

Guide to the Supplemental Information Sheet

November 2012



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

This guide illustrates the types of supplemental information MCC and its Board of Directors take into consideration when selecting countries for threshold programs, initial compacts or subsequent compacts.

Compact Considerations

Investment Climate

This section provides information on the current conditions affecting private sector potential, with an eye toward evaluating how transformational a compact can be in attracting private sector investment. It may include analysis of:

- ★ Impediments to doing business
- ★ Foreign direct investment (FDI) trends
- ★ FDI regulations
- ★ Informal sector activities

Common Statistical Sources and Definitions

- ★ **Business Regulatory Quality:** International Finance Corporation's Investment Climate and Doing Business indicators
- ★ **Firm Surveys:** Firm perceptions of constraints to business (World Economic Forum's Global Competitiveness Report)
- ★ **Net FDI Flows:** Net inflows of Foreign Direct Investment, expressed in \$US millions or as a share of GDP (World Bank)
- ★ **Informal Sector:** Percentage of the economy in the informal sector (International Finance Corporation, International Monetary Fund, World Bank)

Economic Context

This section provides information on the economic context, with an eye to assessing the potential impact of MCC assistance. It may include:

- ★ Constraints to growth
- ★ GDP by sector
- ★ Fiscal/monetary policy/stability
- ★ Record of economic growth and poverty reduction
- ★ Breadth, depth and location of poverty

Common Statistical Sources and Definitions:

- ★ **GDP Growth:** Real growth in gross domestic product (World Bank, IMF)
- ★ **GDP By Sector:** Gross domestic product (World Bank, CIA Factbook)
- ★ **Poverty:** Percentage of population living below \$2 a day (World Bank, UN)
- ★ **Debt:** Entire stock of direct government fixed-term contractual obligations to others outstanding on a particular date (World Bank)
- ★ **Inflation:** (International Monetary Fund, World Bank)

Country Capacity

This section provides information on the factors that impact a country's ability to develop and manage a compact or threshold program successfully. It may include MCC's assessment of threshold program engagement or other donor data on:

- ★ Public sector management
- ★ Project performance
- ★ Capacity to "measure for results"

Common Statistical Sources and Definitions:

- ★ **Project Performance:** Percentage of World Bank projects reported as "at risk" due to delays; poor legal compliance; poor project management or financial performance; shortage of counterpart funds; procurement problems; environmental/resettlement problems; etc.
- ★ **Effectiveness of Leadership:** Bertelsmann Foundation's assessment of political leadership's management of reform.
- ★ **Statistical Capacity:** World Bank indicator of statistical practice, data collection and indicator availability.
- ★ **Public Sector Management/Administration Quality:** IDA or regional development bank's assessment of policy/institutional factors; Economist Intelligence Unit's assessment of the quality of public administration.
- ★ **Capacity for Dialogue with Rural Populations/Civil Society:** Existence of forum for meaningful dialogue between the government and rural organizations/civil society (International Fund for Agricultural Development; Bertelsmann Foundation).

Socio-Political

This section provides information on social and political factors that could affect compact or threshold program development/implementation as well as factors that are of specific concern to the U.S. Government. These may include:

- ★ Conflict
- ★ State failure or fragility
- ★ Gender equality
- ★ Trafficking in persons
- ★ Refugees
- ★ Corruption
- ★ Organized crime and narcotics trafficking
- ★ Democratic practices
- ★ Treatment of people with disabilities
- ★ Commitment to policy reform, including within a threshold program

Common Statistical Sources and Definitions:

- ★ **Trafficking in Persons:** State Department's Trafficking in Persons Report
- ★ **Corruption:** Transparency International's Corruption Perceptions Index, the Global Integrity Index, Freedom House's Countries at the Crossroads Report, Economist Intelligence Unit, World Bank, Open Budget Index
- ★ **Refugees:** World Bank
- ★ **Gender Equality:** Women, Business, and the Law, State Department Human Rights Report, Cingranelli-Richards Human Rights Database,
- ★ **Treatment of Persons with Disabilities:** State Department Human Rights Report, Freedom House's Countries at the Crossroads

Investing in People

This section provides information on a country's policies and outcomes related to health, education, natural resource management, social protection, and rural development. Topics and sources may include:

- ★ Government initiatives to combat poverty, establish social protection measures or promote positive health or education outcomes.
- ★ Trends in poverty levels or human development outcomes, including:
 - * **Primary or Secondary School Enrollment; Literacy:** UNESCO
 - * **Skilled Birth Attendants; Maternal Mortality; Infant Mortality:** World Bank, UNICEF
 - * **HIV/AIDS or other Disease Prevalence:** World Bank
- ★ Disparity of social investments or outcomes across regions, demographics or urban/rural regions

U. S. Government And Other Donors

This section provides information on the nature and volume of other assistance. It may also examine the role of U.S. Government (USG) or total overseas development assistance (ODA) already in play in a country. It could include:

- ★ USG aid or ODA levels over time
- ★ Requested USG assistance for the relevant fiscal year
- ★ Sectors receiving the most USG funds
- ★ Any special initiatives implemented in the country (i.e. PEPFAR, Feed the Future, Global Health)

Subsequent Compact Considerations

Partnership during implementation of compact

This section provides information on the implementation of the current compact, including the degree to which the country has demonstrated a commitment and capacity to achieve program results. It may include:

- ★ **Political Will:** Effective execution of policy reform or government action as required by pre-defined conditions precedent and government commitment to take action for successful implementation, e.g. project restructures, addressing poor performance in projects or by MCA or government staff.
- ★ **Quality of MCA Management:** Demonstrated capacity across MCA and implementing entities to manage programs according to budget and timeline (e.g. quality planning and reporting documents: work plans, procurement and financial plans, and alignment between them; ability to identify and manage risks).
- ★ **Information in the box below:**

| | |
|--|----------|
| Current compact: | \$Amount |
| Start date—End date | |
| % Disbursed to date: | \$Amount |
| % Contract value signed: | \$Amount |
| Rescoping: Description of any major reduction or addition of activities and/or adjustment of end of compact targets or financing. | |
| MCC Resources: Resources required to support program implementation, including MCC staff time, travel and due diligence resources and senior management attention. Attention from senior management was more heavily weighted as a proxy for degree of challenge. | |

Progress toward results

This section provides information about the achievement of results commensurate with compact maturity including:

- ★ **Input Indicators:** Indicators that measure the financial, human and material resources used for a compact activity. For example, disbursements, procurements, etc.
- ★ **Output Indicators:** Indicators that directly measure compact project level activities. They describe and quantify the goods and services produced directly by the implementation of a compact activity. For example, kilometers repaired, farmers trained, etc.
- ★ **Outcome Indicators:** Indicators that measure the intermediate (medium-term) effects of a compact activity and are directly related to the output indicators. For example, road traffic volume, hectares under cultivation, etc.
- ★ **Information in the box below:**

| Sample indicator | % compact target met thru X/2010 | Probability of achieving end of compact target |
|--|----------------------------------|--|
| Project 1 (xx% of \$amount disbursed) | | |
| Relevant indicator | % | Low |
| Relevant indicator | % | High |
| Project 2 (xx% of \$amount disbursed) | | |
| Relevant indicator | % | High |
| Relevant indicator | % | Medium |
| Project 3 (xx% of \$amount disbursed) | | |
| Relevant indicator | % | Low |

Performance to Standards

This section provides information on:

- ★ The degree to which the country has implemented the compact in accordance with MCC's core policies and standards
- ★ The country's capacity to manage compact implementation without unaddressed violations of MCC's policies on fraud and corruption, procurement, gender, and environmental and social impact.
- ★ The MCA's and government's commitment to focus on rigorous impact evaluation.

