

Woodrow Wilson School of Public and International Affairs Graduate Program

POLICY WORKSHOP 591i Millenium Challenge Corporation (WWS-591i, Fall 2006)

**Sessions: Fridays, 1:00-4:00 PM
Room 014, Robertson Hall**

John Gershman (gershman@princeton.edu), Director, Office of International Programs, Robert F. Wagner Graduate School of Public Service and Visiting Lecturer, Woodrow Wilson School
Tel: Day (212) 992-9888; Evening (609) 688-9509

Background

In March 2002 at the Finance for Development Conference held in Monterey, Mexico President George W. Bush called for a "new compact for global development," which linked increased aid from developed nations to greater "responsibility" from developing nations, defined as countries that rule justly, invest in their people, and encourage economic freedom.. The President proposed a concrete mechanism to implement this compact -- the Millennium Challenge Account (MCA) - in which development assistance would be provided to those countries that rule justly, invest in their people, and encourage economic freedom. The Millennium Challenge Corporation (MCC) was established on January 23, 2004 to administer the MCA. Congress provided nearly \$1 billion in initial funding for FY04 and \$1.5 billion for FY05. The President requested \$3 billion for FY06 and pledged to increase annual funding for the MCA to \$5 billion in the future.

The MCC has now

The Task

Prior to departure in the field each task force member will produce a 3,000-4,000 word paper on one of the following issues:

1. Review of the Field: Indicators and Assessment of Administrative Capacity to Shape Aid Decisions and recommendations for MCC threshold programs. This could be divided among 2 authors, one covering multilateral and the other bilateral agencies.
2. Review of the Field: Overall look at how aid agencies build administrative capacity under implementation on the go (with a focus on overall project management (ie, procurement). These can be disaggregated by sectors in which the compact countries have the most activities. (Infrastructure, agricultural development, etc).
3. 2 background papers per country case, likely divided by sectors. The country teams will use these as background.

These will represent key inputs into the final report as well as insuring that the field research is as useful as possible.

Outline

September 15	Intro: Background and Logistics
September 22	MCC in Focus and Selection of Country Teams
September 29	Building Capacity I
October 6	Building Capacity II
October 13	Aid Modalities
October 20	Paper Presentations
October 27	Travel
November 3	Midterm break -- Travel
November 10	Presentation of Field Reports and Outline Moving Forward
November 17	Working on Country Reports and Overall Presentation
November 24	Thanksgiving Break
December 1	Finalizing reports – Presentation to Outside Panel
	Presentation to MCC, Dates To Be Determined

READINGS

September 15 Background and Introduction

Collier, Paul, and David Dollar, "Can the World Cut Poverty by Half? How Policy Reform and Effective Aid can Meet International Development Goals," *World Development*, 29(11), 2001, 1787-2002. [Blackboard]

Poverty Efficient Aid Allocations – Collier/Dollar Revisited
Jonathan Beynon, Economic and Statistics Analysis Unit, DFID (2003)
http://www.odi.org.uk/esau/publications/working_papers/esau_wp2.pdf

Steve Radelet, A Primer on Foreign Aid
<http://www.cgdev.org/content/publications/detail/8846>

Dani Rodrik, GOODBYE WASHINGTON CONSENSUS, HELLO WASHINGTON CONFUSION?
<http://ksghome.harvard.edu/%7Edrodrik/Lessons%20of%20the%201990s%20review%20JEL.pdf>

If you have time...

Skim

William Easterly, National Policies and Economic Growth: A Reappraisal
<http://www.nyu.edu/fas/institute/dri/Easterly/File/national%20politics%20and%20economic%20growth.pdf>

(Don't need to get all the equations, but read for competing conceptual analysis of how policies matter for growth)

Recommended:

ActionAid, *Real Aid*
http://www.actionaid.org.uk/doc_lib/69_1_real_aid.pdf

World Bank, *Assessing Aid*,
Available online at <http://www.worldbank.org/research/aid/aidtoc.htm>.

SEPTEMBER 22 MCC IN FOCUS

Specific discussion of MCC, lessons learned to date, identification of possible country cases and teams as well as overview papers.

The Millennium Challenge Account: Making the Vision a Reality
Sheila Herrling and Steve Radelet, *MCC Between a Rock and a Hard Place* (October 25, 2005)
http://www.cgdev.org/doc/mca%20monitor/round3/rockandhardplace_MCA.pdf

GAO, *Millennium Challenge Corporation: Compact Implementation Structures Are Being Established; Framework for Measuring Results Needs Improvement*
<http://www.gao.gov/new.items/d06805.pdf>

MCC, *Lessons Learned in Compact Development* (November 29, 2005)
http://mcc.gov/guidance/FY06/Lessons_learned.pdf#search=%22MCC%20%22lessons%20learned%22%22

Millennium Challenge Account: Lessons Learned, Expanding Public Participation In Latin America
http://mcc.gov/public_affairs/events/052605_CSIS_Honduras.pdf#search=%22Mcc%20lessons%20learned%22

Recommended:

Testimony for the House Committee on International Relations
Steven Radelet, Senior Fellow, Center for Global Development
April 27, 2005
http://www.house.gov/international_relations/109/rad042705.pdf

SEPTEMBER 29 CAPACITY BUILDING I

Meeting with Alicia Mandaville, MCC

Sakiko Fukuda-Parr, C. Lopes and K. Malik (eds.). *Capacity for development: New solutions to old problems*. (London: Earthscan, 2003). Selections, TBA

M. Grindle, "Good Enough Governance: Poverty Reduction and Reform in Developing Countries," *Governance*, Vol. 17 (2004), No. 4, pp. 525–548.

Merilee Grindle, *Good Enough Governance Redux*,
A Report for DFID with reference to the Governance Target Strategy Paper, 2001
http://www.odi.org.uk/speeches/states_06/29thMar/Grindle%20Paper%20gegredux2005.pdf#search=%22good%20enough%20governance%20redux%22

EuropeAid, *Institutional Development and Capacity Building: What, Why and How?* (Sept 2005)
http://ec.europa.eu/comm/europeaid/reports/concept_paper_final_051006_en.pdf

Graham Teskey, *Capacity Development and State Building Issues, Evidence and Implications for DFID* (October 2005)
[http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/2213EFD5C384BF61C125714F00498FD2/\\$FILE/Teskey_CD&state%20building-issues%20evidence&implications%20for%20%E2%80%A6.pdf](http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/2213EFD5C384BF61C125714F00498FD2/$FILE/Teskey_CD&state%20building-issues%20evidence&implications%20for%20%E2%80%A6.pdf)

ECDPM Study on Capacity, Change and Performance - Final Workshop

[http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/B03C8B92BAE9E5A1C12571C0003C144E/\\$FILE/Final%20Workshop%20Capacity%20Study_May%202006%20-%20Report.pdf](http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/B03C8B92BAE9E5A1C12571C0003C144E/$FILE/Final%20Workshop%20Capacity%20Study_May%202006%20-%20Report.pdf)

Website with Background Papers for this conference:

http://www.ecdpm.org/Web_ECDPM/Web/Content/Navigation.nsf/index2?readform&http://www.ecdpm.org/Web_ECDPM/Web/Content/Content.nsf/7732def81dddafa7ac1256c240034fe65/358483ce4e3a5332c1256c770036ebb9?OpenDocument

Nils Boesen & Ole Therkildsen (2004). *Between Naivety and Cynicism: A Pragmatic Approach to Donor Support for Public-Sector Capacity Development*. Danida.

http://www.um.dk/NR/ronlyres/E8B62C6A-C0E8-456E-9C88-2C075FECA7F0/0/CDEstep4_APragmaticApproachtocapacitydevelopment.pdf

Recommended

DFID. (2003). *Promoting Institutional and Organisational Development. A Sourcebook of Tools and Techniques*.

DAC Network on Governance, *The Challenge Of Capacity Development: Working Towards Good Practice*

http://siteresources.worldbank.org/INTCDRC/Resources/oecd_challenge_of_capacity_development.pdf

Merilee S. Grindle, and Mary Hilderbrand (1995). "Building sustainable capacity in the public sector: what can be done?" *Public Administration and Development* 15: 441-63. [E Reserves]

Beyond the Numbers: Understanding the Institutions for Monitoring Poverty Reduction Strategies (World Bank, 2006), esp cases on Honduras and Nicaragua; compare also cases relevant to eligible countries?

<http://siteresources.worldbank.org/INTPAME/Resources/383220-1153403450741/0821364847.pdf>

Capacity Development Evaluation Step 3: Draft Methodology for Evaluation of Capacity Development

http://www.um.dk/NR/ronlyres/248E3D29-DA6E-4448-976E-B9134369CB72/0/CDEstep3_Methodology.pdf

J. Bussyt, Mainstreaming Institutional Development: Why is it important and how can it be done? (ECDPM, 2001)

http://www.ecdpm.org/Web_ECDPM/Web/Content/Navigation.nsf/index2?readform&http://www.ecdpm.org/Web_ECDPM/Web/Content/Content.nsf/0/23A5B57588BD59DFC1256E230037B558?OpenDocument

New Common Benchmarking and Assessment Tool for Public Procurement Systems (Version 4) (OECD, 2006)

http://www.oecd.org/document/40/0,2340,en_2649_19101395_37130152_1_1_1_1,00.html

DAC Guidelines and Reference Series

Harmonising Donor Practices For Effective Aid Delivery

Volume 3: Strengthening Procurement Capacities in Developing Countries

(OECD, 2005)

<http://www.oecd.org/dataoecd/12/14/34336126.pdf>

Elinor Ostrom et al. *Aid, Incentives, and Sustainability* (SIDA)

[http://www.sida.se/shared/jsp/download.jsp?f=Stud02-](http://www.sida.se/shared/jsp/download.jsp?f=Stud02-01.pdf&a=2429#search=%22aid%20incentives%20ostrom%22)

[01.pdf&a=2429#search=%22aid%20incentives%20ostrom%22](http://www.sida.se/shared/jsp/download.jsp?f=Stud02-01.pdf&a=2429#search=%22aid%20incentives%20ostrom%22)

Brian Levy and S. Kpundeh (2005). *Building State Capacity in Africa*. World Bank, Washington D.C.

John M. Cohen , “Capacity Building in the Public Sector: A Focused Framework for Analysis and Action,” *International Review of Administrative Sciences*.1995; 61: 407-422

I. Michael Harrison and Arie Shirom. *Organizational diagnosis and assessment*. (Thousand Oaks: Sage, 1999).

M. R. Weisbord. *Organizational diagnosis: a workbook of theory and practice*. (Reading, Massachusetts: Addison-Wesley Publishing Company, 1985).

OCTOBER 6 CAPACITY BUILDING II

Project Implementation Units/Project Management Units

World Bank Brown Bag Lunch Presentation, *Are We Really Getting Rid of PIUs* (107 minutes)

<http://info.worldbank.org/etools/BSPAN/PresentationView.asp?PID=1709&EID=827>

OED Note, *Utilization of Project Implementation Units (PIUs)*

<http://Inweb18.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/ADF4B0AD4AE0BB25852569BA006E34B4?opendocument>

UNDP, *The PIU Dilemma: How to Address Project Implementation Units*

www.undp.org/policy/docs/policynotes/pov-PIU-final4.doc

World Bank, *Guidance Note for Project Management Strengthening Institutional Capacity during Project Implementation*

http://siteresources.worldbank.org/INTCDRC/Resources/guidance_note_project_management_102005.pdf#search=%22world%20bank%20piu%22

Philippa Bevan, “The successful use of consultancies in aid-financed public sector management reform: a consultant's eye view of some things which matter,” *Public Administration and Development* Volume 20, Issue 4, Date: October 2000, Pages: 289-304.

Dele Olowu, "Capacity building for policy management through twinning: lessons from a Dutch-Namibian case," *Public Administration and Development* Volume 22, Issue 3, Date: August 2002, Pages: 275-288.

OCTOBER 13 AID MODALITIES

Sheila Herrling and Steve Radelet, "Should the MCC Provide Financing Through Recipient Country's Budgets? An Issues and Options Paper"
Center for Global Development (August 11, 2006)

<http://www.cgdev.org/doc/MCA/MCCrecipientbudgs.pdf>

Stefan Koeberle, Jan Walliser and Zoran Stavreski, "Budget Support as More Effective Experiences and Emerging Lessons," The World Bank., March, 2006, Available at:

http://publications.worldbank.org/ecommerce/catalog/product?item_id=5287702 .

Joint Evaluation of General Budget Support

<http://www.idd.bham.ac.uk/general-budget-support/>

for synthesis report and case studies

Veronica Walford, *Defining and Evaluating SWAps: A paper for the Inter-Agency Group on SWAps and Development Cooperation* (2003)

<http://www.hlspinstitute.org/files/project/15361/Walford2003.pdf>

Alina Rocha Menocal and Sarah Mulley, *Learning from experience? A review of recipient-government efforts to manage donor relations and improve the quality of aid*

May 2006

http://www.odi.org.uk/publications/working_papers/wp268.pdf

Innovative Project Concepts in Infrastructure

<http://wbln0018.worldbank.org/inf/innovative.nsf/>

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Presentation to MCC, Dates To Be Determined

Key Research Tools

www.worldbank.org

www.iadb.org

www.afdb.org

www.adb.org

www.ebrd.org

http://ec.europa.eu/comm/europeaid/index_en.htm

www.dfid.org

www.usaid.org

www.mcc.gov

www.sida.org

www.cida.org

www.gtz.org

www.eldis.org

<http://www.odi.org.uk/PPPG/cape/index.html>

www.edcpm.org

www.devoid.org

<http://www.aidharmonization.org/>

www.capacity.org

http://www.allianceonline.org/publications/evaluation_of_capacity.page

www.cgdev.org

Looking at Efforts to Evaluate Administrative Capacity

Public Expenditure Review (PER): Prepared by the World Bank, the PER is a qualitative assessment of the efficiency and efficacy of resource allocation and public institutions.

Country Financial and Accountability Assessment (CFAA): Prepared by the World Bank, the CFAA identifies the strengths and weaknesses of accountability arrangements in the public sector and the risks that these may pose to the use of development funds and the achievement of development objectives.

• ***Country Procurement Assessment Report (CPAR)***: Prepared by the World Bank, the CPAR assesses the efficiency, transparency and integrity of a country's entire procurement system and the risk it may pose to the use of development funds.

• ***Country Policy and Institutional Assessment (CPIA)***³: Prepared by the World Bank, the CPIA assesses IDA-eligible countries' policy and institutional performance in economic management, structural policies, policies for social inclusion/equity and public sector management and institutions. Countries are then ranked by quintiles according to overall performance as well as by each of the four clusters. The public sector management and institutions cluster, which captures quality of budgetary and financial management, efficiency of revenue mobilization and transparency, accountability and corruption in the public sector is a particularly relevant cluster with regards to assessing fiduciary risk.

• ***Reports on the Observance of Standards and Codes (ROSC)***⁴: Prepared by the IMF and World Bank at the request of countries, ROSCs summarize the extent to which countries observe certain internationally recognized standards and codes in 12 areas. Of relevance to assessing fiduciary risk are two—Auditing & Accounting, and Fiscal Transparency.

• ***Code of Good Practices on Fiscal Transparency***⁵: Prepared by the IMF, the Code represents a standard of fiscal transparency that is judged appropriate to provide assurances to the public and to capital markets that a sufficiently complete picture of the structure and finances of government is available to allow the soundness of a country's fiscal position to be reliably assessed. It is therefore a standard that most countries should seek to meet.

• ***HIPC Public Expenditure Management (PEM) Assessments***⁶: Prepared by the IMF and World Bank, reports on the progress of HIPCs to track public spending in the context of the enhanced debt relief initiative and on the status of action plans agreed with country authorities to strengthen their PEM systems. It grades 26 HIPC countries on 16 PEM indicators.

• ***The Public Financial Management Performance Measurement Framework (PFM), prepared by the Public Expenditure and Financial Accountability (PEFA)***⁷: PEFA is a multi-agency partnership that includes the World Bank, IMF,

³ For more information see the IDA allocation landing page:
<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20052347~menuPK:116699~pagePK:51236175~piPK:437394~theSitePK:73154,00.html> .

⁴ For more information see the IMF ROSC landing page:
<http://www.imf.org/external/np/rosc/rosc.asp> .

⁵ See: <http://www.imf.org/external/np/fad/trans/manual/intro.htm> .

⁶ For more information see the World Bank HIPC landing page:
<http://www1.worldbank.org/publicsector/pe/HIPC/HIPCBoardPaperApril2005.pdf> .

⁷ For more information, see the PEFA homepage: <http://www.pefa.org/PEFA%20Website%20--%20CURRENT%204-9-03/www.pefa.org%20WEBSITE/PFM%20PMF%20Final%20June%202013%20with%20corrections%20Oct>,