



# MILLENNIUM CHALLENGE CORPORATION

REDUCING POVERTY THROUGH GROWTH

# MCC's Perspective on IE in 15 Minutes



- Impact Evaluation and the Origins of MCC
- Determination of Strategic Priorities for IE
- Incentives to do IE and to use its Results
- Lessons from our years of experience

# MCC's Origins and IE

- Established in 2004 as part of an effort to enhance US foreign assistance contribution
- Model designed to “provide greater resources to countries taking greater responsibility for their own development”
  - Focus on reducing poverty through growth
  - Country ownership of plans
  - Focus on results
- This focus on results is manifested in:
  - Economic Rate of Return analysis;
  - Monitoring and assessment integrated into project designs; and
  - Strategic use of Impact Evaluations

# Determination of IE Priorities

- When economic rationale for investments are unclear due to lack of evidence
- When best implementation strategy is unclear
  - Can be linked with pilot-scaled activities
  - Can be used to inform expansion later in 5-year compact or in possible second compact
- When it is feasible given constraints:
  - Time;
  - Cost; and/or
  - Partner willingness and interest.

# Incentives to do IE and use the results

- Incentives are very strong iff:
  - Feasibility constraints are easily met; and
  - Results are expected to be constructive.
  
- Results, when they are generated, have two potential feedback channels into policy:
  - Through country-led design efforts; and
  - Through MCC's ERR analyses.
  
- Political economy constraints include:
  - Reluctance to accommodate IE in project design; and
  - Reluctance to delay implementation pending results;

# Lessons from MCC Experience

- Mutual interest is essential.
- IE can improve project design:
  - Randomization in Georgia increased confidence in fairness of implementation;
  - Clarity on how impact will be measured may help implementers understand objectives.
- Country counterparts need to understand the IE methodology.
- MCC staff need to be involved in IE design.

**Thank you.**