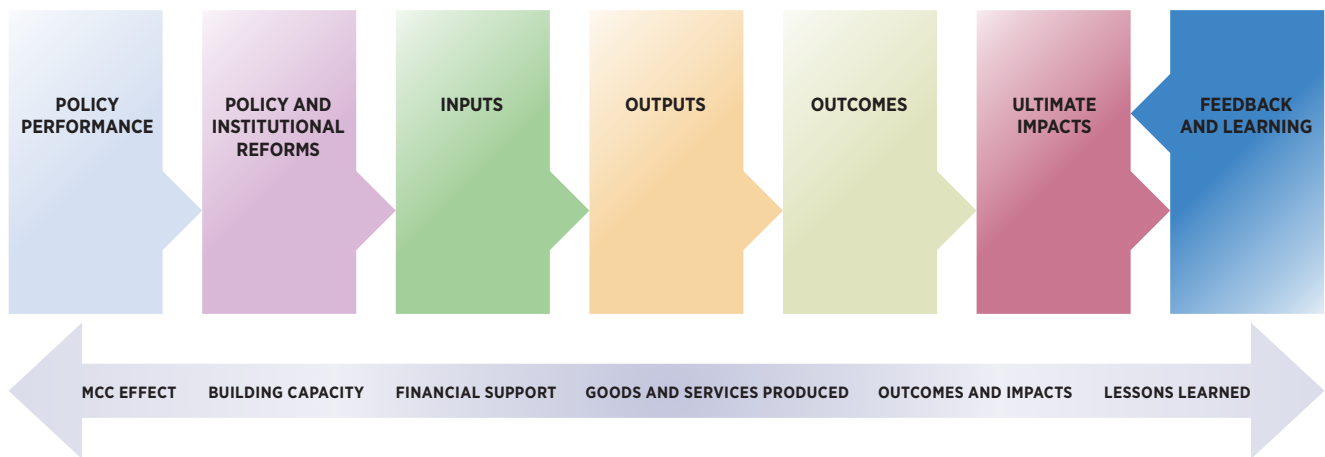




MCC's Continuum of Results


The Millennium Challenge Corporation (MCC) is committed to delivering results throughout the entire lifecycle of its investments. From before investments begin to their completion and beyond, MCC's robust and comprehensive "continuum of results" framework seeks to measure, collect and report on policy reforms associated with MCC compact eligibility and program investments, inputs and outputs that indicate whether projects are on track, interim outcomes as programs reach completion, and impacts as measured through independent evaluations. MCC's continuum of results is designed to foster learning and accountability, and served as a model for global dialogue about development results at the Fourth High Level Forum on Aid Effectiveness in Busan, South Korea in November 2011.



Policy Performance	The first result along the continuum is often the MCC Effect, when countries enact policy reforms to improve performance on MCC's indicators. Eligibility for an MCC compact is regarded as a seal of approval, signaling to private investors the country is well-governed and open for business. MCC has the option to suspend or terminate funding if a partner country's policy performance deteriorates significantly. This option to halt funding, which to date MCC has used in response to governance concerns, creates an incentive for ongoing policy and implementation performance that is key to delivering on the entire continuum of results.
Policy and Institutional Reforms	During compact development, MCC and partner countries look closely at the policy and institutional environment to assess areas that might limit investments' impact and sustainability and work with partner countries to plan appropriate policy and institutional reforms. These can be changes to national policies, laws, regulations, or even ways of doing business, and often focus on building capacity within existing national institutions.

Inputs	MCC's primary input is financial support for investments that promote poverty reduction and economic growth. MCC also contributes technical/professional support for oversight and policy dialogue. MCC and its partner countries use analyses of key constraints to growth, cost-benefits and beneficiaries to identify which investments have the biggest impact in terms of raising local incomes and generating long-term returns measured in economic benefits. To safeguard MCC investments, partner countries must adhere to international standards in financial management and procurement. Where necessary, they use external financial and procurement agents.
Outputs	Outputs measure the goods or services produced by a program such as kilometers of roads or irrigation canals built, farmers trained or land titles issued. MCC and its partner countries use monitoring and evaluation (M&E) plans to establish targets and track progress on outputs. Transparently reporting on these outputs is key for accountability and for making mid-course corrections as needed.
Outcomes	Outcomes measure the medium-term effects of a program, such as increased traffic volume on improved roads, new business investments, increased production of high value crops, increased access to electricity or clean water, or increased school attendance. MCC and partner countries use M&E plans to track outcomes since they are the drivers of the increased income that MCC ultimately aims to achieve.
Ultimate Impacts	The ultimate result MCC is committed to producing—and being able to attribute to its investments—is increased incomes among poor people in developing countries. MCC wants to know if incomes went up because of an MCC investment, what worked best to increase incomes and if the increases were achieved in a cost-effective way. Where the potential to learn is greatest, MCC uses independent impact evaluations to answer these questions, often comparing results from the people who participated in MCC-funded programs to those who did not. This indicates whether gains were the direct result of MCC's investment. MCC also uses performance evaluations to answer qualitative questions, like how is a project being implemented and whether expected results are occurring.
Feedback and Learning	MCC applies lessons learned to maximize development effectiveness. This involves working with partner countries to identify and address implementation challenges, keep current investments on track and inform the design and implementation of future investments. MCC is committed to transparently sharing the results of all evaluations, even when they reveal that MCC investments did not achieve planned targets. This is essential both for accountability and learning. MCC has opened its portfolio to scrutiny and is testing a variety of implementation and evaluation approaches. MCC's experience will foster learning internally, within the U.S. Government and globally both about what programs work best to increase incomes, and what evaluation approaches work best to measure impact.

The Port of Cotonou

 MCC's continuum of results can be demonstrated through the Port of Cotonou modernization project, part of MCC's \$307 million compact with Benin. MCC's initial **input** in the port's modernization, an investment of \$188 million, paralleled the Government of Benin's efforts to **reform** its customs processes and the port's financial management. **Direct outputs** of MCC's investment included construction of a new wharf to allow the port to accommodate larger container ships and a 300-meter extension to a sand-stopping jetty. **Outcomes** have been annual savings of \$2.1 million in dredging and maintenance costs and a decrease in average customs clearance time. MCC will **continue to track the impact** of the improvements by measuring the volume of port traffic and using that to estimate income gains attributable to the investment. When the compact closed in October 2011, MCC projected Benin's entire population of 8.8 million would benefit, and the modernization would increase household income by \$262 million over 20 years. Insights gleaned from that analysis will inform MCC's future operations in similar projects.

