulnerable groups. It could be ethnic minorities. It could be people who are -- what the World Bank calls the tyranny of distance and isolation, people are at far extremes geographically.

So we're cognizant of it, and we're working on that -- on implementing those recommendations. What I don't want to see is -- is a -- is a sort of a prescriptive approach that every country has to have the same cookie-cutter approach, because what I've seen in other places I've worked is that, once you do that, people stop taking you seriously and start checking the box.

Thanks.

MANS: This gentleman's had his hand up for some time. Sir?

QUESTION: Yes, Fred Fleming (ph), Common Knowledge. I want to applaud your transparency efforts and evaluation. And this is going to learning, so it's funny that the vice president got up.

Cybernetic means a loop. You have a message feedback, and then you make some correction. Posting the evaluation, monitoring results on the Web sites is one thing, but who's learning what when you post an evaluation? What difference does it make? Who actually uses it?

All of these programs have had to be evaluated for many years, but you can in many development organizations find no one who's ever read one. There's no -- there's no feedback loop. So I just wanted to say that posting on the Web is one thing, and that's transparent of you, but it's not the same as dialogue. It's not actually interacting with an outside perspective. And there's no guarantee that anyone will -- will read it.

I mean, you are not calcified. You are a learning organization. I applaud all of your efforts. But just putting it up on a Web is like posting an interesting academic paper in the literature. It doesn't necessarily change anything.

MANS: Well, I know Shiro, who is leading the charge at MCC on this agenda, is straining at the bit to address this question, but let me just share with you from my perspective about the importance of this for MCC and for the development business.

I will tell you, we've undertaken now -- let me back up -- if you think about the evolution of development -- bear with me for just one moment -- tremendous focus on inputs. What we have all tried to do is now shift our thinking to focus on value for money, ensuring that the resources that MCC and the development community generally are providing really having concrete results on the ground, in terms of outputs, as well as development outcomes.

That is the approach that MCC takes with its work. We carry out these evaluations and have done a couple so far. I can tell you, internally, we've had -- every time one is done, we have a session. We invite all the staff. Let's sit down. Let's learn as an institution what the results are from that evaluation and what it means for the way in which we are doing business elsewhere across the entire portfolio of programs that we're involved in.

Externally -- and I know Shiro will talk more about this in a -- in a bit -- what we're trying to get to is making sure that the countries -- because the countries have to drive this process -- that they are totally engaged in the evaluation work that's done, they're the ones who follow the monitoring and evaluation plan, they are using it to manage for results, where they're falling short, to figure out what changes need to be made in order to achieve the objectives of the compact program, the impact evaluations are being carried out involving local institutions in the compact countries, so that they build capacity and also learn how to much better use the resources, whether it's MCC funding from other donors or, indeed, the use of their own resources.

What we'd like to get to is making this data publicly available so that anyone can do research on their own and help improve the quality of the dialogue and debate in country around the effectiveness of aid. But I know Shiro will talk lots more about this during the panel discussion.

We have time for just one more question.

QUESTION: Such a great answer.

MANS: OK, well, again, thank you very much. And we look forward to the panel discussion.

(APPLAUSE)

SHERINIAN: Thank you, Darius.

And thank you, Mr. Hackett.

We know that you have obligations this morning. We're grateful that you were able to take some time with this morning.

In welcoming the panel to the table, I wanted to again remind folks who we have speaking with us today, we will begin with a brief presentation from each of them, where they'll speak from the table and talk to you a little bit about yesterday's board meeting and some happenings here at MCC.

With us is Sherri Kraham, MCC's vice president for policy and international relations, Shiro Gnanaselvam, who is our senior director for monitoring and evaluation here at the MCC, and Jonathan Brooks, resident country director in Honduras, folks that you have had a chance to speak with before.

With that, we'll turn the mike over to -- to Sherri. We'll do it from the -- the table, I believe. Thank you.

KRAHAM: Good morning, everyone. Can you hear me? OK, excellent.

As our acting CEO mentioned, yesterday's board meeting initiated the process of annual country selection and laid some important groundwork for the next few months and for the next board meeting.

Coming up in December, MCC's board of directors will meet to determine any compact-eligible countries for the fiscal year 2010. This process was initiated with the approval of two annual congressionally required reports, the candidate country report, which outlines the -- the set of countries that meet the income parameters outlined in our legislation, from which the board will evaluate policy performance and select partners.

And the second report that the board approved was the selection criteria and methodology report, which is the indicators and methodology that the board will use to evaluate policy performance.

Yesterday, the board approved these two reports, kicking off the selection process officially, and both of the reports will be available on the Web in the next couple of days. We have an official public comment period on the selection criteria and methodology, and we'd welcome any comments, input or suggestions. They can be submitted online. We read them; we use them. And -- and we sometimes get in touch with the submitter. So, please, I encourage you to provide us any feedback that you have.

For this year, there were no major changes to the selection criteria and methodology. The indicators and the indicator-based system that we've employed is going to remain the same to assess policy performance in a relative way for next year. Under this system, country's performance on 17 independent third-party policy indicators in three broad categories: ruling justly, investing in people, and economic freedom.

There are -- countries are evaluated relative to other countries in their income tier group. And while there are no major changes to the basic methodology, there was a major issue discussed, and it is incorporated into the report for this year. And Darius mentioned it already: It's the issue of second compacts.

And over the last year, we've had some ongoing discussions with the board and -- and internally here. And we believe it's so critical that MCC pursue deeper investments in countries that remain good partners, that are

maintaining policy performance, and whose governments are doing the right thing for their people and to develop their countries.

And we see this as very consistent with MCC's role in the broader foreign assistance portfolio that we focus on long-term economic growth and poverty reduction in -- in this set of countries that I described.

So we developed two criteria, as was mentioned: maintaining good policy performance, and that's true for first compact selection, and successful compact implementation.

So these criteria are outlined in the report, as well as the criteria that we use all the time to select first partners, which is our budget, and our opportunity to evaluate, our opportunity to impact poverty reduction and growth in the country, so the application of our model in a country.

We do not envision that eligibility for a second compact is an entitlement. You heard that word before in another context. But to the contrary, the criteria that we use, the policy criteria, as well as how we'll be judging successful compact implementation are quite competitive and difficult to -- to meet. And so we anticipate that only a subset of our current partners will actually likely qualify for second compacts over time.

So over the next coming months, we will be providing that information about the criteria to our country counterparts so that they understand how -- how they will be evaluated. And for those countries that meet the second compact criteria, we'd like to focus on minimizing the gap between -- between the first and second compact so that we take advantage and sustain the investments that we've made in -- in country capacity in our counterpart entities.

So that means that we have a number of compacts concluding over the next two years and that the board will hopefully make some decisions in December to select second compact partners.

We're looking forward to the next few months as we prepare for the board meeting and the annual country selection process. And as always, we'll be thinking about some broader changes to the annual selection process and the indicators and how we -- how we measure performance, looking for constant ways to improve our system.

And so, again, I invite you to go ahead and provide that feedback through us electronically on the Web and -- and start that dialogue with MCC.

I also want to mention just in response to the gentleman that asked how we use the information from impact evaluations and the monitoring and evaluation plans, we had our first independent, rigorous impact evaluation report over the last six months. It was on Burkina Faso's threshold program, which focused on girls' education.

I'll tell you, we are using that information. One of the things that we did was, we did a public launch here in Washington, partnering with AED, because we thought it was so important to share what we're learning with the rest of the development community, and that information is available on our Web if you'd like to access it.

But the other thing that we did is, working with our country partners or our partners in -- in government, partners with USAID, I know that USAID, we had several presentations by the evaluator, including with USAID, and shared it broadly within USAID, because there are other countries building girls' education programs in the threshold program and beyond that we thought this information would be valuable to. And they shared it, in turn, with their country counterparts that are also implementing these types of programs.

Finally, we know that the Burkinabe government used this information. There were several launches within Burkina Faso so that the government, who is investing its own resources in girls' education, can take the valuable lessons that we learned from our investment to apply them to the other investments that they're making with their own resources. So I assure you, these results are shared broadly, and -- and we use them to design future programs and make investment decisions.

With that, I'll turn it over to Shiro for more on that subject.

GNANASELVAM: Actually, I'm going to -- OK, hi, I'm Shiro Gnanaselvam, the senior director for M&E at MCC and, you know, very pleased to have this opportunity to talk to you all a little bit, as Darius said, about some pretty significant steps that we've taken to increase the transparency of our results data and information.

Over the course of the last year or so, we have systematically uploaded more and more information about the results of MCC programs, both the plan results, the estimates that we do as we are developing and appraising our programs, as well as more recently the progress as we're implementing our programs and where we have them, the results of our impact evaluations, as well as the plans we have and that we're executing to conduct rigorous impact evaluations and programs that are currently underway.

So what I'd like to do today is to -- to show you some of the things that are on our Web site. We only have a few minutes today, and this is just one of several events that we're doing to talk about our -- our results and our results measurement approaches and to invite your ideas and comments.

So, you know, just please stay in touch with us, you know, through the Web site. Just kind of watch out for things -- other things that are coming up. And please do participate and engage with us.

So one of the first things that we've done is that we have added a new results portal to the MCC Web site. So now when you go to [mcc.gov](http://mcc.gov), there is a tab for results. And this brings you to kind of the gateway to access all things results within our Web space.

And in this space, you can navigate both to the sort of quantitative measurements that we do, through our economic analysis work, the beneficiary analysis work, all of that that happens early on during compact development, as well as the monitoring and evaluation work that we do during compact implementation.

And this (inaudible) is organized around the three main legs that kind of comprise our results measurement framework. So the first of those legs is that, during the compact development process, the appraisal process, we plan for results. We estimate for each compact what benefits.

And at MCC, because our mission is to increase growth and increase incomes, we estimate the income benefits that will accrue as a result of the investments. We also estimate who will benefit. So who will be the beneficiaries? Whose incomes will go -- you know, will increase as a result of our programs?

And so you can access that through this link right here. And this will lead you to, for example, the economic rates of return page, where you can explore all the spreadsheets for that -- that -- of containing the ERR analysis for all of our compacts. These are interactive spreadsheets. You can download them. You can change the parameters, play with them, and also learn about how -- how we make investment decisions on the basis of the economics of the projects and, you know, how we factor this into our assessments.

Through -- we also have a tab for tracking progress towards results. And here we have both quantitative elements, as well as sort of qualitative and, you know, stories about the progress that we're making. So, for example, on the softer side, you can access all of our status reports and, you know, the milestones article, which is kind of a quarterly print newsletter, the success stories.

But a new feature that we've added to the M&E Web space is this page on monitoring and evaluation. Every MCC compact has a monitoring and evaluation plan. And in that plan, we concretely state what indicators we're going to use to track progress in each of the projects and activities that comprise that compact. We state what targets need to be met, and then every quarter we receive a report from the MCA reporting against that.

And so what we have done -- this has been happening, you know, from -- from the outset. But the steps that we've taken is to make this available to all of you that are interested in following MCC. For instance, so if you go, for instance, to the -- that is not a good thing. All right. Let's try one more time. OK.

So if you go to the tab for performance by country, and let's say we pick El Salvador, you -- you can get a quick snapshot of the El Salvador program. You can see what long-term results we're expecting, how many people we expect to benefit from the program. So by each -- by project, how many people will increase their incomes and by how much.

There's a description of the compact and the projects that are in it and then specific results that we expect to see by the end of the compact and then results to date. And so when we're talking about results to date, we have a



downloadable Excel file, where you can actually go and look at key performance indicators that we're tracking. You can see what the targets are for each compact here, how the country is progressing against those targets, and so on.

We also make the full monitoring and evaluation plan for each country available. OK.

Now, in addition to tracking our progress by country, we also track progress by sector, in certain key sectors where MCC has significant investments. So that is also available.

So, for example, we right now have -- are doing this in four sectors. But over the next three months or so, expect to add two or three more sectors. What we had to do was come up with certain common indicators, which allow us then to -- that are mandatory in -- for any country that is a program that's in agriculture. And we -- we gather the data. We aggregate it. And we present it in, you know, a graphical format that's, you know, pretty intuitive and easy to follow.

So in agriculture, for every compact that has an agriculture program, we're tracking the number of farmers that are trained, the number of agribusinesses we've assisted, the value of agricultural loans, if there's a credit component, and the number of hectares that are under production. And we're able to sort of aggregate that up and, you know, give a snapshot of MCC's impact and our progress towards results in -- at a sectoral level.

Finally, for those of you that are interested in our approach to M&E, we also have, you know, a little bit of information about our methodology for monitoring and evaluation. We talk about how we integrate monitoring and evaluation into our compact operations.

We talk about specifically the monitoring component where -- what kinds of indicators we use, how frequently we monitor, how we receive the data with our counterparts, from our counterparts in the MCAs, and what we do to ensure the quality of the data that's reported, because, you know, if we're a learning organization and we're integrating monitoring and evaluation into -- into our current and future investment decisions, then we also need to be sure that the data is of good quality

So -- so we -- we provide information about that. We also talk about our evaluation approach. For those of you that have followed MCC, you know that MCC places a very high premium on rigorous impact evaluations. But in addition to the rigorous impact evaluations that we do, we also do a variety of other assessments that inform our decisions, our management decisions, and so on. So we -- we describe those a little bit.

So that is, you know, very quickly a tour of the Web site. We would very much, you know, like your feedback, so we hope that you will go back. And if you haven't had a chance to take a look at it, that you will explore this Web site and, you know, give us your feedback. There's a feedback form that comes to a couple of people in the institution, including me.

And as Darius had said earlier, you know, this is really a first step for us. As both Darius and Sherri said, we use a variety of mechanisms to engage both within MCC, with other development partners, with -- with country counterparts on the results of our programs.

But in terms of using the Internet, this is also really only a first step, because right now what we're doing is kind of a broadcast function, where we're increasing the transparency. That in itself can have many, many advantages. We certainly, you know, hope that -- we're doing it because we, you know, believe in the link between transparency and accountability, and we feel strongly about that, but we hope that it'll increase incentives to achieve results. We hope that, you know, it'll contribute to increasing development effectiveness.

And we also hope that -- that there might be a little bit of a demonstration effect. We have made a commitment here to update our country data and the sector data quarterly. And there is -- that's a pretty high standard in -- in the development community. There's -- I'd be hard-pressed to identify other organizations that do that.

And so, you know, we're -- we're making this commitment, but we can also take the Internet further. Certainly there are lots of tools out there that we can take this even further and create a platform for collaboration and, you know, start a dialogue about the results.

And so, you know, we would certainly hope to kind of step further into the -- the Web 2.0 world. But we've taken a first step, and we would very much like your feedback on some of the things that we're doing.

So thank you.

(APPLAUSE)

BROOKS: Good morning, everyone. As you can all see, I'm Jonathan Brooks, resident country director for our program in Honduras. And I have -- just wanted to share with you a few words about the board decision yesterday and, obviously, entertain any questions that you may have regarding that.

As you will all know at this point, at yesterday's meeting, the board determined to terminate two activities in the Honduras compact. These were activities that had not yet commenced. They had been planned but had not fully started. And they add up to roughly \$11 million.

The two activities are a vehicle weight control system that had been a part of the transportation project. And the intent of that was to help control some of the overweight vehicles on the Honduran road network. And we are also terminating roughly 100 kilometers of rural roads that had been planned, but, like I said, had not started construction. Those decisions were made formal yesterday in -- in yesterday's meeting.

The other aspect of the decision yesterday had to do with a hold that was placed on approximately \$4 million, which was part of the MCC's contribution to improving section one of the CA-5 highway. That is, as you may well

know, is an important highway in Honduras, and the decision yesterday was to place a hold on part of our contribution to the construction and supervision works on that section of the road.

You have seen in -- in -- in the press release these numbers. I also wanted to just briefly mention some of the considerations that, as you will also know, the board makes or takes -- or the things that the board takes into consideration in making any decision on suspension and termination. The board will look at the possibility of impacting the policy dialogue in the country with any decision that it takes.

It will also consider the impact on beneficiaries, and it will also consider whether the actions or events in a country are consistent with the MCC principles. You know, basically, is this a country -- are these actions consistent with what we consider to be a good partner country?

So while I do not want to presume, you know, how much each one of those weighed, those are the considerations that the MCC board will take in any suspension or termination decision.

SHERINIAN: In the interests of time, I think we can open up for questions right now for Sherri, Shiro or Jonathan. We'd ask again that you identify yourself and then please wait for our microphone so that the transcription service can make sure and -- and grab your questions.

We'll start through here, and then we'll let the -- the table manage the Q&A. Go right here. We're going to go for about -- until about 10:45 with Q&A, so please monitor your -- your questions to questions. Thanks.

QUESTION: Good morning. Good morning. My question -- Sylvia Yusuf (ph) from the German Press Agency

My question is for Mr. Brooks. I would like to know -- because even though we knew that \$11 million was on stake since last week, the -- before there was talk -- talk about much more money that MCC could cut in Honduras, about \$100 million.

So my question is, is this the only money that MCC is considering, what was decided yesterday? And exactly in what part of the package? Is it from the distributed money? Because they're over 100 money (ph). Where does it come from? Thank you.

BROOKS: So the amounts that were terminated yesterday are roughly \$11 million. And your question was, you know, is there more that the board is considering or could consider? The board, like I said, also placed a hold on those \$4 million.

I cannot presume, you know, what the board decisions are going to be later. There is a further board meeting in December, so I would expect that, you know, depending on how things have continued in Honduras, that there could be further decisions on this matter.

The -- now, as to where the money came from, I don't want to get into too many details on the numbers, but you know the compact was signed at \$215 million. Of that \$215 million, \$191 million had already been committed to contracts.

And of that -- the balance of that, which is \$24 million, roughly \$13 million of that is set aside for things such as monitoring the evaluation. And you heard Shiro speak about, you know, the level of impact evaluation that we -- that we want to do. Some of it's set aside for control matters, such as audits, both performance audits, compliance audits, environmental audits, and a level of that is set aside for administration.

That makes up \$13 million. And so roughly \$11 million is what had not yet been significantly started in the program. And it's those two activities that I mentioned, the roads and the weight control system.

QUESTION: Good morning. My name is Andrea Vassa (ph), and I direct the International Legal Resource Center at the American Bar Association. It's a UNDP-funded project.

My question is for Shiro. In the design of the indicators, we spoke about transparency and putting up the results of the M&E online. But I wanted to ask about the design process and whether partners on the ground were consulted when the indicators were put together, such that information is not repeated.

And you talked about special assessments that you do when you do your M&E. Do you talk to multinationals on the ground when you do that?

GNANASELVAM: The first part about the design of the indicators, yes, so every country I said has a monitoring and evaluation plan. And when that plan is put together, that's a very collaborative process. In fact, development of the M&E plan is led by the MCA, and MCC collaborates and supports that process, certainly, but it's -- and then the MCA will coordinate and engage all the relevant stakeholders. So, absolutely, it's a very participatory process.

In terms of the assessments that are performed, yes, MCC, for instance, might do some mid-course, you know, reviews of its own. The MCA often will commission, you know, what we might call process evaluations. And certainly they consult a variety of stakeholders, including, you know, if -- if it makes sense, then other multinationals on the ground, yes, absolutely.

SHERINIAN: (OFF-MIKE) have a question over here, please (OFF-MIKE)

QUESTION: Hi, I'm Casey Dunning (ph) with the Center for Global Development. In light of the candidate country selection, was there any discussion about the income graduation issue, especially with regards to the Philippines, Indonesia and Colombia?

KRAHAM: Yes. Every year, there are a number of graduations from the -- within the candidate pool from low income to lower middle income or from lower middle income out of our candidate pool. And every year this has happened since MCC was created.

Our candidate categories are determined in our legislation. MCC has no discretion to adjust them, so as a country's GNI, or gross national income per capita, changes, they will graduate to another category.

And so we did bring to the board's attention that three of our current country partners are graduating, among others. Eight other countries -- eight countries total graduated this year. And so we talked about how this impacts our relationship with those countries, but we also talked about the graduation issue generally and how it's not a very gradual process for MCC as it is with other donor institutions that have a range of financial instruments, for countries at different levels, and a more gradual transition process.

So we talked about how we might consider some ways to change that graduation process. And we are engaging in a process within the government and within -- with Congress about those broader issues.

QUESTION: I'm David Baxter with Jacobs Engineering. My experience with developments in developing -- in the developing countries is that once projects are finished and the host -- or, let's say, the supporting country moves away, that a lot of those projects then tend to fall apart because of the capital investment that's been made, and there is little support or follow-up for that process -- once, you know, once -- once it's been built up and once it's been completed.

You talked a lot about project sustainability. What is MCC doing to look at project sustainability in post-compact situations?

GNANASELVAM: MCC, we are right now in the process of -- as, you know, I mean, Madagascar ended earlier than we had initially thought, but we're right now in the process as well looking at compacts closing out, fully defining sort of the set of evaluations that will be completed post-compact.

We have certainly the impact evaluation piece of it that is looking rigorously at what, you know, income effects were achieved and were they attributable to the project. That has been defined for a while. But, you know, in addition to that, we anticipate other post-compact assessments.

And one of the things that we're looking at very carefully to be able to kind of think about and document in that report are, you know -- is around the issue of sustainability. So what mechanisms, you know, have been put in place, you know, from design? How have they been built upon during implementation? What is, you know, the evaluator's assessment of whether the sustainability mechanisms are working? And, you know, are they likely to hold out in the future?

So that's one way in which we are suddenly thinking about it right now and, you know, fully intend to incorporate into our post-compact assessments.

QUESTION: Hi, I'm Taryn Bird with the U.S. Chamber. And I just had a question regarding the second compacts. Was it discussed at all yesterday with the board if the private sector would be incorporated into that dialogue when talking about second compacts in countries that have already received a first compact?

KRAHAM: Yes. What we talked about with the board is that all second compacts will be developed consistent with our current robust, comprehensive procedures, which include a high level of country ownership, in terms of doing economic analysis, in terms of country -- effective country consultation, including with the private sector. And so a lot of the -- and thinking about ways that we can see more innovation and more leveraging of the private sector.

What we're seeing coming out of more recent compacts are new tools or the reflection of some new tools that we've incorporated into the process. One is that we are facilitating a dialogue with -- with the private sector for countries that are designing their compacts. And one of the tools for this is countries are publishing requests for information to seek specific feedback from private-sector countries. So that's one new thing that we've -- we have done, and we would certainly expect that to continue with new countries.

We also provided a toolkit, a private-sector toolkit to our country partners. And a lot of the new compacts that you will see over the coming year will reflect partnerships with the private sector, such as public-private partnerships in energy, water, and so you'll start to see more of that in our more recent compacts. So we certainly expect to see that in any second compact, as well.

SHERINIAN: We're going to go ahead and take our last question. And before we do so, I just want to reiterate, the dialogue does not stop here.

I'm going to take your question, sir.

The -- in the room, we have a number of MCC employees here. Some of them are tagged with this MCC pin. If you spot anyone who looks incredibly intelligent, ambitious and good-looking, chances are they work for MCC. So we invite you to talk with our participants, the panelists after the dialogue here, and please contact us through the various methods that Shiro and others have outlined today.

And before doing so, one final commercial break. Make sure that you pick up this week's Newsweek, if it was not delivered to your home today, with a very interesting insert, the Burkina way (ph), including a dialogue with MCC and discussion of MCC's contributions in Burkina Faso. If you haven't had a chance to check it out, we'll be linked through our site, but it has a number of interesting questions and some dialogue that was started here today.

So with that, we'll take the last question, and we thank you for your participation.

QUESTION: Thanks. Jori Semorov (ph) from Agence France-Presse. Another question again for Mr. Brooks, just to clarify, because yesterday when I was adding up all the figures from the last quarter report, I think, I had this 190 million distributed or assigned. I think \$80 million already is spent. That adds up to roughly \$217 million (ph), which is more than it was agreed, I think, five years ago. I guess that maybe there were some incremental increases on costs.

But, again, the \$11 million were canceled, terminated yesterday, do they belong to this \$190 million already distributed or assigned?

And the second question, just rough -- briefly, you said that we will continue with existing activities for which funds have been contractually obligated. Which of these kind of activities that you don't -- you cannot cancel at this moment in Honduras, if you could give me some examples? Thank you.

BROOKS: Let me first make a distinction between our commitments and our disbursements. The total compact value when it was signed was \$215 million. The figures that we've been using -- and I'll give you the latest figures, because what was in the QDRP would have been the figures for June 30th.

As of August 31st or August 30th, it was \$191 million had been committed of that \$250 million. Of that amount that's been committed, \$91 million has actually been disbursed. So there's -- but that's -- I want to clarify. There's a difference between a commitment, which is signing a contract, setting up an award, and committing that you're going to pay for that service for the term of that -- of that -- of that compact and making those actual payments.

So if we could have that, you know, off the table, let me get into the \$11 million and where those came from. The \$11 million is part of the money that has not yet been committed. So the \$215 million, if you subtract \$191 million, will give you \$24 million. And if -- from that, you reduce approximately \$13 million, you're left with \$11 million, right?

Now, these are approximate figures, I want to emphasize. But they are the numbers that -- that we are working with on -- on those.

You also asked about what are the activities that we are going to -- that we are for the time being continuing with? And I -- again, let me emphasize, you know, for the time being, this is what we're going forward with.

We are continuing with the other activities in the rural development project and the transportation project. We have already, like I said, made significant contractual commitments on the transportation project, on secondary -- which includes secondary roads, three secondary roads, and 83 kilometers on the CA-5 highway. So those projects -- those activities for the time being are continuing.

We're also continuing with activities in the rural development project, namely in -- I won't get into all of the details of it, but one of the key activities that we're continuing with is the farmer training and development activity, where farmers are receiving intense technical assistance in order to be able to grow high-value agricultural products, namely horticultural products.

That -- I just want to make a small point -- is particularly sensitive, as are other portions of the program, but I want to be -- give you an example of how these -- these activities can be sensitive to, you know, suspensions in -- in assistance.

Once a farmer makes a commitment that, you know, he or she is going to grow horticultural projects for, you know, the next six or seven months, it's very difficult or it would be very difficult to stop the technical assistance at one point, allow his or her crop to, you know, gain a fungus or become, in other -- in another manner, deteriorated, and then, you know, that farmer has lost his or her investment.

So that's a small example, but there are a lot of activities like that that are very sensitive in a compact. And we're -- we're moving ahead with those that are not in the \$11 million that I described.

SHERINIAN: Thanks to our panel. Thanks to each of you.

(APPLAUSE)

END