

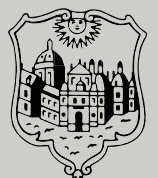


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Measuring the Policy Influence of the Millennium Challenge Corporation: A Survey-Based Approach

BRADLEY C. PARKS AND ZACHARY J. RICE

*Making Reform Incentives Work for Developing Countries Project
The Institute for the Theory and Practice of International Relations
The College of William & Mary*



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ACRONYMS AND ABBREVIATIONS

AFDB	African Development Bank
ASDB	Asian Development Bank
CIDA	Canadian International Development Agency
DAC	Development Assistance Committee
DFID	Department for International Development
EC	European Commission
GEF	Global Environment Facility
GSP+	Special Incentive Arrangement for Sustainable Development and Good Governance
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HIPC	Heavily Indebted Poor Countries Initiative
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IMF	International Monetary Fund
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MDGs	Millennium Development Goals
NGO	Non-governmental organization
SIDA	Swedish International Development Cooperation Agency
TI	Transparency International
UN	United Nations
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USG	United States Government
WGI	Worldwide Governance Indicators
WTO	World Trade Organization

Introduction

Wealthy countries and international organizations have developed a wide range of policy instruments to spur, strengthen, and solidify reform efforts in developing countries. They have employed positive conditionality—through the Heavily Indebted Poor Countries Initiative, the Millennium Challenge Account, and the World Trade Organization accession process, among others—to alter the incentives of developing country leaders and shore up the bargaining power of domestic reformers. They have utilized moral suasion tools, such as the World Bank/IFC *Doing Business* Report, to increase the reputational costs of resisting reform. They have also imposed financial sanctions to deter backsliding and reform reversals. Scholars and policymakers generally agree that these types of policy instruments can hasten the adoption and implementation of growth-accelerating reforms. However, there is remarkably little evidence about the conditions under which such tools are most and least effective.

The [*Making Reform Incentives Work for Developing Countries*](#) research project seeks to address this major information barrier so that policymakers can more effectively design and deploy reform promotion tools. The first major research product to emerge from this project is the 2012 Millennium Challenge Account (MCA) Stakeholder Survey, which provides first-of-its-kind data from leading development policymakers and practitioners on the perceived relevance, influence, and effectiveness of the MCA eligibility criteria and Compact and Threshold Programs financed by the Millennium Challenge Corporation (MCC). This report summarizes the topline findings from the 2012 MCA Stakeholder Survey.

The next phase of this research project will focus on measuring and accounting for the comparative influence and impact of various reform promotion tools, including performance-based aid programs, international organization accession procedures, and benchmarking exercises. We will seek to explain how and why the effectiveness of these policy instruments varies across issue domains (e.g. health, education, public financial management) and institutional settings (e.g. failed states, young democracies, strong autocracies), and employ the tools of network analysis to study how organizational relationships and network structure shape the policy formulation and adoption process.ⁱ

The Millennium Challenge Account, the Millennium Challenge Corporation, and the so-called "MCC Effect"

On March 14, 2002, President George W. Bush delivered a speech at the Inter-American Development Bank, outlining his administration's approach towards international development policy and unveiling a new mechanism for channeling U.S. foreign assistance to developing countries called the Millennium Challenge Account (MCA). Bush argued that "[w]hen nations refuse to enact sound policies, progress against poverty is nearly impossible. In these situations, more aid money can actually be counterproductive, because it subsidizes bad policies, delays reform, and crowds out private investment." Calling for "a new compact ... defined by ... accountability for both rich and poor nations alike," he pledged a \$5 billion annual increase in U.S. development assistance and promised to establish "a set of clear and concrete and objective criteria" to "reward nations that root out corruption, respect human rights, and adhere to the rule of law... invest in better health care, better schools and broader immunization... [and] have more open markets and sustainable budget policies, nations where people can start and operate a small business without running the gauntlets of bureaucracy and bribery" (Office of the White House 2002).

Two years later, a bipartisan coalition in the U.S. Congress authorized the creation of a new federal agency—the Millennium Challenge Corporation (MCC)—to administer the MCA. The MCC is required by law to choose partner countries based on their demonstrated commitment to good governance. To measure government commitment, the agency publishes "scorecards" for 120 developing countries based on performance on a number of indicators. From 2004 to 2012, the agency used 17 quantitative indicators developed by independent third-party institutions.ⁱⁱ The U.S. Government's (USG) decision to make access to MCA funding conditional upon a country's performance on these third-party measures of policy performance created both a reward and an incentive for governments that rule justly, invest in their people, and promote economic freedom (Radelet 2006; Johnson and Zajonc 2006; Hook 2008).ⁱⁱⁱ

Few scholars, policy analysts, or legislative overseers dispute that the MCC has *rewarded* developing countries that possess reasonably sound policies and institutions with generous financial assistance (Fox and Rieffel 2008; Herrling, Kinder, and Radelet 2009; Kerry and Lugar 2010). However, the MCC's impact as an *incentive* for reform is not yet well understood. A small body of evidence suggests that governments have implemented legal, policy, institutional, and regulatory reforms to enhance their chances of becoming eligible for MCA assistance (Dugger 2006, 2007; Lucas 2006; Johnson and Zajonc 2006; Newton et al. 2007; Siegle 2007; Phillips 2007; Brown et al. 2008; Gerson 2007; Schaefer and Kim 2008; Radelet 2007; World Bank 2005, 2007; Öhler et al. 2012; Dreher et al. 2012). However, scholars, policymakers, and development practitioners know relatively little about the strength and scope of MCC's "incentive effect" and why it seems to exert different levels of influence across countries and policy areas. This report seeks to evaluate the influence and impact of the MCA eligibility criteria on the reform efforts of developing country governments. We also examine the influence of the MCA eligibility criteria vis-à-vis other external tools of conditionality and socialization.

The MCA was a signature foreign policy initiative of the George W. Bush administration, but the Obama administration has also given it a prominent place in the current USG global development strategy (USAID 2010). The tool also enjoys broad bipartisan support among Republicans and Democrats in the U.S. Congress. Senators and Congressmen celebrate the so-called "MCC Effect," whereby governments in developing countries adopt political, social, and economic reforms in order to improve their odds of achieving or maintaining eligibility for assistance from the Millennium Challenge Corporation (MCC) (Kolbe 2008; U.S. GPO 2007: 4; Kerry and Lugar 2010).^{iv} The MCC's incentive-based model also enjoys strong support within the U.S. business and NGO communities (IGD 2008; McClymont 2003; Oxfam America 2011).^v

Yet the MCA costs U.S. taxpayers billions of dollars, and the USG has access to many other incentives, sanctions, and socialization tools to influence the domestic policies and practices of developing countries (Savedoff 2011). Therefore, it is reasonable to ask what type of "return on investment" the MCA eligibility incentive provides.^{vi} Does it offer taxpayers good value-for-money as an instrument for spurring and sustaining reform efforts in the developing world? How much influence does the MCA policy instrument exert compared to other financial incentives and moral suasion tools? The need for independent evaluation is compelling and overdue. In order to shed light on these critically important policy questions, we collected survey data from 640 development policymakers and practitioners in 100 low income and lower middle income countries. This report summarizes our methods and topline findings. We do not claim that the survey results we report constitute definitive evidence of the influence of the MCA eligibility criteria or the impact of MCC programming. Nonetheless, our survey does make available the extraordinary insights of a large and diverse group of policymakers and practitioners who are particularly knowledgeable about the MCC's policy influence and impact.

Sample

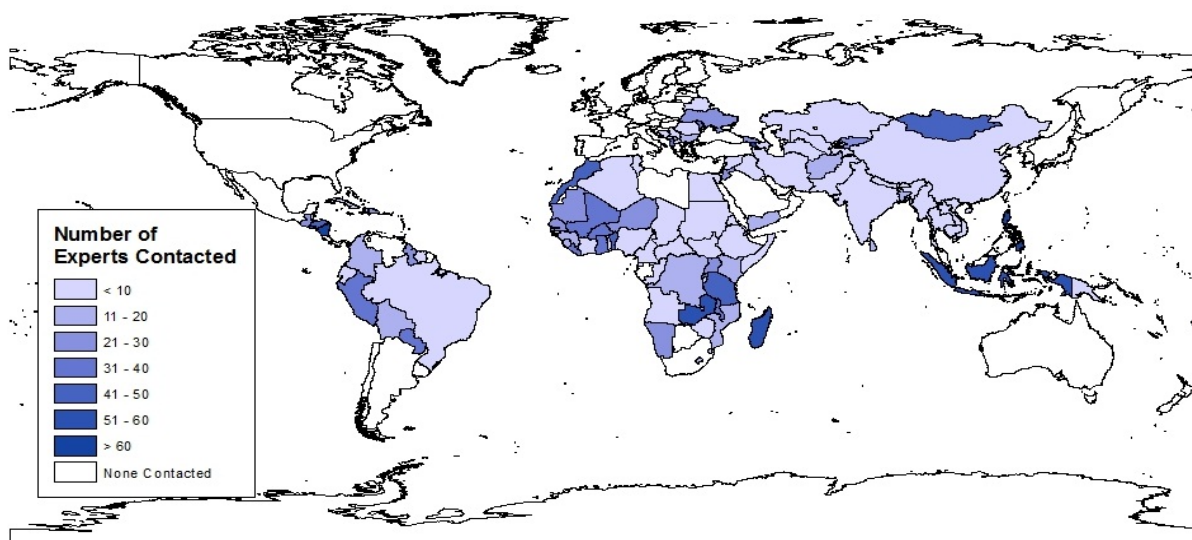
The target population for the 2012 MCA Stakeholder Survey included all individuals who are knowledgeable about (a) policy decisions and actions related to the MCC eligibility criteria taken between 2004 and 2012, and/or (b) efforts to design or implement as MCC Compact or Threshold Program between 2004 and 2012.^{vii} As such, we set out to identify a set of country inclusion criteria and respondent inclusion criteria that would help us identify the entire target population. We first identified the population of states that had the opportunity to achieve MCA eligibility between 2004 and 2012. To this end, we used the "Candidate country" reports that the MCC submits to the U.S. Congress each year to identify those countries that met the per capita income requirements for MCA candidacy at some point between 2004 and 2012.^{viii} We then identified four "stakeholder groups" that could provide country-specific insight into the influence and impact of the MCA eligibility criteria and MCC Compact and Threshold Programs:

1. senior government officials from developing countries who have interacted with the USG on MCA policy and programming issues;^{ix}
2. USG officials who are or were responsible for engaging the domestic authorities in developing countries on MCA policy and programming issues;^x

3. staff from contractors, NGOs, or consultancies who are or were responsible for designing, implementing, or evaluating MCC Compacts or Threshold Programs;
4. and representatives of local civil society organizations and business associations who are or were knowledgeable about MCA policy and programming issues (but do not work for contractors, NGOs, or consultancies responsible for designing, implementing, or evaluating MCC Compacts or Threshold Programs)

Elite surveys and "opinion leader" surveys have proliferated in recent years. However, scholars rarely devote the time and resources needed to conduct large-*n* cross-country elite survey research in a systematic manner (Hoffmann-Lange 2007). Our research team sought to improve upon previous efforts by carefully constructing master sampling frames for each country based upon a standardized, explicit, and transparent set of inclusion criteria (described above).^{xi} With support from 15 regional and country specialists, we drew on a wide variety of print and web-based information sources to identify the individuals who met the inclusion criteria. Resources included the 2004-2012 editions of the *Country Background Notes* produced by the U.S. Department of State, the 2004-2012 editions of the *Directory of Chiefs of State and Cabinet Members of Foreign Governments* published by the U.S. Central Intelligence Agency, Africa Confidential's *Who's Who* Database, various editions of the *International Who's Who* publication, the U.S. Department of State's Staff Directory, *Country Reports* published by the Economist Intelligence Unit, USAID Threshold Program completion reports and evaluation documents, and staff contact information on the MCC and MCA websites. The Principal Investigator also augmented these master sampling frames by adding hundreds of MCC, MCA, USAID, Department of State, developing country government, civil society organization, and Compact and Threshold Program implementation agency contacts with country-specific responsibilities.^{xii}

One of the central goals of the 2012 MCA Stakeholder Survey was to identify the factors that shape a government's response or non-response to the MCA eligibility criteria. As such, we sought to obtain the opinions of policymakers and practitioners from the entire universe of developing countries that met the income parameters for MCA candidacy (at some point between 2004 and 2012). We therefore collected data from policy elites in countries that sought but never secured MCA eligibility or a Threshold Program or Compact; countries that achieved MCA eligibility but never secured a Threshold Program or Compact; countries that achieved MCA eligibility and benefited from either a Threshold Program or Compact; and countries that never sought MCA eligibility or programmatic support from the MCC. At one end of this spectrum are policymakers and practitioners from countries that have secured MCA Compact and Threshold Programs. At the other end of the spectrum are respondents from countries who had relatively limited interactions with the USG on MCA eligibility issues. We self-consciously included respondents from the full range of MCA "target" countries in order to gauge whether, when, where, and how the MCA eligibility criteria have exerted influence on the reform efforts of governments in developing countries.



Given the diversity of states included in this study, it is no surprise that sample sizes vary dramatically from country to country. Low internet penetration rates and a lack of political transparency further limited the number of respondents who we could identify and reach in many countries. The map above shows the number of "MCA experts" contacted per country. States with exceptionally high numbers (over 60) of survey recipients included Armenia, Philippines, and Nicaragua. On the other hand, Bhutan, Romania, and Turkmenistan had only two survey recipients each. We contacted an average of around 18 policymakers and practitioners per country, with a standard deviation of 16.6.

Questionnaire Development

We designed and evaluated individual survey questions and question order according to the methods described in Weisberg (2005) and Dillman et al. (2009). Initial questions were adapted from elite surveys undertaken by the Asian Development Bank, the World Bank, the International Monetary Fund's Independent Evaluation Office (IEO), and Princeton University's Task Force on the Changing Nature of Government Service. Additional questions were developed, and all questions were evaluated, according to several criteria, including whether the question would be of interest to our average respondent, whether a complex issue was over-reduced to a single, dichotomous question, and whether question wording would be understood by most respondents to mean the same thing. Survey tool design aesthetics were informed by Couper (2008).

We conducted pre-testing of English-language questionnaire drafts via in-person cognitive interviews with expert respondents. We also pre-tested survey translations and a web-based survey instrument using a self-administered cognitive interview tool. We developed this self-administered interview tool in response to budget, distance, and time constraints. For the self-administered cognitive interviews, we asked all expert survey pre-testers to complete a questionnaire evaluation form adapted from the "Methods for Testing Survey Questions" training manual of the 2009 Joint Program in Survey Methodology. A copy of this form is located in Appendix B.

Survey Implementation

As with questionnaire development, the survey was implemented according to the Weisberg total survey error approach and the Dillman tailored design method, and fielded in two rounds. The first round began on October 1, 2012, and closed on October 19, 2012. In an effort to (1) correct for coverage error and include any otherwise incorrectly excluded survey recipients, (2) reduce the unit nonresponse resulting from the time-related concerns of some recipients, and (3) expand the sampling frame after updating misidentified email addresses, round two began the following October 22. The survey officially closed on Monday, November 5, 2012, though some recipients were granted short extensions on a case-by-case basis.

The survey was administered through *Qualtrics*, a web-based survey tool. Per specific request, a few respondents received a Word version of the survey questionnaire over electronic mail. Upon receipt of the completed Word questionnaires, members of the research team uploaded responses into *Qualtrics*. Recipients received the questionnaire in one of four languages (English, French, Spanish, and Portuguese), according to their nationality. Language-identification errors were corrected upon request. Professional translators, as well as native and otherwise fluent speakers familiar with aid, development, and reform terminology, conducted the survey translations.

We sent each survey respondent a personalized advance letter to his or her electronic mail inbox approximately one week before round one survey activation. The advance letter included a description of the goals of the study, an overview of the research team and of the questionnaire, and an offer to receive a copy of preliminary global results. On October 1, 2012, we mailed each survey recipient an electronic cover letter, including both an additional confidentiality notice and a personalized link to the online questionnaire.

During the course of the survey administration period, survey recipients received at least three different automated electronic reminders, as well as some additional tailored reminders and requests from the Principal Investigator. The Survey Methodologist and Principal Investigator addressed all recipient queries. The research team used additional snowballing techniques and targeting methods to encourage the

participation of those survey recipients believed to be the most knowledgeable about MCA policy and programming issues, as well as those from underrepresented countries and country-specific stakeholder groups.

Response

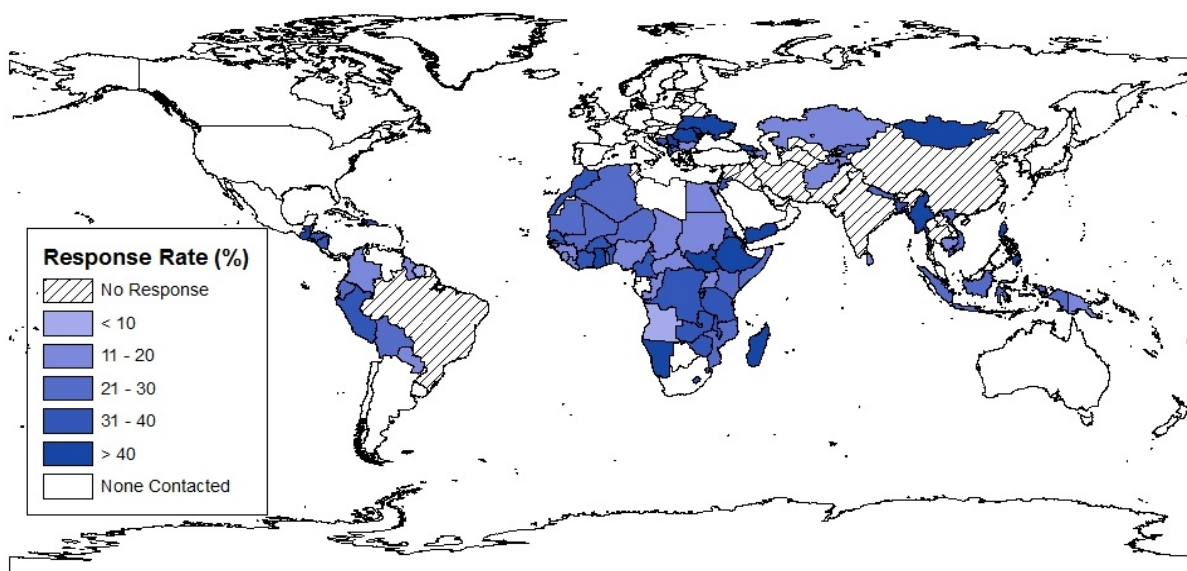
These personalized contact methods enabled our research team to achieve a high response rate by policy elite survey standards. Of the 2,092 individuals who received the survey instrument, 640 participated. This response rate of 30.59% is significant considering the limited size of the global population of individuals in developing countries who possess significant knowledge about MCA programming and policy issues.^{xiii}

A substantial proportion of survey recipients not only began the questionnaire, but also completed it, resulting in a survey completion rate of 29.25%, or 612 out of 2,092. Thanks to high question saliency and effective questionnaire layout and design, only 4.38%, or 28, of the 640 survey recipients counted as respondents failed to reach the end of the substantive portion of the online questionnaire.^{xiv}

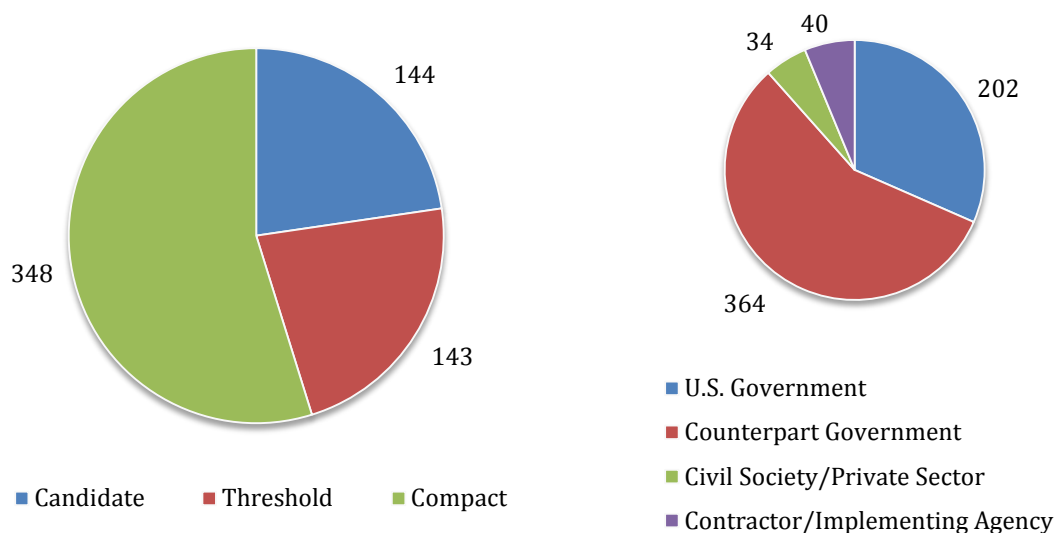
The map below depicts the questionnaire response rate by country. Country-specific response rates varied less between countries than did the number of survey recipients per country.^{xv} This again reflects the success of the tailored contact methods used, especially as concerns the sample countries with the smallest numbers of survey recipients.^{xvi} As such, the results described in this report reflect the experiences of MCA policy and programming experts from as diverse and large a sample of qualified countries as possible, instead of just those from a subset of countries in which the MCC had a larger presence.

The countries with the highest response rates included the Maldives (100%), El Salvador (54%), and Ethiopia (50%). The countries with the highest response rates and at least 15 respondents included El Salvador (54%), Moldova (47%), Ghana (44%), Madagascar (44%), and Philippines (44%). Responses were obtained from 100 low income and lower middle income countries concentrated in the following regions: Central and South America, North and sub-Saharan Africa, Eastern Europe, Central Asia, Southeast Asia, and the Pacific.

Only 17 countries from our sample of 117 low income and lower-middle income countries had no respondents.^{xvii} These countries were mostly from South Asia and the Middle East. They included countries with a small number of survey recipients (Bhutan, India, and Laos), countries that were Candidates for only a few years between 2004 and 2012 (Belarus, Brazil, Equatorial Guinea, Montenegro, and Thailand), countries with communist or closed governance systems (China, Cuba, Iran, Turkmenistan, and Uzbekistan), and countries that have faced significant political instability, transition, or war (Iraq, Syria, Pakistan, and Tunisia).



Distribution of Respondents, by MCA Status Category and Stakeholder Group



Throughout this report, we place respondents into discrete subgroups according to two criteria: an “MCA status” category and a stakeholder group. A respondent’s MCA status indicates whether he or she worked on MCA policy or programming issues in a Candidate, Threshold, or Compact^{xviii} country from 2004 to 2012.^{xix} Stakeholder group indicates whether a respondent worked as a representative of the USG, a development country government (“counterpart government”), civil society or the private sector, or a contractor or implementing agency.

The two pie charts above show the distribution of survey respondents by MCA status category and stakeholder group. Roughly 22% of the 640 survey respondents conducted their MCA-related work in Candidate countries. Another 22% did so in Threshold countries, while the remaining 54% performed their MCA work in Compact countries. As for stakeholder groups, we identified 57% of survey respondents as being representatives of counterpart governments. Just over 200, or 32%, worked for the USG. Only 6.25% of respondents worked as representatives of civil society or the private sector. 5.31% of respondents served as contractors or implementing agency representatives.

As explained in greater detail in Appendix C, we implemented a weighting scheme to match the distribution of respondents from each of the three MCA status categories found within each stakeholder group to that of the overall sample. Additionally, we developed a separate weighting scheme to fit the distribution of stakeholder group respondents found within each MCA status category group to that of the overall sample.^{xx} The use of unweighted data would have yielded biased comparisons of aggregate results between stakeholder and MCA status groups. Without assigning weights, for example, the aggregated data for Threshold country respondents would have reflected the perspectives of USG officials disproportionately more heavily—and the views of counterpart government officials disproportionately less heavily—than the data for Compact country respondents. This would have rendered inaccurate comparative evaluations of aggregated results between Threshold and Compact MCA status categories.

We managed to secure the participation of many senior officials from the USG and developing country governments. As shown in Tables 1 and 2, 77 respondents worked on MCA issues while serving as U.S. Ambassador, Chargé d’Affaires, or Deputy Chief of Mission. 31 respondents were USAID Mission Directors or Deputy Mission Directors. 28 served as MCC Resident Country Directors, Deputy Resident Country Directors, Country Directors, or Associate Country Directors. Another 55 respondents worked in some other country-specific capacity for USAID or MCC. As for counterpart government respondents, we received responses from

Table 1. Position Types of USG Respondents

Position Type	Number of Respondents	% of U.S. Government Respondents	% of Total Respondents
US Ambassador, Chargé d'Affaires, or Deputy Chief of Mission	77	38.1%	12.0%
USAID Mission Director or Deputy Mission Director	31	15.3%	4.8%
MCC Resident Country Director, Deputy Resident Country Director, Country Director, or Associate Country Director	28	13.9%	4.4%
Other U.S. Embassy/State Department Officials	9	4.5%	1.4%
Other USAID Officials	39	19.3%	6.1%
Other MCC Officials	16	7.9%	2.5%
Other U.S. Executive Branch Officials	2	1.0%	0.3%

Table 2. Position Types of Counterpart Government Respondents

Position Type	Number of Respondents	% of Counterpart Government Respondents	% of Total Respondents
Head of State or Government (e.g. President, Prime Minister, King)	5	1.4%	0.8%
Chief of Staff, Adviser, or Assistant to the President or Prime Minister	27	7.4%	4.2%
Head of a Government Agency (e.g. Minister, Secretary, Attorney General)	93	25.5%	14.5%
Vice Minister, Deputy Minister, Assistant Minister, State Minister, Attorney General	11	3.0%	1.7%
Secretary General, Permanent Secretary, or Director General	12	3.3%	1.9%
Chief of Staff, Chief of Cabinet, Advisor/ Assistant to the Minister	12	3.3%	1.9%
Other Executive Branch Officials	41	11.3%	6.4%
MCA Officials	156	42.9%	24.4%
Ambassador, Chargé d'Affaires, or Deputy Chief of Mission in Washington D.C.	5	1.4%	0.8%
Member of Parliament	2	0.5%	0.3%

five heads of state or government, 93 ministers or heads of government agencies, 27 chiefs of staff and advisers to the head of state or government, 156 MCA officials, and 41 other executive branch officials. ^{xxi}

I. The Policy Influence of the MCA Eligibility Criteria

The development policy literature is divided on the issue of whether external reform incentives and pressures are effective. On one hand, many scholars question the wisdom of external actors using conditionality or socialization tools to influence the domestic affairs of sovereign governments (Collier 1997; Collingwood 2003; Svensson 2003; Boughton and Mourmouras 2004; Momani 2005; Kohl and Farthing 2006; Weyland 2006; Zimelis 2011). On the other hand, a "minority tradition" in development economics and political science holds that external actors can make a substantial contribution to global development by creating financial incentives and social pressures for poor countries to establish domestic institutions that do not require continued external support (Grindle and Thomas 1991; Schimmelfennig and Sedelmeier 2004; Kelley 2004a, 2004b; Jacoby 2006; Krasner 2009; Öhler et al. 2012). Thus, while some argue that rich countries and international organizations can influence the policy behavior of developing countries in some sense "for the better", others worry that external tools of policy influence may have far-reaching, unintended consequences and do more harm than good.

The policy debate about the existence and strength of the so-called "MCC Effect" mirrors this larger debate. On one hand, some independent observers believe that tying U.S. assistance to performance on the MCA eligibility indicators has a reform-inducing or -sustaining effect. For example, Jennifer Windsor, the Executive Director of Freedom House, argues that MCC "play[s] an important role in changing the political calculus of those blocking democracy while encouraging democratic activists" and that "[i]n certain cases, it can tip the balance in favor of democracy" (Carnegie Endowment for International Peace 2007). Nathaniel Heller, the Managing Director of Global Integrity, has indicated that "[w]hether people like it or not, countries are, in practice, responding to what has been coined the MCC effect... and they are undertaking reforms, sometimes some of the tough ones" (Keleman 2008). Brett Schaefer and Anthony Kim of the Heritage Foundation report that "the MCC has created a remarkable competition to reform... among countries looking to qualify for grants. It has catalyzed important policy changes in nations like Benin, Madagascar and Lesotho" (Schaefer and Kim 2008). The World Bank's 2007 *Celebrating Reform* report also singles out the MCA eligibility standards as an important catalyst for business climate reform (World Bank 2007).^{xxii}

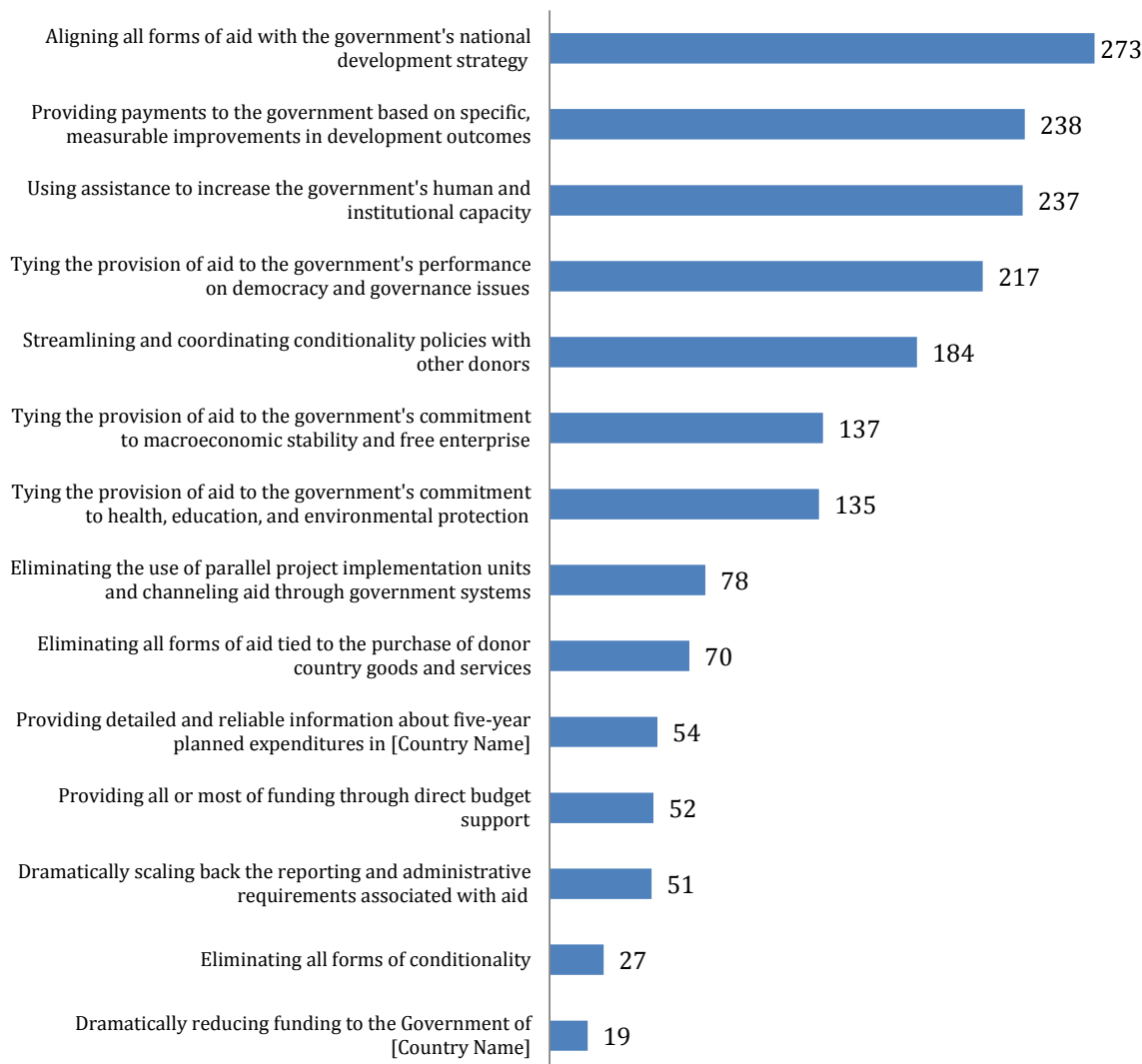
Nevertheless, there are as many "MCC Effect" skeptics as there are cheerleaders. Rieffel and Fox (2008) argue that the MCA eligibility indicators are blunt policy monitoring instruments that, when mechanistically applied, can lead to counterproductive policy and resource allocation decisions and have reform-dampening effects in developing countries. Brown and Tirnauer (2009: 4) point out that "there are some who believe [MCA-inspired] reforms are shallow or transitory and do not reflect fundamental and long-lived change." Main and Johnston (2009), Phillips (2011) and Öhler et al. (2012) contend that the inconsistent application of the MCC's suspension and termination policy undermines the credibility of USG. Still others argue that the MCC's legislative inability to engage in concurrent Compacts with a single country "kills the incentive for good performance by the partner country because it creates doubt about the U.S. commitment to the support the country's long-term development effort" (Rieffel and Fox 2008: 31). A final group of critics argues that, while the MCA eligibility standards may induce domestic reforms, they steer developing countries toward an ill-conceived "one-size-fits-all" model of development (Arruñada 2007; Chhotray and Hume 2009; Goldsmith 2011).

In short, a great deal of ink has been spilled to both defend and challenge the strength and the utility of the "MCC Effect", yet neither policymakers nor scholars have a particularly strong grasp on the level of policy influence exerted by the MCA eligibility criteria. Cherry-picked cases that support the positions of "MCC Effect" apologists and critics may be suitable to op-eds and speeches, but they are not useful for the advancement of social science or the design of evidence-based policy. Therefore, to address this knowledge gap, we first sought information from policymakers and practitioners about whether and to what the extent stakeholders viewed MCC's performance-based aid allocation model as useful and influential.

- Below is a list of possible changes to how donors provide assistance to [Country Name]. Please select the THREE CHANGES you believe would have the most beneficial impact in [Country Name]. (Choose no more than THREE changes.)^{xxiii}

Before introducing any questions about the salience, influence, and effectiveness of the "MCC model," we asked respondents to identify the foreign assistance reforms that they believe would provide the best return on investment. Some of these changes in the way donors could provide assistance to developing countries are closely associated with "the MCC model" (Herrling, Kinder, and Radelet 2009). Others are not. Overall, respondents expressed a clear preference for several changes linked to increases in recipient government capacity and autonomy and the use of performance-based aid modalities. The alignment of development assistance with the government's

national development strategy was ranked as the single most beneficial potential change. 273 individuals—approximately 40% of all respondents—identified the alignment of donor aid with national development policy as a highly desirable policy adjustment. This finding lends support to MCC's strong focus on country ownership (Phillips-Mandaville 2009; Wiebe 2010). Making payment to recipient governments contingent on measurable improvements in development outcomes was the second most frequent response, indicating a desire for a performance-based aid model that more closely resembles the Center for Global Development's



Cash on Delivery Aid proposal (Birdsall and Savedoff 2010) than the MCC model. Another 237 respondents indicated that improving the human and institutional capacity of recipient governments was a priority.

We also asked respondents to consider whether they view the practice of tying the provision of aid to a government's performance on social, economic, environmental and governance issues as a high priority foreign assistance reform. Respondents expressed a significantly stronger preference for tying aid to democracy and governance issues than they did tying aid to economic, social, and environmental issues. Thus, the opinions of the development policymakers and practitioners seem to align closely with the MCC's selectivity model and strong emphasis on

democracy and governance issues.^{xxiv} The dramatic reduction of financial assistance and the elimination of conditionality attracted the fewest votes (19 and 27, respectively). The marked lack of interest in abandoning all forms of conditionality is revealing. While some scholars argue that conditionality simply does not work, this view is apparently not shared by policymakers and practitioners who work on the frontlines in developing countries.

Analysis of the distribution of responses by stakeholder group highlights the sources of the overall findings. First, it seems that the emphasis on aligning aid with the government's national development strategy is predominately found among counterpart government respondents. Over two-thirds of the respondents who identified

Table 3. Distribution of Responses, by Stakeholder Group (n)

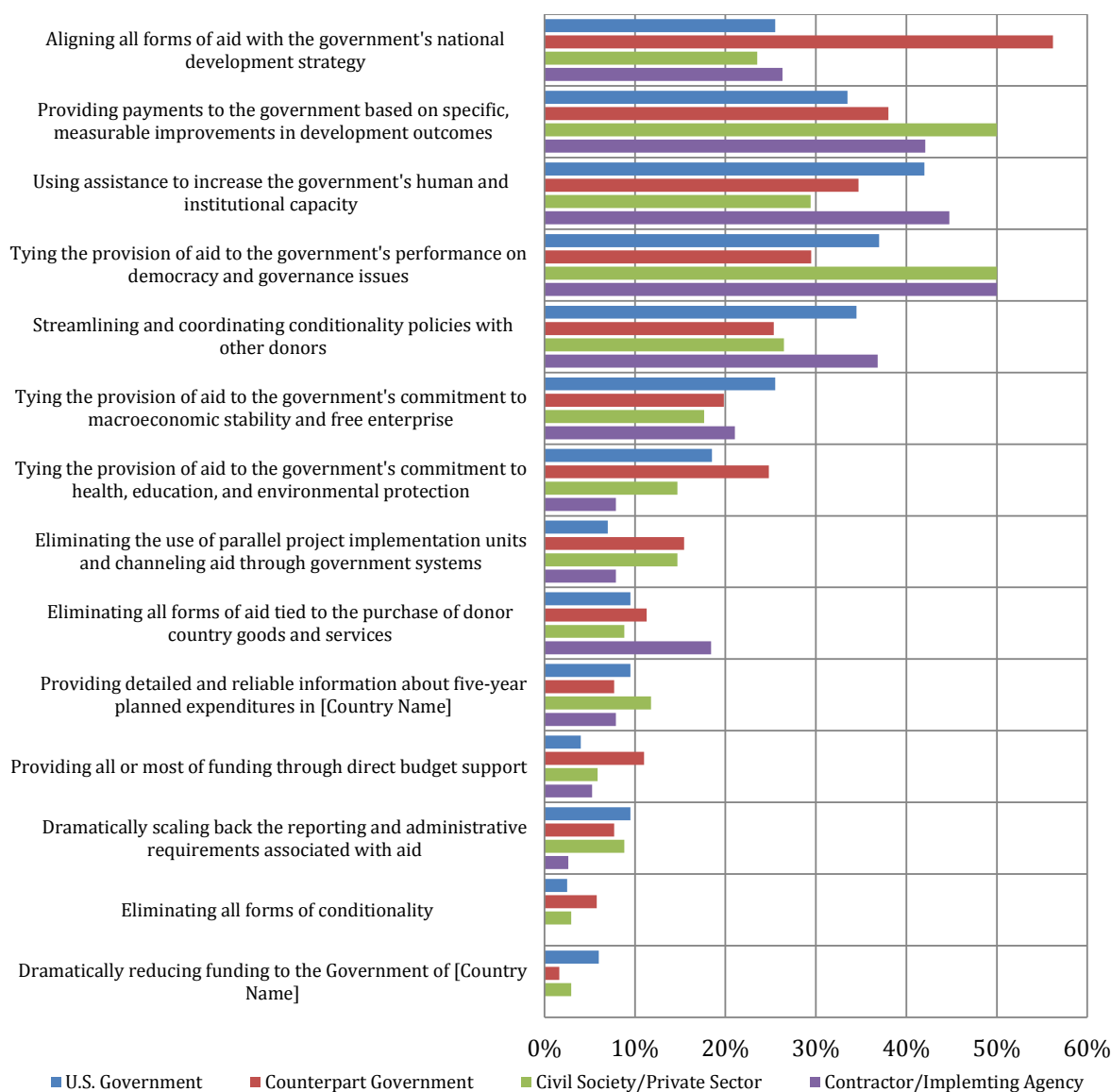
	U.S. Government	Counterpart Government	Civil Society/ Private Sector	Contractor/ Implementing Agency	N
Aligning all forms of aid with the government's national development strategy	51	204	8	10	273
Providing payments to the government based on specific, measurable improvements in development outcomes	67	138	17	16	238
Using assistance to increase the government's human and institutional capacity	84	126	10	17	237
Tying the provision of aid to the government's performance on democracy and governance issues	74	107	17	19	217
Streamlining and coordinating conditionality policies with other donors	69	92	9	14	184
Tying the provision of aid to the government's commitment to macroeconomic stability and free enterprise	51	72	6	8	137
Tying the provision of aid to the government's commitment to health, education, and environmental protection	37	90	5	3	135
Eliminating the use of parallel project implementation units and channeling aid through government systems	14	56	5	3	78
Eliminating all forms of aid tied to the purchase of donor country goods and services	19	41	3	7	70
Providing detailed and reliable information about five-year planned expenditures in [Country Name]	19	28	4	3	54
Providing all or most of funding through direct budget support	8	40	2	2	52
Dramatically scaling back the reporting and administrative requirements associated with aid	19	28	3	1	51
Eliminating all forms of conditionality	5	21	1	0	27
Dramatically reducing funding to the Government of [Country Name]	12	6	1	0	19

alignment with the government's national development strategy as being among the most worthwhile changes to foreign aid policy and practice are from the counterpart government stakeholder group. Additionally, the counterpart government subgroup is the only stakeholder group in which over 30% of respondents identified alignment with the government's national development strategy as a highly beneficial change.

Civil society/private sector respondents are the most ardent advocates for the "Cash on Delivery"

aid modality, though over 30% of respondents from each stakeholder group identified this change as being among the three most valuable policy changes. Less than half of all stakeholder group respondents selected improving institutional capacity, though only the civil society/private sector stakeholder group selected this option less than 30% of the time. Finally, half of both the civil society/private sector and the contractor/implementing agency stakeholder groups identified tying aid to performance on governance issues as a top-three change.

Comparison of Policy Change Preferences (% of Stakeholder Group)



2. In general, during your period(s) of service in [Country Name] between 2004 and 2012, how often would you say the political leadership of [Country Name] followed the advice of donor agency and international organizations in determining the policy direction of the government?

While there was significant variation in response across stakeholder groups, more than 85% of all respondents said that political leadership followed donor advice “sometimes” or “frequently”. Less than 10% of respondents claimed that political leaders followed this advice “never” or “rarely”. Among stakeholder groups, however, USG officials claimed most often that advice was followed only “sometimes” and were the least likely to indicate that advice was

followed “frequently”. Similarly, members of the civil society/private sector stakeholder group were much more likely than the average respondent to suggest that the political leadership “rarely” followed donor agency advice. On the other hand, contractors selected “frequently” 53.4% of that time, though this may be due to their having more exposure to projects already in progress upon their arrival in country than to other projects.

Weighted Distribution of Responses, by Stakeholder Group (%)

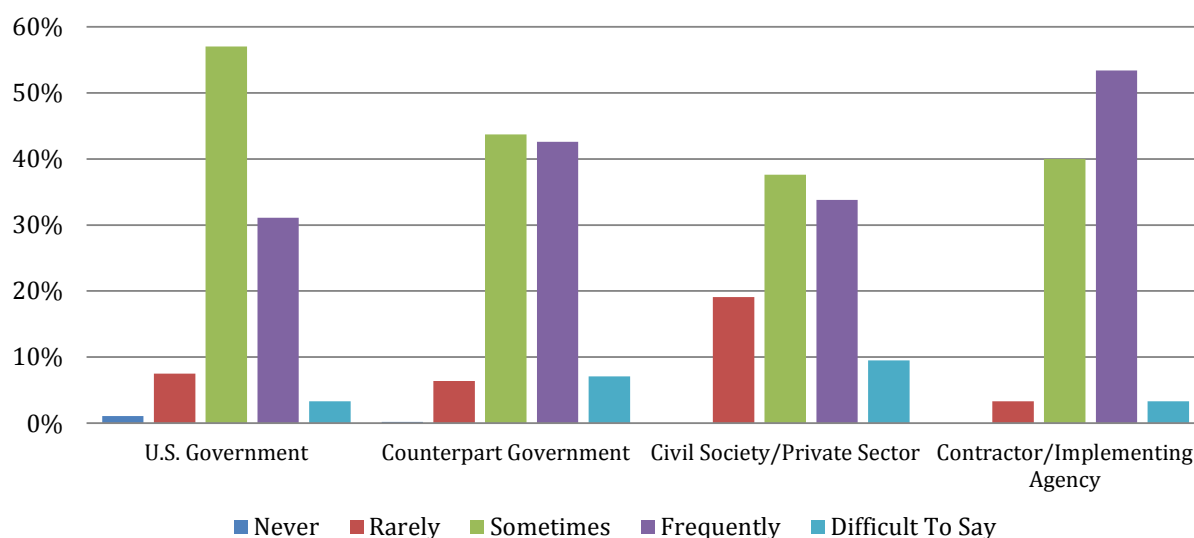


Table 4. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Never	Rarely	Sometimes	Frequently	Difficult To Say	N
All	0.6%	7.9%	47.4%	37.7%	6.3%	631
Candidate	1.5%	7.1%	36.8%	48.2%	6.4%	139
Threshold	0.0%	7.1%	54.9%	32.7%	5.4%	143
Compact	0.2%	7.3%	48.6%	38.2%	5.7%	347
U.S. Government	1.1%	7.5%	57.0%	31.1%	3.3%	201
Counterpart Government	0.2%	6.4%	43.7%	42.6%	7.1%	361
Civil Society/Private Sector	0.0%	19.1%	37.6%	33.8%	9.5%	32
Contractor/Implementing Agency	0.0%	3.3%	40.0%	53.4%	3.3%	38

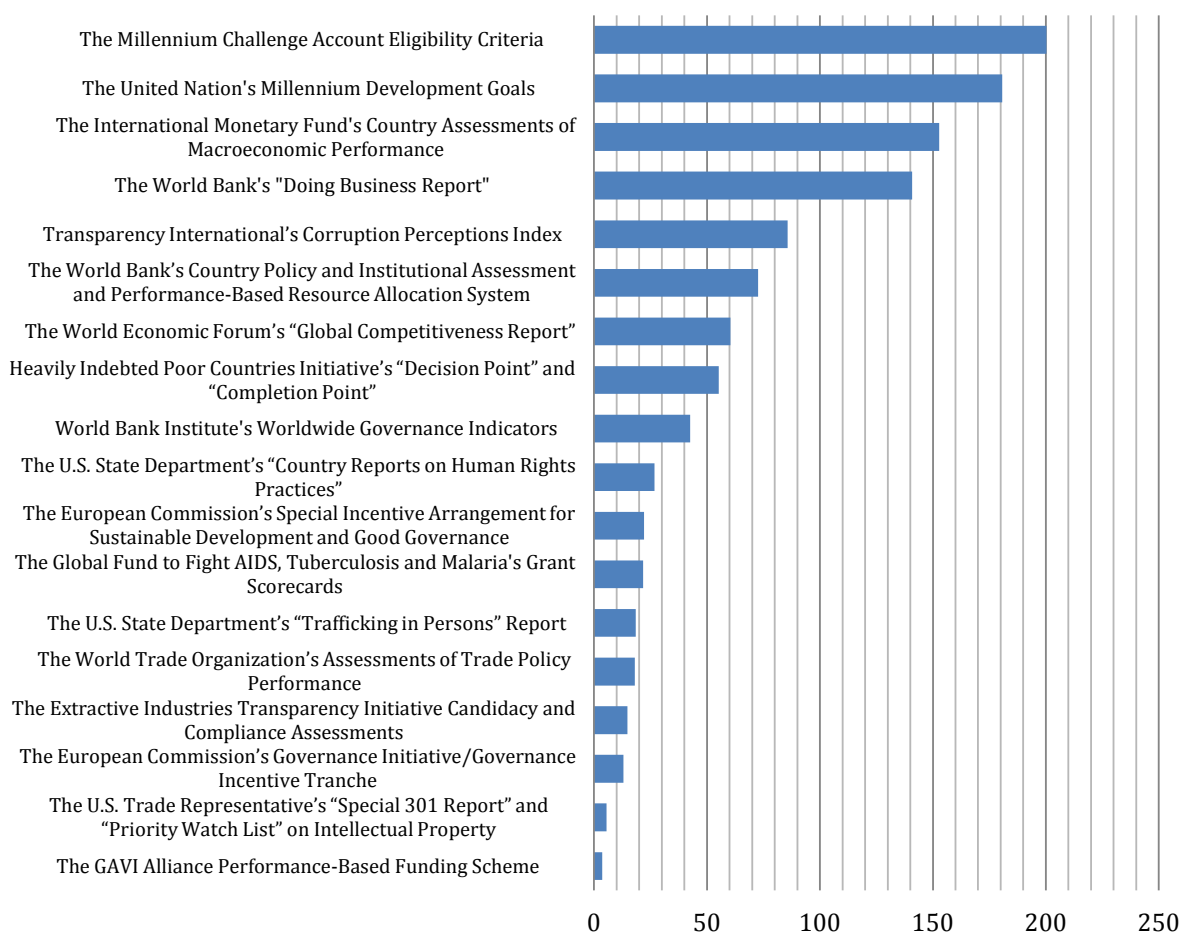
3. From your experience, which THREE external assessments of government performance do you think had the GREATEST INFLUENCE on the policy direction of the Government of [Country Name] during your period(s) of service in [Country Name]?

The external assessment influence scores reported in the chart below are equal to the number of times a specific assessment was selected as among the three most influential assessments, discounted by overall donor policy influence (as reported in question 2) and the assessment influence consistency score (as reported in question 4).^{xxv} Overall, survey respondents ranked the MCA eligibility criteria as the most influential external assessment of government performance. The next three most influential assessments included the United Nations MDGs, the IMF's Country Assessments of Macroeconomic Performance, and the World Bank's *Doing Business* Report. On the other hand, the GAVI Alliance Performance-Based Funding Scheme was rated as the least influential assessment.^{xxvi}

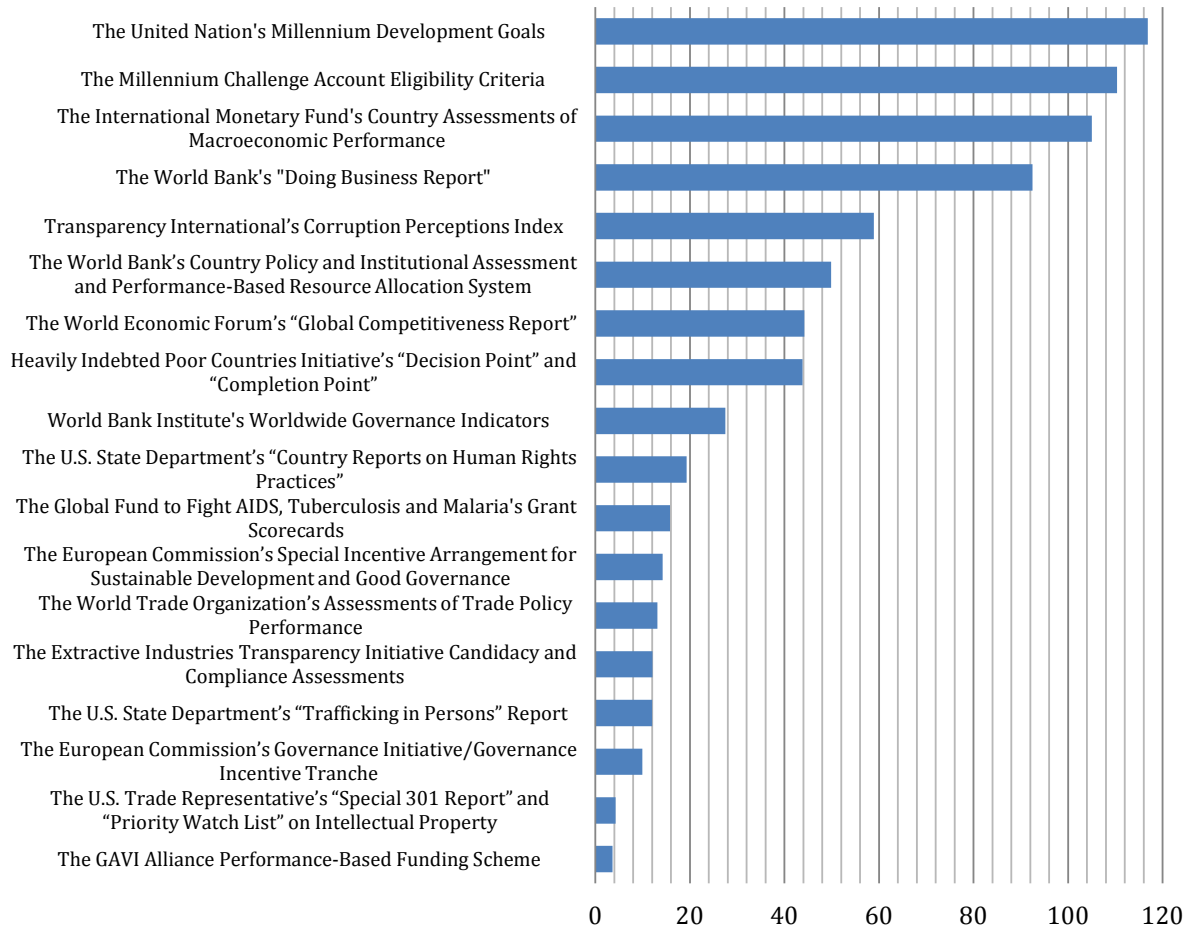
One particularly interesting pattern in the data is that external assessments tied to possible financial rewards (e.g. the MCA eligibility criteria, HIPC Decision Points and Completion Points, the Global Fund's Grant Scorecards) do not appear to exert substantially more policy influence than moral suasion tools, such as the World Bank's *Doing Business* Report, the Millennium Development Goals, and Transparency International's *Corruption Perceptions Index*.

Some of the most influential external assessments have no direct effect on the aid allocation decisions of donor agencies. For example, of the World Bank's CPIA has a far greater impact on official development assistance than the *Doing Business* Report. Yet our survey findings suggest that the *Doing Business* Report exerts significantly more policy influence. This

The Influence of External Assessments of Government Performance



The Influence of External Assessments of Government Performance, Excluding MCC/MCA Staff Responses



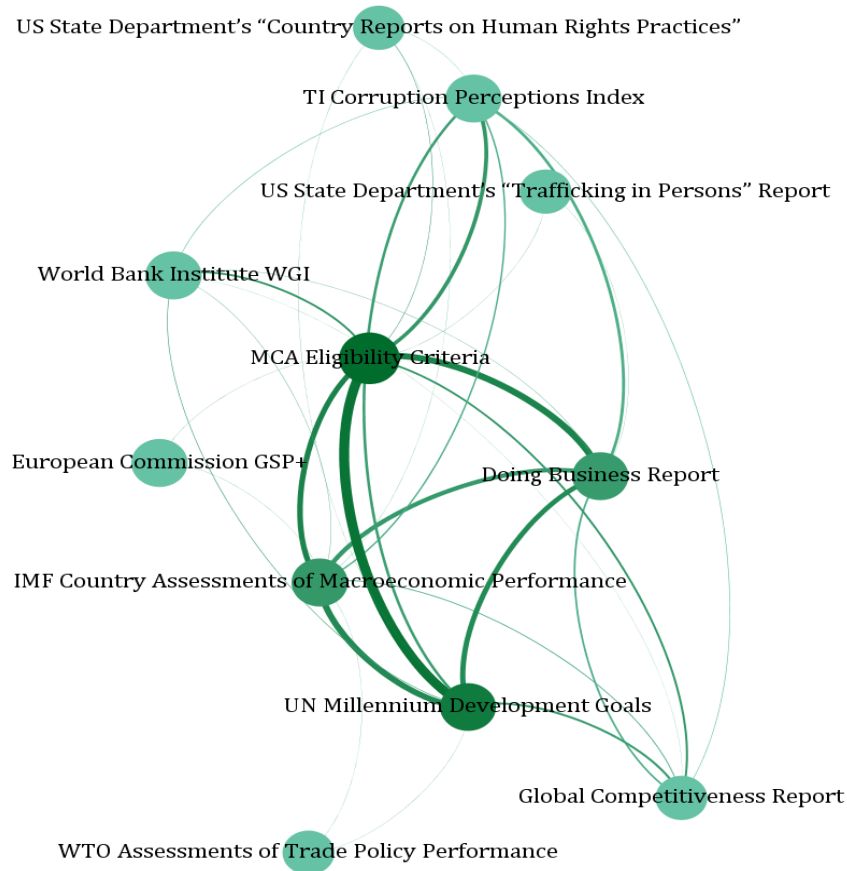
pattern suggests that the policy influence of external assessments may have more to do with signaling credibility to investors, creditors, and/or donor agencies than directly influencing specific aid allocation decisions.

Another striking comparison is the difference in the level of influence exerted by the MCA eligibility criteria and the World Bank's Country Policy and Institutional Assessment and Performance-Based Resource Allocation System. The MCC's system and the World Bank's model for allocating resources to developing countries are remarkably similar in several respects. The MCC uses 17 policy indicators to measure a country's performance; the World Bank uses 16 indicators. The MCC organizes these indicators into 3 categories: governance, economic policy, and social and environmental policy. The World Bank does the same. Both institutions update their indicators annually and tie the provision of financial resources to a country's performance on

these indicators, yet the MCA eligibility indicators appear to have substantially more policy influence than the indicators used by the World Bank. One can only speculate why this difference is observed. The visibility and "high stakes" nature of the MCA competition are two possible explanations, but this finding requires further analysis.

To check for potential bias in our sample, we repeated the above analysis, but excluded the responses of any representative of an MCC or MCA agency. We did this to ensure that our finding of outsized influence was not determined primarily by individuals who work for the MCC or the various MCAs in developing countries. As shown in the chart above, omission of MCC and MCA responses provides further evidence of the high level of policy influence exerted by the MCA eligibility criteria. While the top ranking falls to the United Nation's Millennium Development Goals (MDGs), the MCA eligibility assessment still occupies a position as the second most influential

The Network of External Assessment Influence, Overall Sample



external assessment of government performance.

In comparison to the overall sample, there are only a couple of other differences. The European Commission's Special Incentive Arrangement for Sustainable Development for Good Governance fell from eleventh to twelfth place and the U.S. State Department's "Trafficking in Persons" Report fell two slots to fifteenth place. The GAVI Alliance's Performance-Based Funding Scheme continued to be identified as the least influential external assessment of government performance.

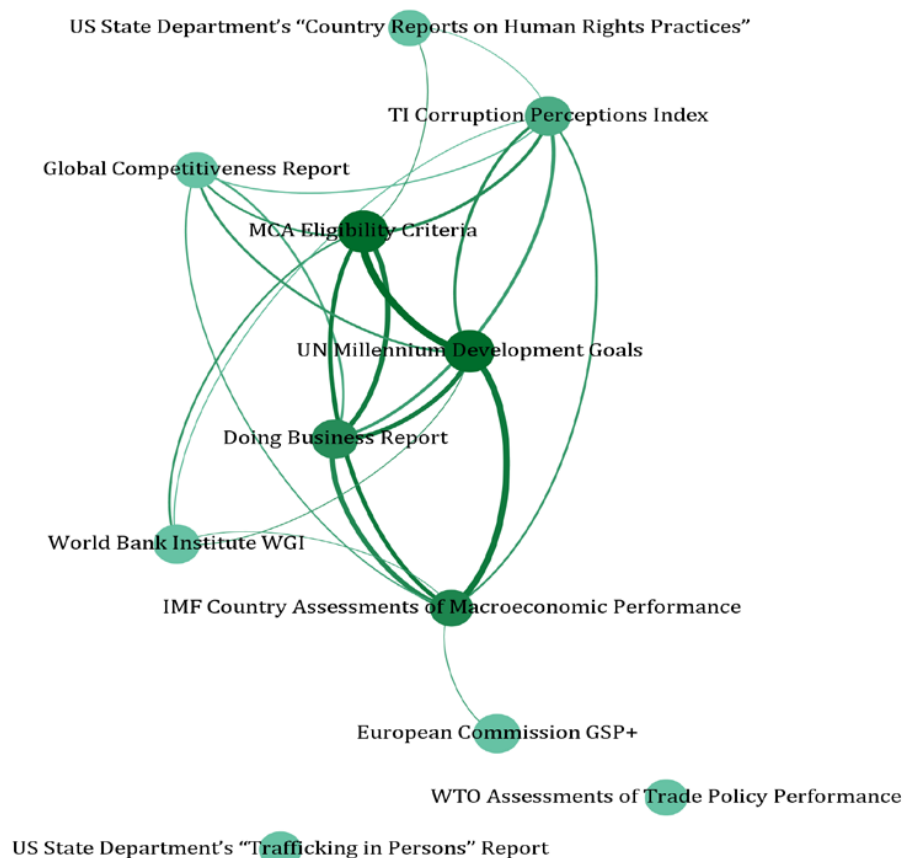
The network graph above provides a visual representation of the network of external assessment influence, as reported by our survey respondents. The darkness of each external assessment "node" corresponds to the number of other assessments with which each assessment shares a "tie", represented here as a curved line. Two assessments are counted as sharing a tie if they were both identified as being among the three most influential external assessments of government performance *at least once*. The darkness and thickness of a line indicates the

number of times that a tie between two external assessments was so identified. The network graph depicts the 11 most broadly influential external assessments of government performance, of which the MCA eligibility assessment is the most prominent.^{xxvii}

The MCA eligibility assessment has the highest degree centrality (17) and eigenvector centrality of any external assessment in the entire network. Degree centrality, in this context, is reflected by the darkness of each node, and equals the number of other assessments to which a given assessment is connected. Eigenvector centrality captures (a) degree centrality of a given assessment and (b) the degree centrality of its connections.

Furthermore, not only does the MCA eligibility assessment share strong ties with the other three most influential assessments (the United Nations MDGs, IMF Country Assessments of Macroeconomic Performance, and the World Bank's *Doing Business* Report), but it also has the highest betweenness centrality of any assessment (5.02). Thus, the MCA eligibility criteria is

The Network of External Assessment Influence, Excluding MCC/MCA Staff Responses



effectively a connector, lying in the middle of otherwise dissimilar—and largely disconnected—groups of external assessments of government performance.^{xxviii}

The high betweenness centrality and network proximity of the MCA eligibility assessment suggest two tentative findings.^{xxix} First, compared to other external assessments of government performance, the MCA eligibility assessment is an instrument of significant policy influence. Second, the MCA eligibility assessment provides a bridge between—and complement to—many other U.S. and multilateral reform promotion tools.

In order to probe for bias in our sample, we generated a second network graph that provides a visual representation of the network of external assessment influence without including any responses from representatives of the MCC or MCA agencies. As in the previous analysis, the MCA eligibility assessment has the highest degree centrality (16) of any external assessment, though

it now shares this distinction with the MDGs, the IMF's Country Assessments of Macroeconomic Performance, the World Bank's *Doing Business* Report, and Transparency International's *Corruption Perceptions Index*. After excluding MCC and MCA staff responses, the MCA eligibility criteria loses only one assessment tie—to the European Commission's Governance Initiative and Governance Incentive Tranche.

In comparison to the network graph based on the full sample, the MCA eligibility criteria has a slightly lower, yet still very high, eigenvector centrality (0.978) that is only below the eigenvector centralities of the IMF's Country Assessments of Macroeconomic Performance, the *Doing Business* Report, and the MDGs. Similarly, the betweenness centrality score of the MCA eligibility criteria falls only marginally from 5.02 to 4.51. Thus, it seems that among a wide range of stakeholders the MCA eligibility assessment is perceived to be an influential reform instrument.

4. Over the course of your period(s) of service in [Country Name] between 2004 and 2012, how CONSISTENT was the influence of these three most influential external assessments in [Country Name]?

Given that the comparative, individual-reported influence of any external assessment might be transitory and thus not a particularly reliable tool for measuring aggregate policy influence, we asked our respondents to consider whether the three assessments they identified as most influential exerted their influence *consistently* over time. A majority of respondents across all stakeholder groups and MCA status categories reported that the influence of these assessments was at least "somewhat consistent." This suggests a basic measure of reliability. Moreover, counterpart government respondents (who are, in effect, the "targets" of external instruments of policy influence), expressed the strongest views of consistency in influence. 87% of the counterpart government group reported that the influence of

the three most influential external assessments was "somewhat consistent" or "very consistent". This finding is particularly significant in light of the fact that counterpart government respondents, as a group, have substantially more in-country experience than any other respondent group (see question 23). Thus, they are arguably in a better position to judge the consistency of influence than any other stakeholder group.

A marginally stronger perception of inconsistency was observed among the other stakeholder groups. However, only 22.4% of civil society/private sector respondents—and around 21.5% of USG and implementing agency respondents—provided answers of "not at all consistent" or "not very consistent".

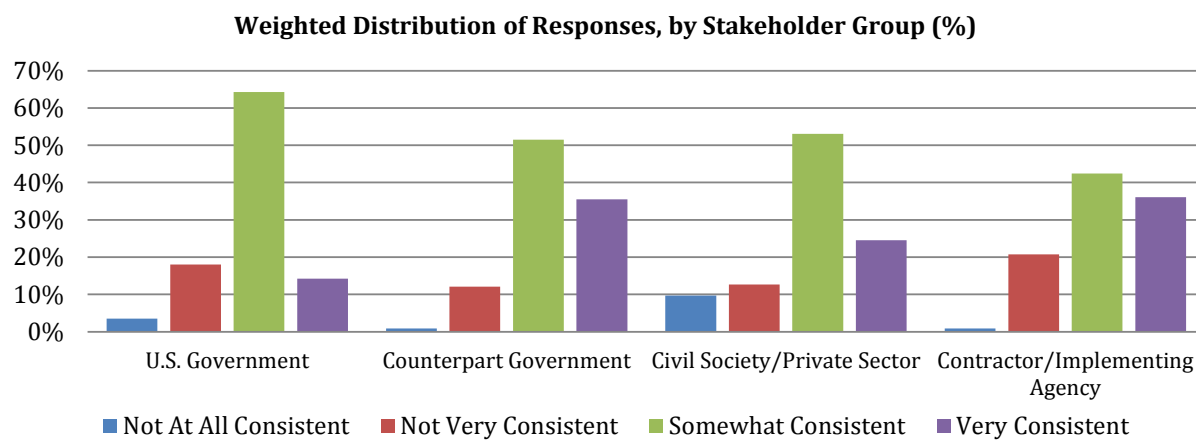


Table 5. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Not At All Consistent	Not Very Consistent	Somewhat Consistent	Very Consistent	N
All	2.7%	15.3%	55.0%	26.9%	587
Candidate	4.1%	15.8%	46.7%	33.4%	131
Threshold	0.9%	17.5%	57.6%	24.0%	134
Compact	1.9%	12.8%	57.5%	27.8%	320
U.S. Government	3.5%	18.0%	64.3%	14.2%	186
Counterpart Government	0.9%	12.1%	51.5%	35.5%	335
Civil Society/Private Sector	9.7%	12.7%	53.1%	24.5%	32
Contractor/Implementing Agency	0.9%	20.7%	42.4%	36.1%	35

5. Some donor agencies and international organizations make their financial assistance conditional upon a recipient country's policy performance. Thinking of your period(s) of service in [Country Name] since 2004, please select the statement that BEST characterizes your opinion.

"Performance-based financial incentives..."

- a) ...had little or no influence over the government's reform efforts."
- b) ...played a role in encouraging the government to pursue reform efforts, but only at the margin."
- c) ...played a central role in motivating the government's reform efforts."

More than 90% of respondents indicated that performance-based financial incentives played at least a marginal role in domestic reform efforts. At 19.5%, civil society/private sector respondents were significantly more likely than other respondents to answer that financial incentives had little or no influence on the government's reform efforts. On the other hand, contractor/implementing agency respondents were much less likely to suggest that these incentives had no influence. At 1.6% the proportion of contractor respondents

selecting this answer fell significantly below that of the overall sample (9.5%).

Interestingly, counterpart government respondents indicated that these incentives influenced reform more frequently than did respondents from the USG stakeholder group. Although USG respondents reported that performance-based financial incentives played some role in motivating reform efforts, they were less likely than other respondents to report that they played a central role.

Table 6. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

"Performance-based financial incentives..."

	All	Candidate	Threshold	Compact	U.S. Government	Counterpart Government	Civil Society/Private Sector	Contractor/Implementing Agency
...had little or no influence over the government's reform efforts.	9.5%	11.2%	7.5%	7.6%	9.5%	7.5%	19.5%	1.6%
...played a role in encouraging the government to pursue reform efforts, but only at the margin.	53.1%	52.0%	60.4%	49.3%	60.4%	49.2%	45.5%	47.9%
...played a central role in motivating the government's reform efforts.	37.3%	36.8%	32.0%	43.1%	30.1%	43.3%	35.0%	50.5%
N	619	136	142	339	193	357	31	39

II. The Determinants of MCC's Programmatic Influence and Impact

The MCC's policy impact does not consist only of the degree to which the MCA eligibility criteria directly catalyze or sustain reform efforts in developing countries. While donors and international organization can exert influence through a variety of carrots, sticks, and social pressures, the provision of financial resources and technical expertise can also influence reform design and implementation patterns in developing countries (IEG 2008; Bunse and Fritz. 2012). Indeed, a small but growing body of evidence suggests that MCC Compact and Threshold programming has had a positive effect on reform efforts and outcomes in developing countries (Crone 2008; Geertson 2010; Weiser and Balasundaram 2011; Hollyer and Wantchekon 2011; Elbow et al. 2012). Therefore, we asked respondents a battery of questions about the influence and impact of Threshold and Compact Programs. Those individuals with experience negotiating, designing, executing, or evaluating Threshold Programs were asked a series of questions about Threshold Program influence and impact and the reasons for its (non)success. Those individuals with experience negotiating, designing, executing, or evaluating Compact Programs were asked a series of questions about the Compact Program influence and impact and the reasons for its (non)success. Finally, respondents with experience interacting with the USG on MCA eligibility issues, analyzing a country's performance vis-à-vis the MCA eligibility criteria, or overseeing efforts to improve a country's performance on the MCA eligibility indicators were asked a series of questions about the policy influence and impact of the MCA eligibility standards.

6. During your period(s) of service in [Country Name] between 2004 and 2012, how familiar were you with [Country Name]'s performance on the MCA eligibility indicators?

Responses to question 6 indicate that the research team responsible for survey design and implementation was successful at correctly identifying and surveying policy elites familiar with MCA eligibility issues, even in Candidate countries. At least 70% of respondents claimed to be either “somewhat familiar” or “very familiar” with their country’s performance on the MCA eligibility indicators. There was a strong similarity in the distribution of answers between respondents from Threshold and Compact countries, with 91% of each claiming to be at least somewhat familiar with their country’s performance on the MCA eligibility indicators. Respondents from Candidate countries were the

least familiar with MCA indicator performance. Nevertheless, the proportion of Candidate country respondents being at least somewhat familiar still remained high—at 71%.

Interestingly, there was a gap between the reported familiarity of counterpart government and USG respondents. Despite the positive sample correlation between counterpart government and Compact country status, ^{xxx} only half of counterpart government respondents indicated being “very familiar” with their country’s performance on the MCA indicators. On average, USG respondents claimed to be significantly more knowledgeable, with nearly 70% selecting “very familiar.”

Distribution of Respondent Familiarity with Performance on MCA Indicators, by MCA Status Category (%)

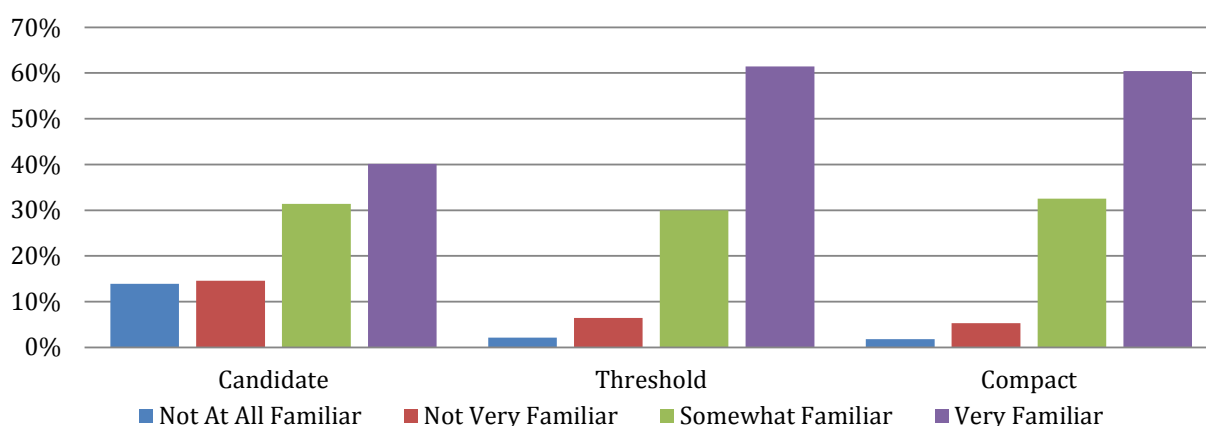


Table 7. Number of Responses, by MCA Status Category and Stakeholder Group

	Not At All Familiar	Not Very Familiar	Somewhat Familiar	Very Familiar	N
All	28	47	196	347	618
Candidate	19	20	43	55	137
Threshold	3	9	42	86	140
Compact	6	18	111	206	341
U.S. Government	10	8	41	131	190
Counterpart Government	13	33	126	184	356
Civil Society/Private Sector	4	5	13	10	32
Contractor/Implementing Agency	1	1	16	22	40

7. At any point between 2004 and 2012, were you formally or informally involved in each of the following activities?^{xxxi}

Across all stakeholder groups, a majority of respondents reported having liaised with USG officials on issues related to their country's performance on the MCA eligibility indicators. A majority of respondents from all four stakeholders groups also answered that they were involved in analyzing or overseeing efforts to improve their country's performance on the MCA eligibility indicators.

Whereas 221 respondents reported playing a role in negotiating, designing, implementing, or monitoring an MCA Threshold Program, 273 respondents reported having no involvement in an MCA Threshold Program. Within the cohort of respondents with Threshold Program

experience, there are a substantial number of USG (67) and counterpart government (116) officials. There were significantly fewer respondents from the contractor/implementing agency and civil society/private sector stakeholder groups.

Finally, the counterpart government stakeholder group had the highest share of respondents reporting involvement in the negotiation, design, implementation, or monitoring of an MCA Compact, with 190 answering "yes" and 101 responding "no". A majority of no other stakeholder group indicated involvement in Compact Programs.

Table 8. Number of Responses, by Activity and Stakeholder Group

	Liaising with U.S. Government officials about issues related to [Country Name]'s performance on the MCA eligibility indicators		Analyzing or overseeing efforts to improve [Country Name]'s performance on the MCA eligibility indicators		Negotiating, designing, or implementing, or monitoring an MCA Threshold Program		Negotiating, designing, or implementing, or monitoring an MCA Compact	
	Yes	No	Yes	No	Yes	No	Yes	No
All	351	159	369	149	221	273	271	233
U.S. Government	148	19	136	30	67	95	66	92
Counterpart Government	171	115	189	104	116	159	190	101
Civil Society/Private Sector	11	10	16	6	9	13	7	13
Contractor/Implementing Agency	21	15	28	9	29	6	7	28

8. To the best of your knowledge, in comparison to the other reform programs funded by donor agencies and international organizations in [Country Name] since 2004, how successful was [Country Name]'s MCA Threshold Program?^{xxxii}

When asked to compare the success of MCA Threshold Programs to other externally-funded reform programs, respondents expressed generally positive views about the impact of Threshold Programs. The results reported in Table 9 indicate that 35% of respondents thought Threshold Programs were “more successful” than other programs, while another 33% thought they were “equally successful”. 38% of contractor and implementing agency respondents and 35% of counterpart government respondents indicated that they thought the Threshold Program was more successful than other reform programs. A

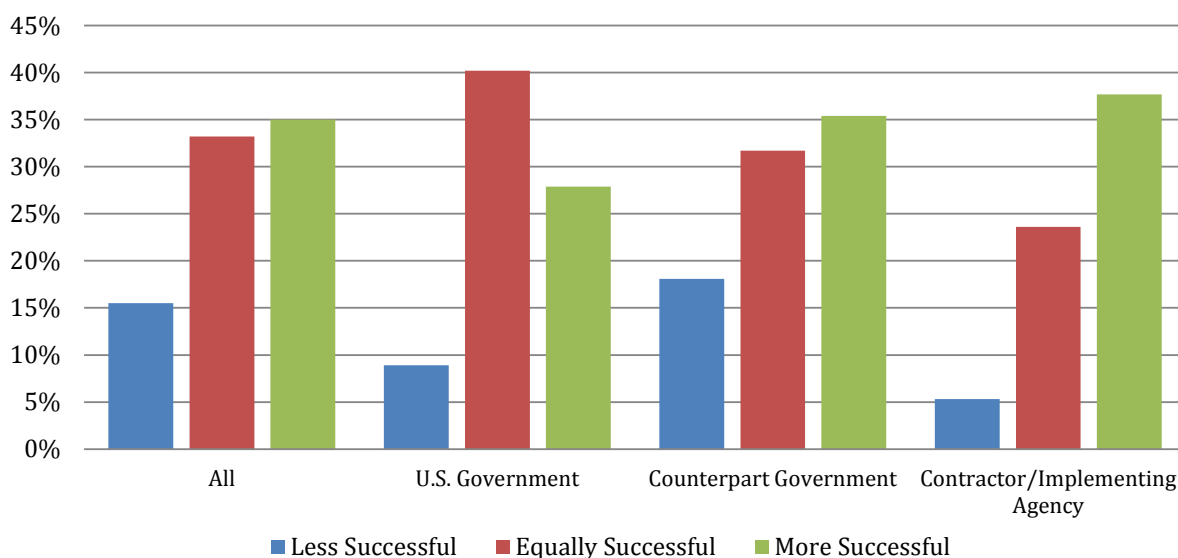
plurality of USG respondents identified the Threshold Program as being “equally successful” to other programs.

Civil society respondents had a significantly less sanguine view. As a group, they indicated that the MCA Threshold Program was less successful than others, though it is best to interpret this finding with caution given the small sample size. Only nine civil society representatives responded to this question: four responded negatively, while two responded that the question was not applicable to their position.^{xxxiii}

Table 9. Weighted Distribution of Responses, by Stakeholder Group (%)

	Less Successful	Equally Successful	More Successful	Don't Know/ Not Applicable	N
All	15.5%	33.2%	35.0%	16.4%	220
U.S. Government	8.9%	40.2%	27.9%	23.0%	66
Counterpart Government	18.1%	31.7%	35.4%	14.9%	116
Civil Society/Private Sector	45.5%	0.0%	33.0%	21.6%	9
Contractor/Implementing Agency	5.3%	23.6%	37.7%	33.4%	29

Weighted Distribution of Responses, by Stakeholder Group (%)



9. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:

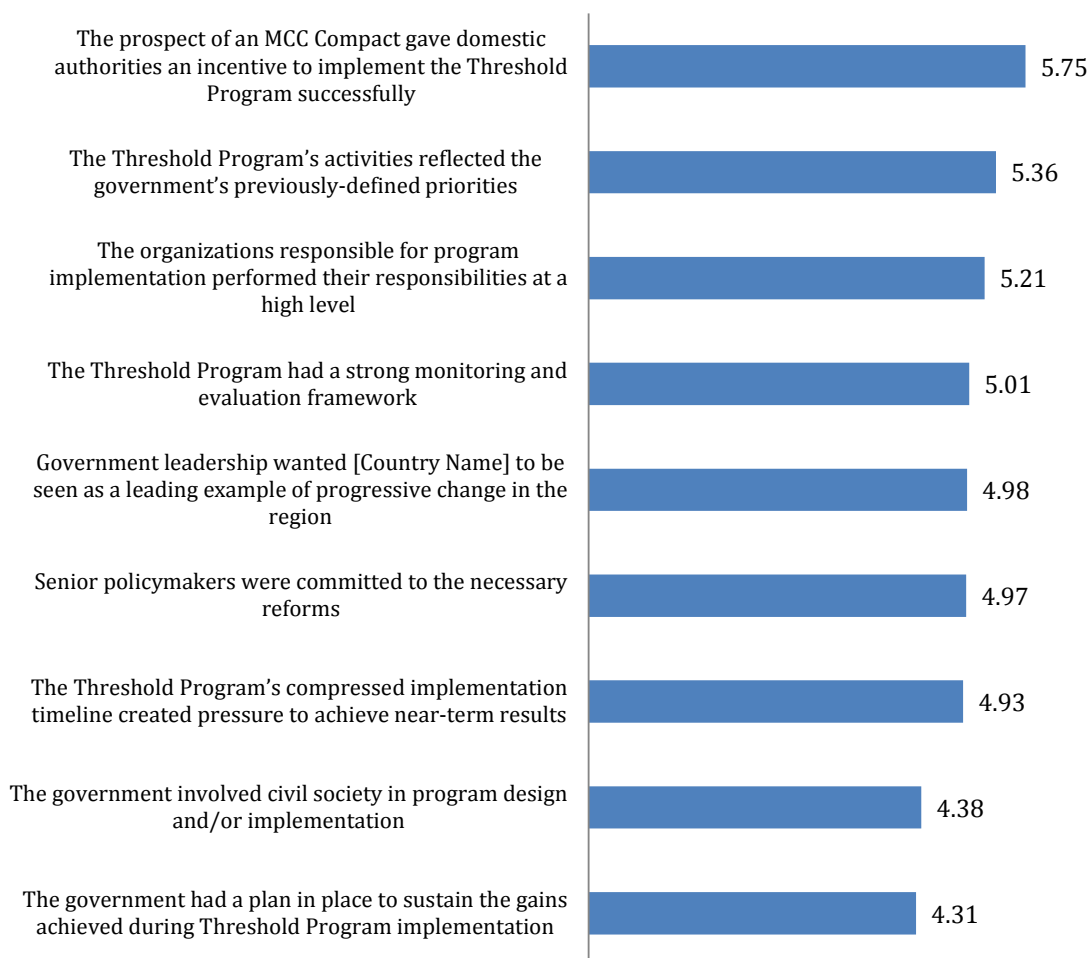
Respondents who identified the Threshold Program (in question 8) as more successful than or equally successful to other externally-funded reform programs were then invited to explain *why* the program succeeded. We provided respondents with nine potential determinants of MCA Threshold Program outcomes and asked them to evaluate the extent to which each factor contributed to program success. Respondents acknowledged that "the prospect of an MCC Compact gave domestic authorities an incentive to implement the Threshold Program successfully" was the primary reason for Threshold Program success. On our seven point scale, the lure of an MCC Compact received a score of 5.75. This finding supports the MCC's claims of recent

reform efforts being "a testament to the 'MCC Effect'" (MCC 2012a).^{xxxiv} The second most popular explanation for Threshold Program success was that MCC-funded activities "reflected the government's previously-defined priorities."

Overall, each of the nine factors was viewed as contributing significantly to MCA Threshold Program success. The lowest-scoring success factors were that "the government had a plan in place to sustain the gains achieved during Threshold Program implementation" and that "the government involved civil society in program design and/or implementation"; however, they too scored above the median value of four.

A consistently positive evaluation, however, was not found across all response options and

Mean Scores, Overall Sample



stakeholder groups. USG respondents gave “the government involved civil society in program design and/or implementation” factor a low score of 3.70 out of seven. This suggests that USG respondents either (1) felt that civil society did not play enough of a role in Threshold Program design and implementation, or that (2) civil society involvement is not important to Threshold Program success. Additionally, USG respondents and contracting/implementing agency

staff downplayed the importance of the counterpart government having a plan in place to sustain the gains achieved during Threshold Program implementation. Finally, contracting/implementing agency staff responses did not identify the desire for regional leadership/prestige as a particularly strong program success factor, while counterpart government responses generally mirrored overall trends.

Table 10. Weighted Mean Scores and Standard Deviations, by Stakeholder Group

	All		U.S. Government		Counterpart Government		Contractor/Implementing Agency		N
	Mean Score	SD	Mean Score	SD	Mean Score	SD	Mean Score	SD	
The prospect of an MCC Compact gave domestic authorities an incentive to implement the Threshold Program successfully	5.75	1.39	5.64	1.45	5.88	1.35	6.31	1.21	141
The Threshold Program's activities effected he overnment's previously defined priorities	5.36	1.38	4.62	1.56	5.76	1.18	6.00	1.29	134
The organizations responsible for program implementation performed their responsibilities at a high level	5.21	1.51	4.71	1.19	5.44	1.55	5.95	1.22	136
The Threshold Program had a strong monitoring and evaluation framework	5.01	1.64	4.35	1.43	5.52	1.49	5.11	1.54	138
Government leadership wanted [Country Name] to be seen as a leading example of progressive change in the region	4.98	1.60	4.60	1.55	5.42	1.60	4.36	1.44	132
Senior policymakers were committed to the necessary reforms	4.97	1.56	4.36	1.47	5.25	1.55	5.57	1.33	140
The Threshold Program's ompressed mplementation imeline created pressure to achieve near term results	4.93	1.61	4.43	1.75	5.23	1.50	4.48	1.60	137
The government involved civil society in program design and/or implementation	4.38	1.73	3.70	1.40	4.65	1.77	5.02	1.73	125
The government had a plan in place to sustain the gains achieved during Threshold Program implementation	4.31	1.73	3.42	1.64	4.90	1.71	3.76	1.20	124

- 9a. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:

The prospect of an MCC Compact gave domestic authorities an incentive to implement the Threshold Program successfully

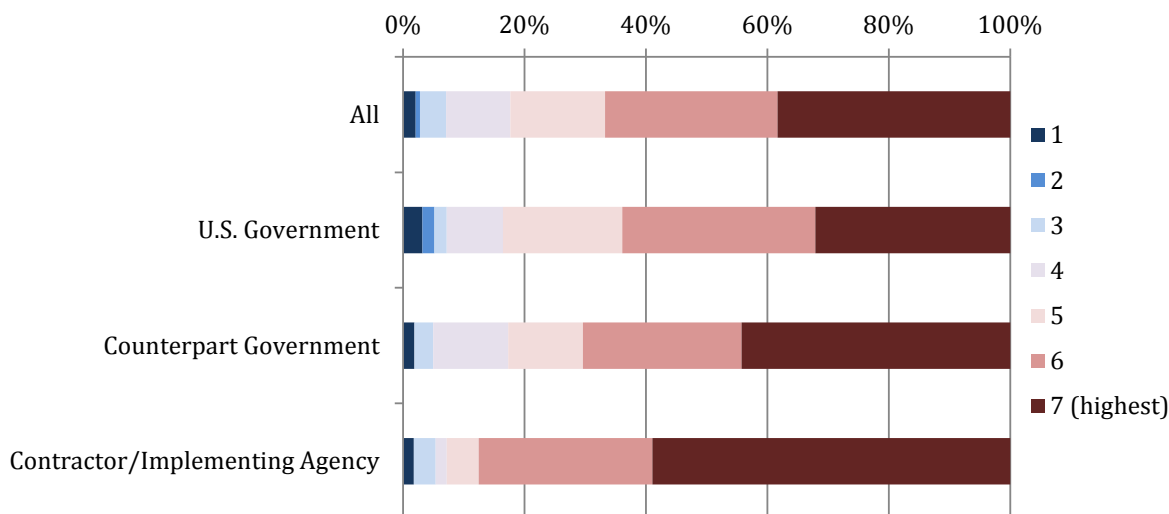


Table 11. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	2.1%	0.7%	4.3%	10.6%	15.6%	28.4%	38.3%	5.75	1.39	141
U.S. Government	3.2%	2.0%	2.0%	9.3%	19.6%	31.8%	32.1%	5.64	1.45	42
Counterpart Government	1.9%	0.0%	3.1%	12.3%	12.3%	26.1%	44.2%	5.88	1.35	77
Civil Society/Private Sector	0.0%	0.0%	0.0%	0.0%	52.0%	48.0%	0.0%	5.48	0.71	2
Contractor/Implementing Agency	1.8%	0.0%	3.6%	1.8%	5.3%	28.6%	59.0%	6.31	1.21	20

Overall, respondents agreed that the prospect of an MCC Compact was a very important reason for the success of Threshold Programs. The mean score was 5.75, the highest mean score given in response to any response category in question 9. Approximately two-thirds of all respondents (66.7%) provided a score of six or seven. Additionally, a plurality of respondents from each stakeholder group gave a response of seven. 32.1% of USG respondents, 44.2% of counterpart government respondents, and 59.0% of

contractor/implementing agency respondents gave a rating of seven. Scores were similarly distributed across each stakeholder group, with the majority of all scores falling between six and seven and very few respondents providing answers of three or less (7.1% of overall respondents). Results from the contractor/implementing agency stakeholder group should, however, be interpreted with some caution, due to the low number of respondents (20) from this group.

- 9b. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:

The Threshold Program's activities reflected the government's previously-defined priorities

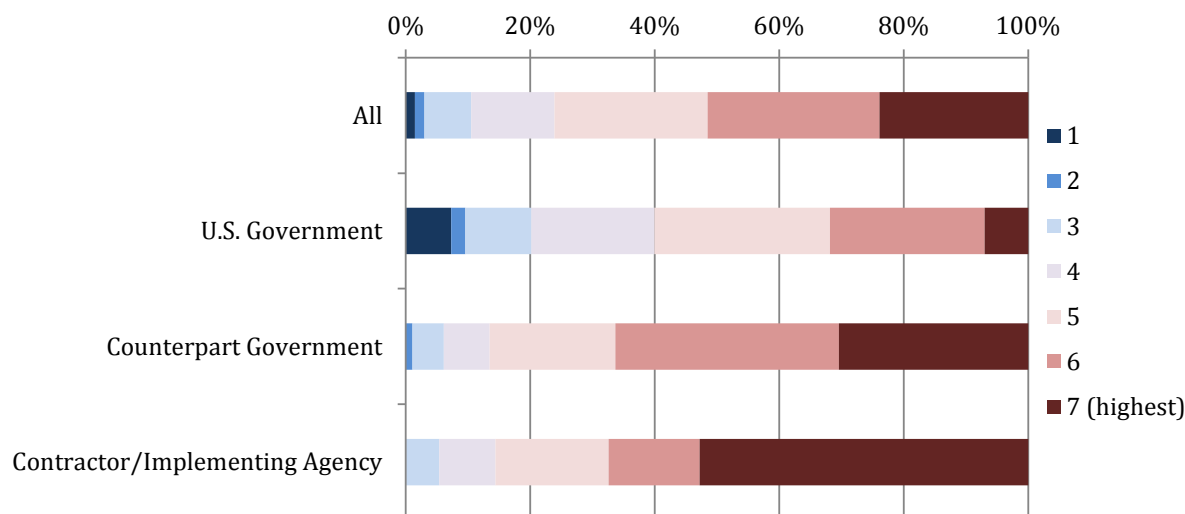


Table 12. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	1.5%	1.5%	7.5%	13.4%	24.6%	27.6%	23.9%	5.37	1.38	134
U.S. Government	7.3%	2.3%	10.6%	19.8%	28.2%	24.9%	7.0%	4.62	1.56	37
Counterpart Government	0.0%	1.1%	5.0%	7.4%	20.2%	35.9%	30.4%	5.76	1.18	76
Civil Society/Private Sector	0.0%	0.0%	0.0%	0.0%	52.0%	48.0%	0.0%	5.48	0.71	2
Contractor/Implementing Agency	0.0%	0.0%	5.4%	9.0%	18.2%	14.6%	52.8%	6.00	1.29	19

When compared across stakeholder groups, respondents had varying opinions about the importance as a success factor of aligning Threshold Program activities with the recipient government's previously-defined priorities. While the overall mean score was high, at 5.37, responses from USG officials yielded a lower mean score of 4.62, and responses from counterpart government officials resulted in a higher mean score of 5.76. Responses from the contractor/implementing agency stakeholder group yielded the highest mean score of 6.00, though this finding should be interpreted with some degree of caution

given the small sample size. The fact that nearly one full point separates the mean scores of USG respondents and counterpart government respondents is particularly interesting. Whereas most answers provided by USG respondents fell between four and six, most answers provided by counterpart government respondents fell between five and seven. This result suggests that, while USG officials rhetorically embrace the importance of country ownership in MCC programs, they consider it a less important determinant of program success than their developing country counterparts.

- 9c. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:

The organizations responsible for program implementation performed their responsibilities at a high level

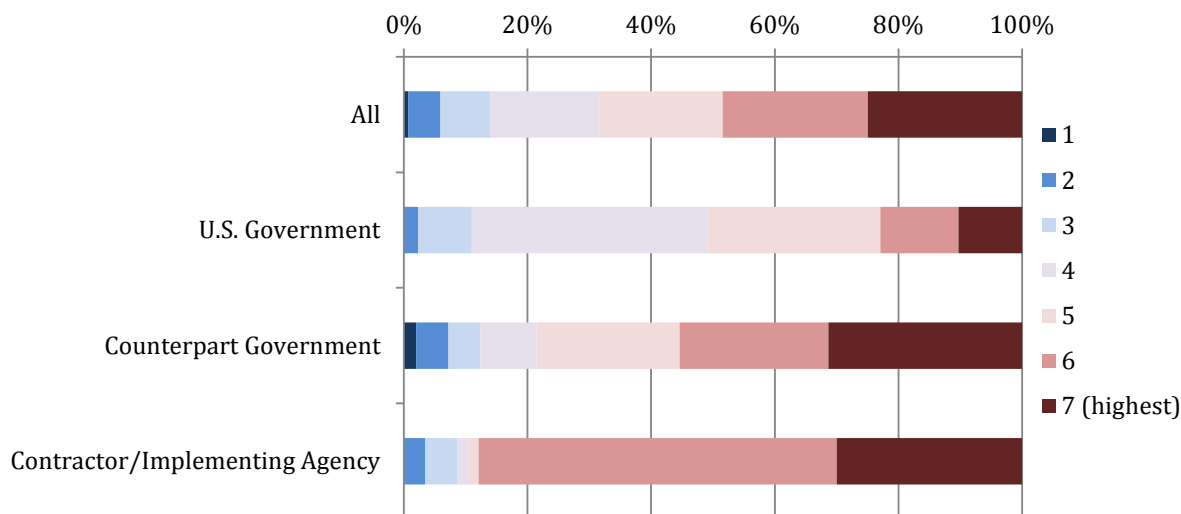


Table 13. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	0.7%	5.2%	8.1%	17.7%	19.9%	23.5%	25.0%	5.21	1.51	136
U.S. Government	0.0%	2.3%	8.7%	38.1%	28.0%	12.6%	10.3%	4.71	1.19	37
Counterpart Government	2.0%	5.2%	5.2%	9.1%	23.2%	24.1%	31.4%	5.44	1.55	76
Civil Society/Private Sector	0.0%	0.0%	0.0%	48.0%	0.0%	52.0%	0.0%	5.04	1.42	2
Contractor/Implementing Agency	0.0%	3.5%	5.2%	1.7%	1.7%	58.0%	30.0%	5.95	1.22	21

Overall, respondents indicated that the performance of the organizations responsible for Threshold Program implementation was an important determinant of success. Respondents gave this response option a mean score of 5.21 overall. Counterpart government respondents provided a mean score of 5.44, and contractor/implementing agency respondents responded on average with a score of 5.95. Despite this positive overall trend, USG respondents did not indicate

that the performance of implementing organizations was particularly important to the success of Threshold Programs, with 38.1% of respondents in that stakeholder group providing an answer of four. On the other hand, a majority of counterpart government respondents (55.5%) gave ratings of either six or seven and a majority of contractor/implementing agency respondents (58.0%) gave a score of six.

- 9d. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:

The Threshold Program had a strong monitoring and evaluation framework

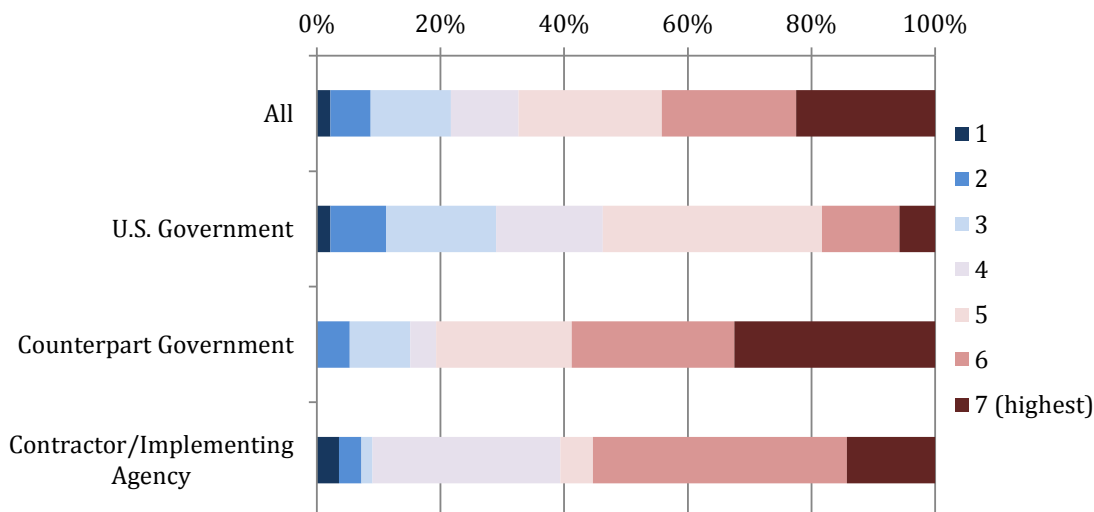


Table 14. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	2.2%	6.5%	13.0%	10.9%	23.2%	21.7%	22.5%	5.01	1.64	138
U.S. Government	2.2%	9.0%	17.8%	17.3%	35.5%	12.5%	5.8%	4.35	1.43	38
Counterpart Government	0.0%	5.3%	9.8%	4.2%	21.9%	26.3%	32.5%	5.52	1.49	78
Civil Society/Private Sector	0.0%	0.0%	48.0%	0.0%	0.0%	52.0%	0.0%	4.56	2.12	2
Contractor/Implementing Agency	3.6%	3.6%	1.8%	30.4%	5.3%	41.1%	14.3%	5.11	1.54	20

Respondents across different stakeholder groups had varying, though generally positive, opinions on the role that a strong monitoring and evaluation framework played in the success of Threshold Programs. The overall mean score given to this response option was 5.01, with USG respondents giving a mean score of 4.35, counterpart government respondents giving a mean score of 5.52, and contractor/implementing agency respondents giving a mean score of 5.11. There was a significant difference between the responses of USG respondents and those of

counterpart government respondents. A plurality of USG respondents (35.5%) gave a score of only five, while a plurality of counterpart government respondents (32.5%) provided a score of seven. The opinions of contractor/implementing agency respondents tended to fall between those of these two groups, with a plurality of respondents (41.1%) giving a rating of six. Finally, 29% of USG respondents gave scores of three or less, while only 15.1% of counterpart government respondents—and only 9% of contractor/implementing agency respondents—did so.

- 9e. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:

Government leadership wanted [Country Name] to be seen as a leading example of progressive change in the region

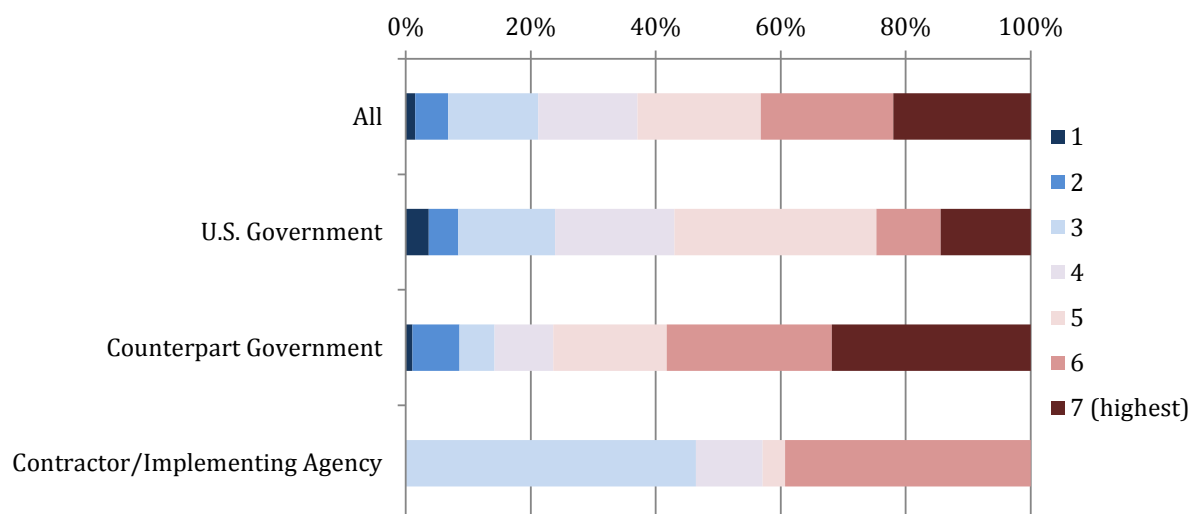


Table 15. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	1.5%	5.3%	14.4%	15.9%	19.7%	21.2%	22.0%	4.98	1.60	132
U.S. Government	3.7%	4.7%	15.5%	19.1%	32.3%	10.3%	14.4%	4.60	1.55	37
Counterpart Government	1.1%	7.5%	5.6%	9.4%	18.1%	26.4%	31.8%	5.42	1.60	73
Civil Society/Private Sector	0.0%	0.0%	0.0%	0.0%	0.0%	48.0%	52.0%	6.52	0.71	2
Contractor/Implementing Agency	0.0%	0.0%	46.5%	10.7%	3.6%	39.4%	0.0%	4.36	1.44	20

We also asked respondents to evaluate the extent to which the domestic authorities' desire to be seen as a leading example of progressive change in the region played a role in the success of Threshold Programs. These scores varied greatly across stakeholder groups. The mean score given to this response option was 4.98. Counterpart government respondents gave a mean rating of 5.42, while USG respondents and contractor/implementing agency respondents provided lower mean scores of 4.60 and 4.36, respectively. Most scores from counterpart government respondents

(76.3%) were concentrated in the five to seven range, while 66.8% of scores from USG respondents were in the three to five range. Scores from contractor/implementing agency respondents were more widely distributed and ambivalent, with 46.5% of respondents providing a rating of three and 39.4% of respondents giving a score of six. Notably, no respondents from the contractor/implementing agency stakeholder group gave a score of seven, though this may be a result of the relatively small sample size.

- 9f. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:

Senior policymakers were committed to the necessary reforms

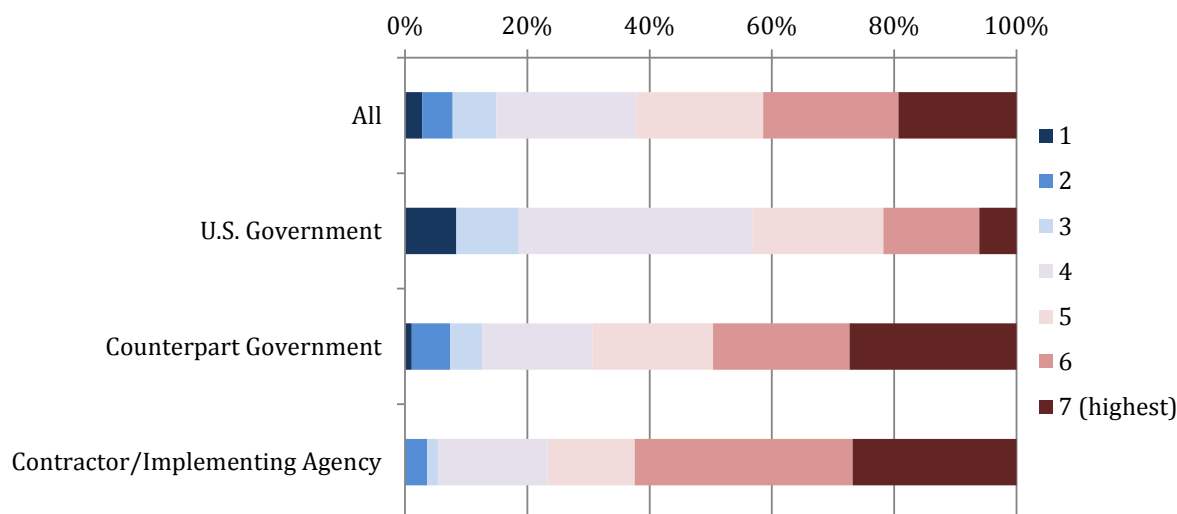


Table 16. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	2.8%	5.0%	7.1%	22.9%	20.7%	22.1%	19.3%	4.97	1.56	140
U.S. Government	8.4%	0.0%	10.2%	38.2%	21.5%	15.7%	6.1%	4.36	1.47	42
Counterpart Government	1.1%	6.3%	5.2%	18.0%	19.8%	22.3%	27.3%	5.25	1.55	78
Civil Society/Private Sector	0.0%	0.0%	0.0%	0.0%	67.6%	0.0%	32.5%	5.65	1.16	3
Contractor/Implementing Agency	0.0%	3.6%	1.8%	17.9%	14.3%	35.7%	26.8%	5.57	1.33	20

Respondents from different stakeholder groups were sharply divided on the issue of whether and to what degree strong political will among senior policymakers contributed to the success of Threshold Programs. The mean score given to this response option was 4.97, with contractor/implementing agency respondents providing a mean score of 5.57, counterpart government respondents giving average rating of 5.25, and

USG respondents giving the lowest evaluation by far, with a mean score of only 4.36. While most of the responses of counterpart government and contractor/implementing agency respondents fell within the six to seven range, scores provided given by USG respondents were usually lower and more polarized, with 38.2% of USG respondents giving a score of four, and 8.4% of USG respondents giving the lowest rating of one.

- 9g. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:

The Threshold Program's compressed implementation timeline created pressure to achieve near-term results

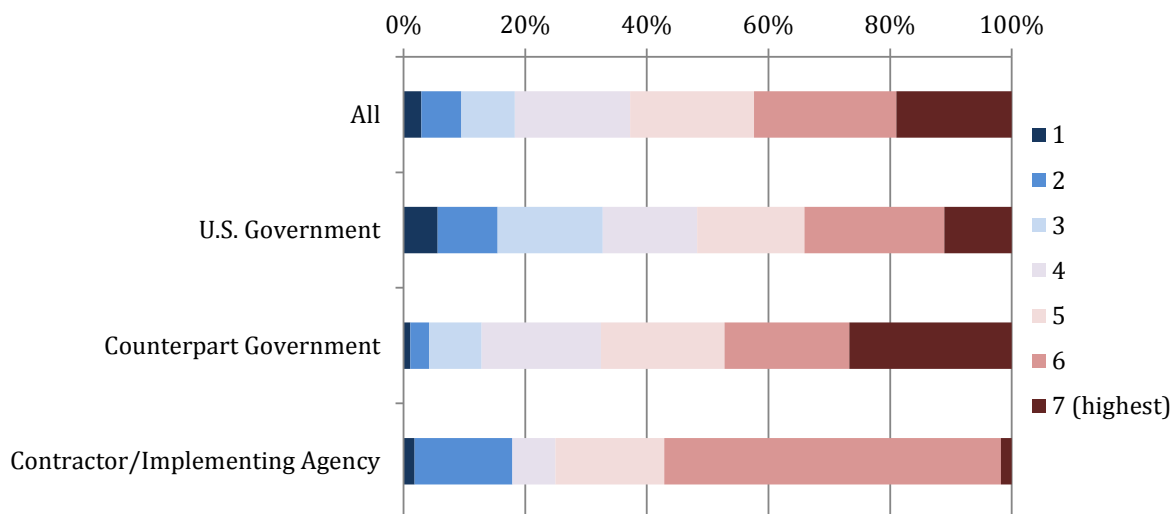


Table 17. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	2.9%	6.6%	8.8%	19.0%	20.4%	23.4%	19.0%	4.93	1.61	137
U.S. Government	5.6%	9.9%	17.3%	15.5%	17.7%	23.0%	11.1%	4.43	1.75	40
Counterpart Government	1.1%	3.1%	8.6%	19.6%	20.3%	20.5%	26.7%	5.23	1.50	75
Civil Society/Private Sector	0.0%	0.0%	0.0%	52.0%	48.0%	0.0%	0.0%	4.48	0.71	2
Contractor/Implementing Agency	1.8%	16.1%	0.0%	7.1%	17.9%	55.4%	1.8%	4.97	1.60	20

Respondents also had diverse opinions about whether “the Threshold Program’s compressed implementation timeline created pressure to achieve near-term results” and the extent to which this pressure contributed to programmatic success. The mean score for this response option was 4.93. USG respondents gave a significantly lower average rating of 4.43, while counterpart government respondents gave a higher mean score of 5.23, and contractor/implementing agency respondents gave a mean score of 4.97.

Most scores were concentrated in the five to seven range across all stakeholder groups: 51.8% of USG respondents, 67.5% of counterpart government respondents, and around 75.1% of contractor/implementing agency respondents gave a score of five, six, or seven. However, the distribution of ratings was wide enough to bring all mean scores down below five in all stakeholder groups except the counterpart government respondents.

- 9h. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:

The government involved civil society in program design and/or implementation

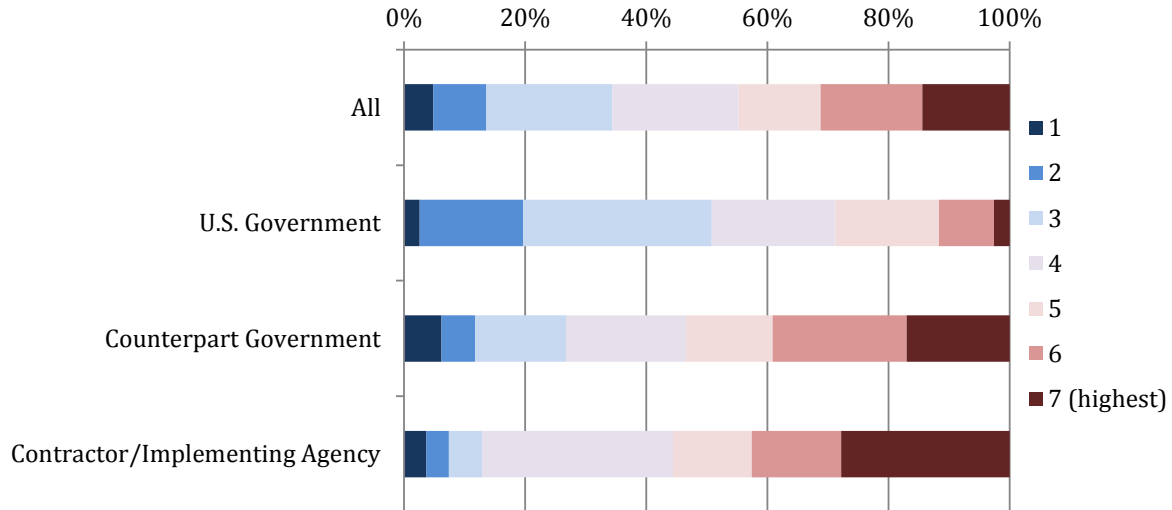


Table 18. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	4.8%	8.8%	20.8%	20.8%	13.6%	16.8%	14.4%	4.38	1.73	125
U.S. Government	2.6%	17.1%	31.1%	20.4%	17.1%	9.1%	2.6%	3.70	1.40	33
Counterpart Government	6.2%	5.5%	15.0%	19.8%	14.3%	22.1%	17.0%	4.65	1.77	72
Civil Society/Private Sector	0.0%	0.0%	48.0%	0.0%	52.0%	0.0%	0.0%	4.04	1.42	2
Contractor/Implementing Agency	3.7%	3.7%	5.5%	31.5%	13.0%	14.8%	27.8%	5.02	1.70	20

Overall, respondents did not feel strongly that government involvement of civil society in program design and implementation was an important reason for the success of Threshold Programs. This response option was given a relatively low overall mean score of 4.38. USG respondents provided a substantially lower mean score of 3.70, while counterpart government respondents gave a rating of 4.65, and contractor/implementing agency respondents gave a mean score of 5.02. The two ratings most frequently provided by USG respondents were three and four, accounting for a combined total of 51.5% of USG responses.

Counterpart government respondents had a wider range of opinions, with a plurality of counterpart government respondents (22.1%) indicating a score of six. Individuals from the contractor/implementing agency subgroup were polarized on the role that civil society involvement played in Threshold Program success. The most frequently provided contractor/implementing agency response was four, accounting for 31.5% of the responses from that stakeholder group, while the second most frequently given score was seven, with 27.8% of responses.

- 9i. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:

The government had a plan in place to sustain the gains achieved during Threshold Program implementation

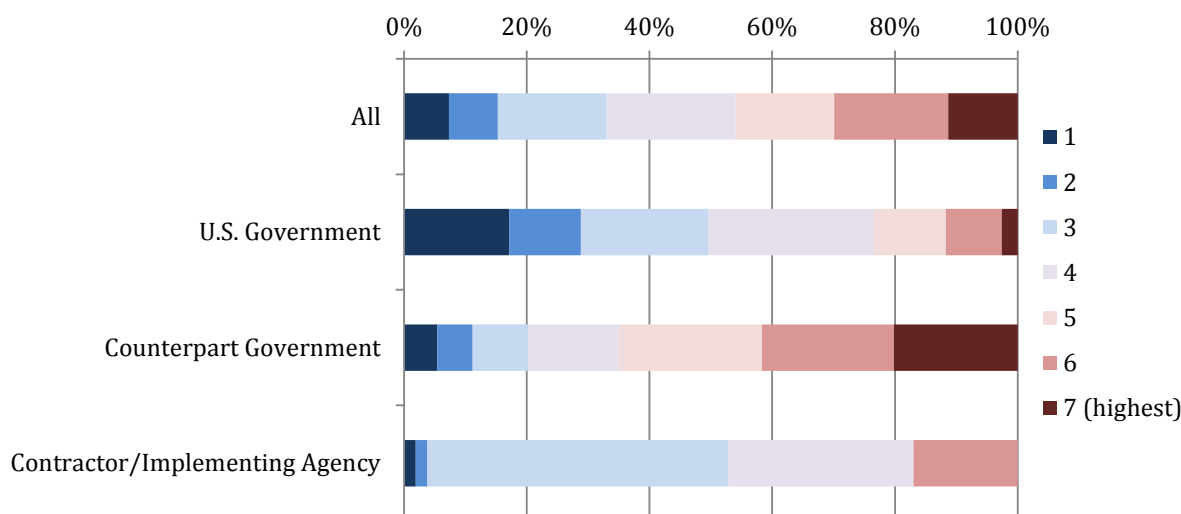


Table 19. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	7.3%	8.0%	17.7%	21.0%	16.1%	18.6%	11.3%	4.31	1.73	124
U.S. Government	17.1%	11.7%	20.8%	26.9%	11.7%	9.1%	2.6%	3.42	1.64	33
Counterpart Government	5.4%	5.8%	9.0%	14.8%	23.4%	21.5%	20.2%	4.90	1.71	72
Civil Society/Private Sector	0.0%	0.0%	0.0%	48.0%	52.0%	0.0%	0.0%	4.51	0.71	2
Contractor/Implementing Agency	1.9%	1.9%	49.1%	30.2%	0.0%	17.0%	0.0%	3.76	1.20	17

Overall, respondents indicated that having a plan in place to sustain the gains achieved during implementation was not particularly important to the success of Threshold Programs. This response option was given a mean score of 4.31, with USG respondents providing a very low rating of 3.42. Counterpart government respondents were significantly more sanguine, giving a mean score of 4.90. The opinions of contractor and implementing agency staff seemed to align more closely with the USG stakeholder group. On

average, they provided a rating of 3.76. Very few respondents from the USG or the contractor/ implementing agency stakeholder groups placed much importance on sustainability as a reason for Threshold Program success: 2.6% of respondents from the USG stakeholder group gave a score of seven, while no respondents from the contractor/ implementing agency subgroup provided a rating of seven. By contrast, 20.2% of counterpart government respondents provided a score of seven and 21.5% gave a rating of six.

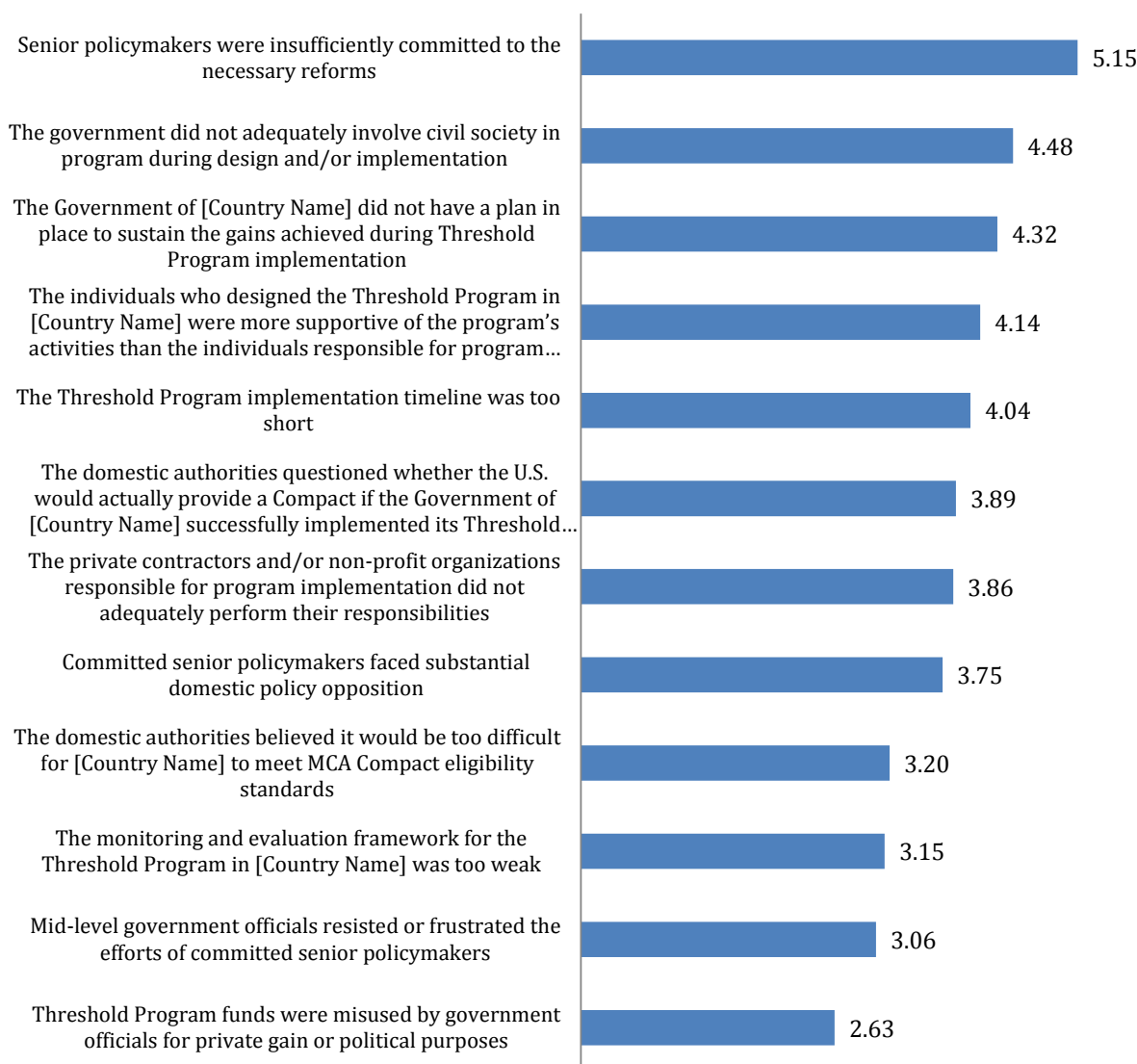
10. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's nonsuccess:

Only individuals who indicated (in question 8) that the Threshold Program was less successful than the other externally-funded reform programs were given the opportunity to explain the Threshold Program's non-success. Because of this, only 34 respondents were presented with question 10, and only 26 provided an answer. Thus, while this small sample size precludes any in-depth analysis of question 10, it reflects the positive evaluation of MCA Threshold Programs.

Analysis of the survey results for question 10 suggests several key points. First, when the MCC's

Board of Directors selects Threshold-eligible countries, they may not be screening as aggressively as they could be for a government's political will to undertake difficult reforms. The single most popular explanation of why Threshold Programs did not succeed was that "senior policymakers were insufficiently committed to the necessary reforms." This finding is consistent with criticisms previously expressed by policy analysts and legislative overseers (Kerry and Lugar 2010). Second, respondents cited the low level of civil society involvement as a factor that reduced the

Mean Scores, Overall Sample



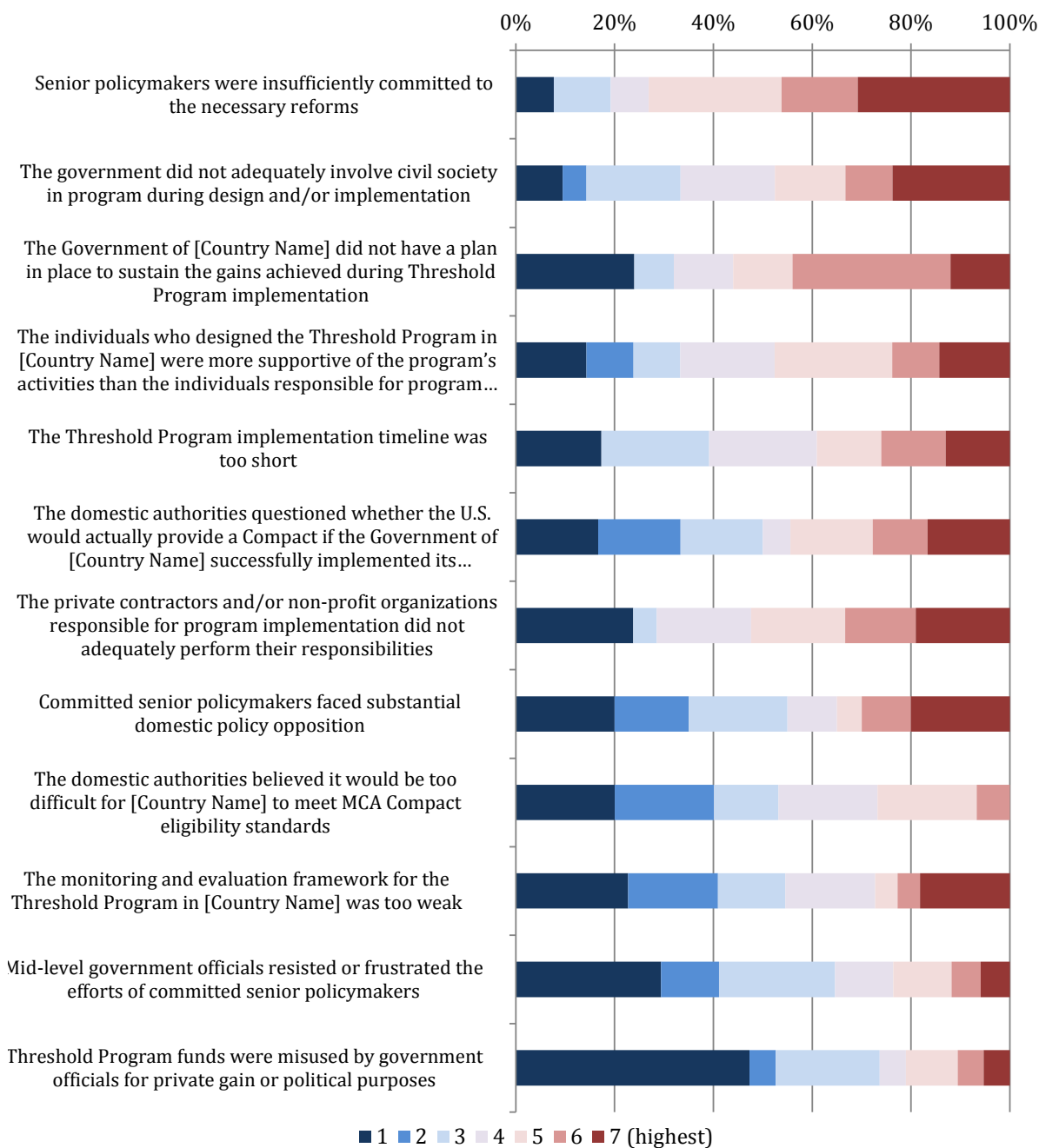
likelihood of programmatic success. Third, the misuse of U.S. taxpayer dollars does not appear to be a major problem that has plagued MCA Threshold Programs.

On average, respondents were not especially polarized in their responses. Across nearly all response options, around half of respondents choose a score from three to five instead of a more

extreme choice, like one or seven.

In contrast, 45% of all respondents rated the misuse of funds as a one, strongly suggesting that it was not a major reason for Threshold Program nonsuccess. On the other hand, around 31% of respondents very strongly indicated that the insufficient commitment of senior policymakers to reform played a central role in Threshold failure.

Distribution of Scores, Overall Sample



11. In comparison to other assistance programs funded by donor agencies and international organizations in [Country Name] since 2004, how successful was the MCA Compact Program?^{xxxv}

Overall, there was a broad consensus that Compact Programs were either equally successful as, or more successful than, other assistance programs. The distributions of responses among USG and counterpart government respondents were broadly similar. Counterpart government respondents (65%) were a bit more likely than USG respondents (55%) to claim that the Compact Programs were more successful than other donor programs.^{xxxvi} However, 23.6% of USG respondents did not know if the Compact Program was more or less successful than other assistance programs, which suggests that USG survey participants may be less familiar with foreign assistance programs than their counterpart

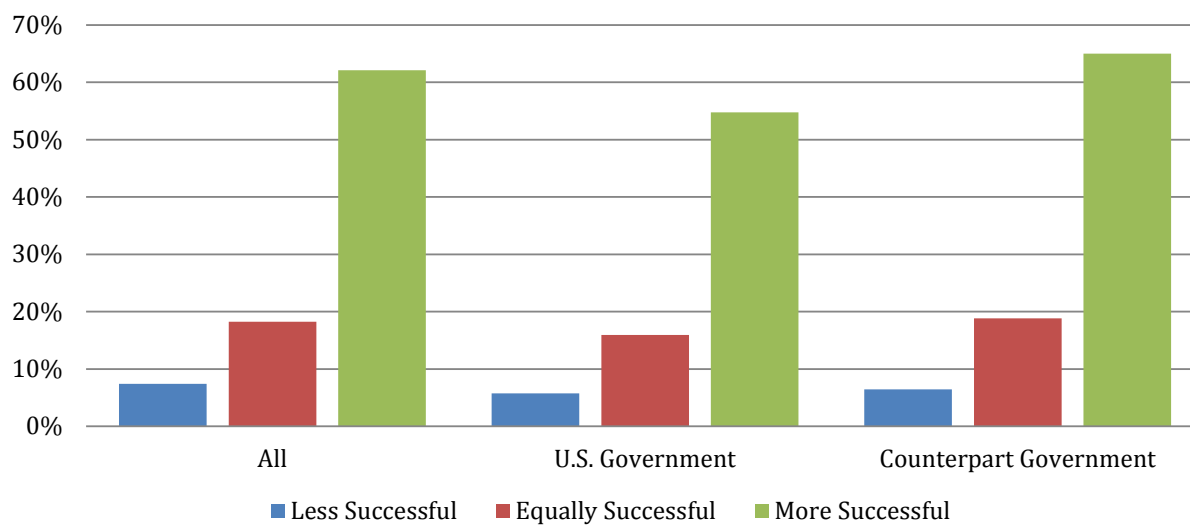
country colleagues.

The survey results also indicate that an overwhelming majority (90%) of contractor/ implementing agency respondents consider MCA Compact Programs to be more successful than other assistance programs, though small sample size suggests that this result should be interpreted with caution. Civil society/private sector respondents were, by contrast, much more likely to say that MCA Compact Programs were less successful than other assistance programs—57.8% compared to the next highest respondent share of 7.1%. However, this too may be attributable to small sample size.

Table 20. Weighted Distribution of Responses, by Stakeholder Group (%)

	Less Successful	Equally Successful	More Successful	Don't Know/ Not Applicable	N
All	7.4%	18.2%	62.1%	12.3%	269
U.S. Government	5.7%	16.0%	54.7%	23.6%	66
Counterpart Government	6.4%	18.8%	65.0%	9.7%	189
Civil Society/Private Sector	57.8%	14.4%	27.8%	0.0%	7
Contractor/ Implementing Agency	5.2%	5.2%	89.5%	0.0%	7

Weighted Distribution of Responses, by Stakeholder Group (%)

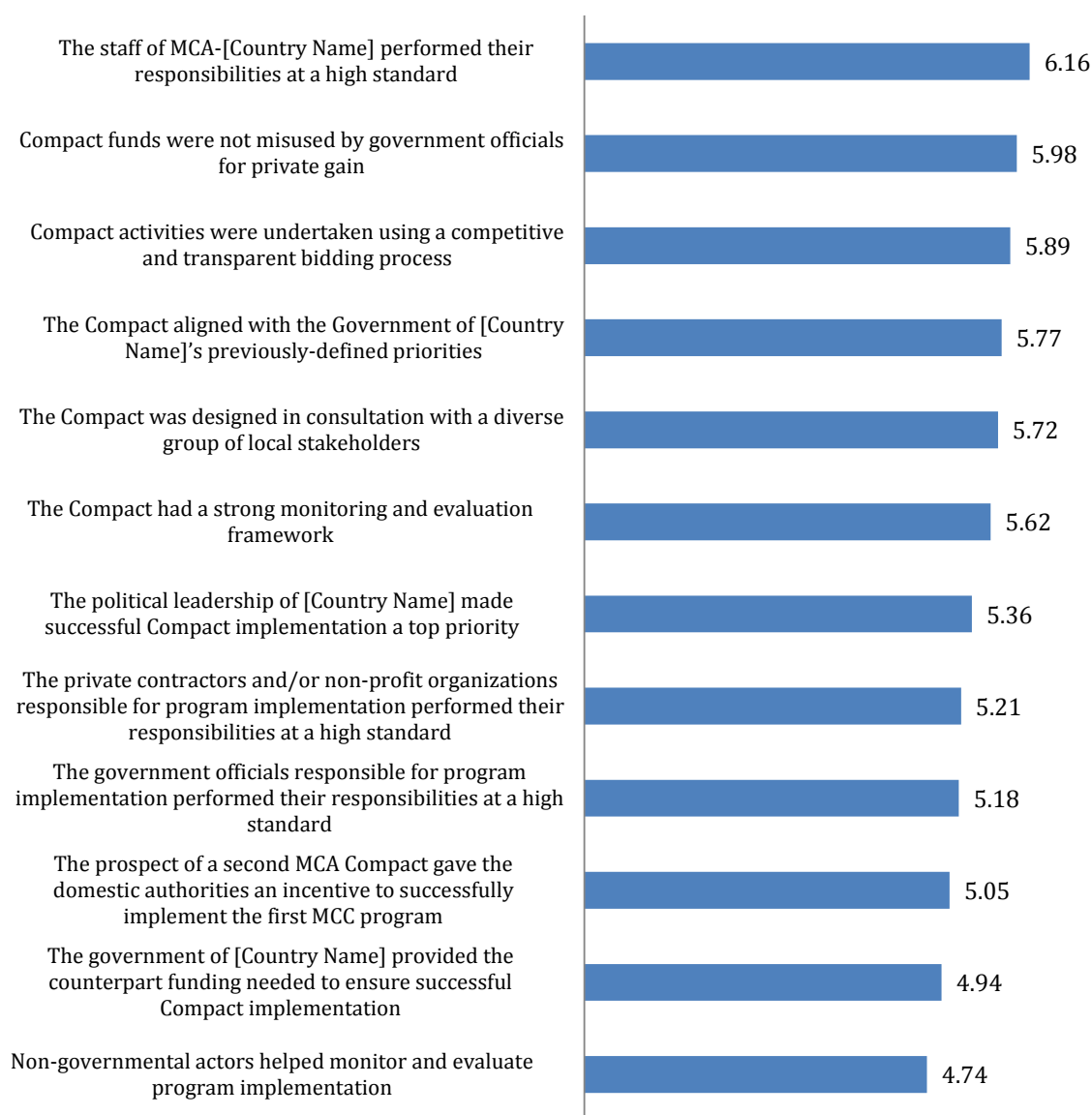


12. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:^{xxxvii}

Respondents who indicated (in question 11) that Compact Programs were more successful than, or equally successful to, other foreign assistance programs were given the opportunity to identify a range of potential success factors (in question 12). Respondents identified all response options as being relatively important determinants of successful Compact Programs. However, they placed particular emphasis on practices related to program and financial management and

transparency as the strongest reasons for success. The statement that "the staff of MCA-[Country Name] performed their responsibilities at a high standard" received the highest mean score of 6.16. The "Compact funds were not misused by government officials for private gain" explanation received the second highest score of 5.98, while the "Compact activities were undertaken using a competitive and transparent bidding process" explanation received the third highest score of

Mean Scores, Overall Sample



5.89. Unlike Threshold Programs, the prospect of a (second) Compact was not identified as a key determinant of Compact Program success; it received a mean score of only 5.05.

USG respondents gave all statements a lower mean score than counterpart government respondents. Also, unlike the other

respondents, the USG stakeholder group ranked “the Compact had a strong monitoring and evaluation framework” as a relatively less important reason for MCA Compact Program success, giving it the fourth lowest score of only 4.71.

Table 21. Weighted Mean Scores and Standard Deviations, by Stakeholder Group

	All		U.S. Government		Counterpart Government		N
	Mean Score	SD	Mean Score	SD	Mean Score	SD	
The staff of MCA-[Country Name] performed their responsibilities at a high standard	6.16	1.10	5.80	1.26	6.25	1.04	205
Compact funds were not misused by government officials for private gain	5.98	1.49	5.46	1.66	6.10	1.46	197
Compact activities were undertaken using a competitive and transparent bidding process	5.89	1.46	5.48	1.43	6.03	1.40	202
The Compact aligned with the Government of [Country Name]’s previously-defined priorities	5.77	1.23	5.55	1.42	5.84	1.17	205
The Compact was designed in consultation with a diverse group of local stakeholders	5.72	1.37	5.20	1.17	5.85	1.41	203
The Compact had a strong monitoring and evaluation framework	5.62	1.45	4.71	1.52	5.83	1.34	196
The political leadership of [Country Name] made successful Compact implementation a top priority	5.36	1.32	5.04	1.70	5.48	1.59	198
The private contractors and/or non-profit organizations responsible for program implementation performed their responsibilities at a high standard	5.21	1.26	5.08	1.41	5.21	1.22	197
The government officials responsible for program implementation performed their responsibilities at a high standard	5.18	1.48	4.82	1.59	5.31	1.46	201
The prospect of a second MCA Compact gave the domestic authorities an incentive to successfully implement the first MCC program	5.05	1.86	4.65	1.91	5.23	1.79	190
The government of [Country Name] provided the counterpart funding needed to ensure successful Compact implementation	4.94	1.85	4.64	1.93	5.03	1.85	176
Non-governmental actors helped monitor and evaluate program implementation	4.74	1.59	4.56	1.54	4.74	1.62	178

- 12a. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

The staff of MCA-[Country Name] performed their responsibilities at a high standard

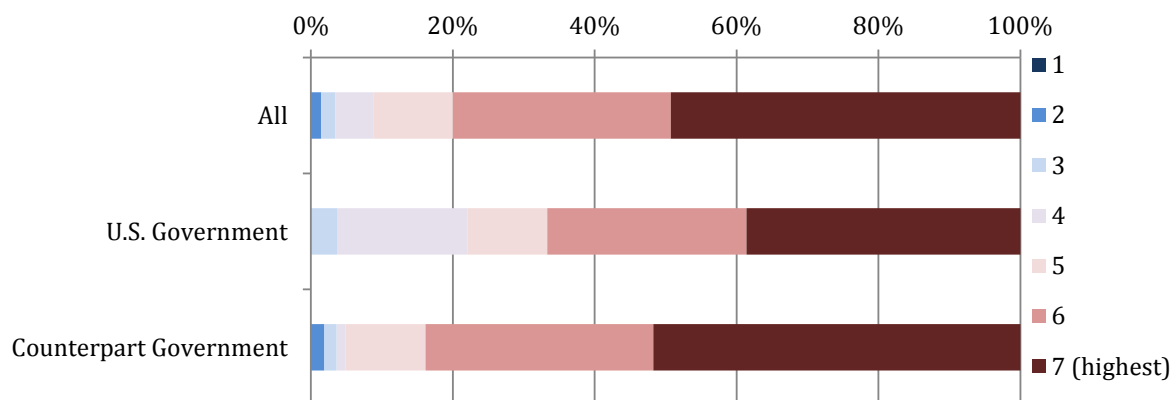


Table 22. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	0.0%	1.5%	2.0%	5.4%	11.2%	30.7%	49.3%	6.16	1.10	205
U.S. Government	0.0%	0.0%	3.7%	18.4%	11.2%	28.1%	38.6%	5.80	1.26	43
Counterpart Government	0.0%	1.9%	1.8%	1.3%	11.3%	32.1%	51.7%	6.25	1.04	154
Civil Society/ Private Sector	0.0%	0.0%	0.0%	34.2%	0.0%	34.2%	31.6%	5.63	1.52	3
Contractor/ Implementing Agency	0.0%	0.0%	0.0%	0.0%	0.0%	11.7%	88.3%	6.88	0.36	5

Overall, respondents felt strongly that Compacts were successful because the MCA staff in their country performed their responsibilities at a high standard. The overall mean score for this question was 6.16. All stakeholder groups were generally in agreement that this was a strong reason for Compact success, with 80% of all respondents providing a score of six or seven in response to the question and only 3.5% of all respondents providing a score of two or three. No respondents gave a score of one. The mean score from USG respondents (5.80) was lower than the mean

score of counterpart government respondents (6.25) and the overall mean score (6.16), due primarily to the higher ambivalence of the USG stakeholder group.^{xxxviii} The lower rating was due not to an increase in scores of one to three among USG respondents (equal to that of the counterpart government stakeholder group), but rather to a 13% increase in the mid-range mark of four—as compared to the overall sample—and a significant decline in the share of USG respondents providing the maximum score of seven.

- 12b. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

Compact funds were not misused by government officials for private gain

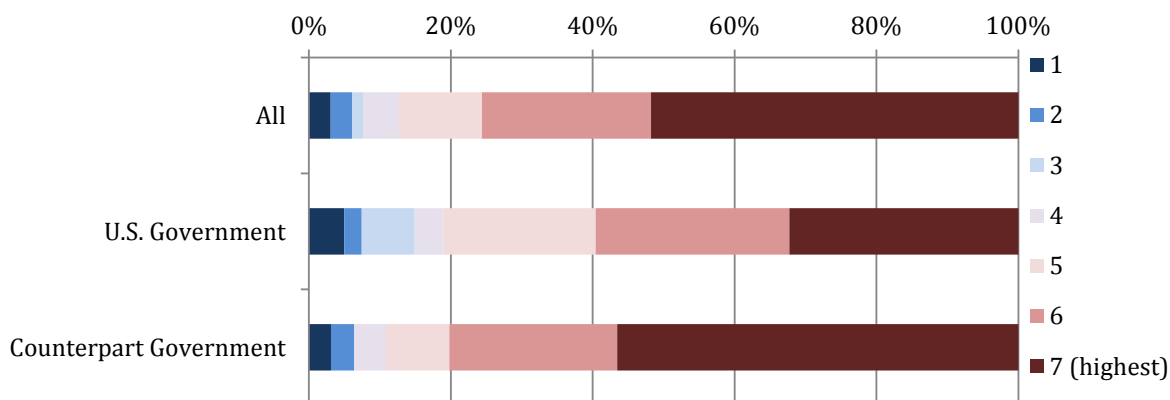


Table 23. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	3.15	3.1%	1.5%	5.1%	11.7%	23.9%	51.8%	5.98	1.49	197
U.S. Government	5.0%	2.5%	7.5%	4.1%	21.5%	27.3%	32.3%	5.46	1.66	41
Counterpart Government	3.1%	3.2%	0.0%	4.5%	8.9%	23.7%	56.5%	6.10	1.46	149
Civil Society/ Private Sector	0.0%	0.0%	0.0%	34.2%	0.0%	0.0%	65.8%	5.97	1.74	3
Contractor/ Implementing Agency	0.0%	0.0%	0.0%	0.0%	43.8%	6.2%	50.0%	6.06	1.08	4

Overall, respondents identified “Compact funds were not misused by government officials for private gain” as another strong reason for programmatic success. The overall mean score for this question was 5.98, with 75.5% of all respondents giving a score of either six or seven. Counterpart government respondents placed more emphasis on this success factor than did respondents affiliated with the USG, largely due to increases in low scores of one to three among USG

respondents. 56.5% of counterpart government respondents gave a score of seven, as opposed to only 32.3% of USG respondents. Alternatively, several respondents did not identify this as a reason for success, especially among those affiliated with the USG. 5.0% of USG respondents and 3.1% of counterpart government respondents provided a score of one, while 15% of USG respondents gave a rating of no more than three.

- 12c. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

Compact activities were undertaken using a competitive and transparent bidding process

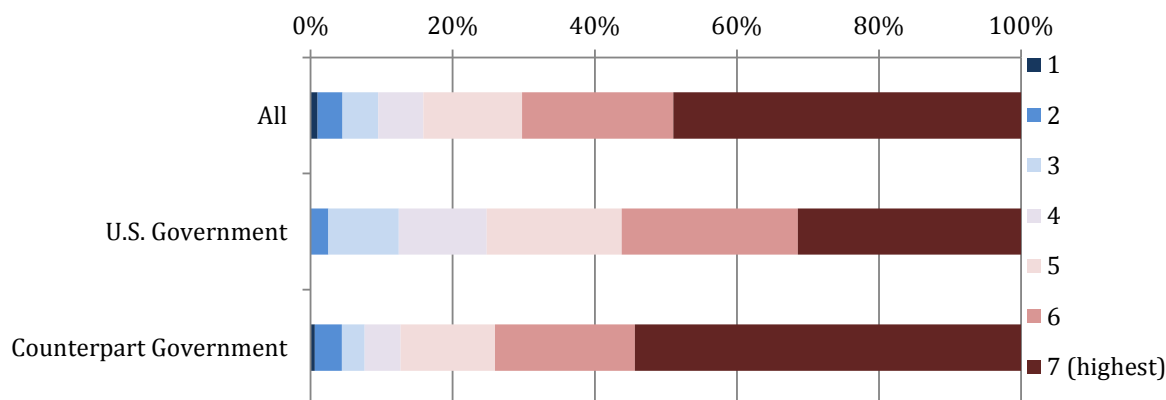


Table 24. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	1.0%	3.5%	5.0%	6.4%	13.9%	21.3%	49.0%	5.89	1.46	202
U.S. Government	0.0%	2.5%	9.9%	12.4%	19.0%	24.8%	31.4%	5.48	1.43	41
Counterpart Government	0.6%	3.8%	3.2%	5.1%	13.1%	19.7%	54.4%	6.03	1.40	153
Civil Society/ Private Sector	0.0%	0.0%	34.2%	0.0%	0.0%	0.0%	65.8%	5.63	2.32	3
Contractor/ Implementing Agency	5.8%	0.0%	0.0%	0.0%	41.2%	47.1%	5.8%	5.35	1.37	5

Respondents generally agreed that use of "a competitive and transparent bidding process" was an important reason for the success of Compact Programs. The overall mean score for all respondents was 5.89, with almost half of all respondents (49.0%) giving this success factor a score of seven. Again, counterpart government respondents placed more emphasis on this factor than USG respondents. The mean score from counterpart government respondents was 6.03, while USG respondents yielded a mean score of

5.48. A high distribution of scores among USG respondents nevertheless indicates a relatively strong view among USG respondents of the importance of competitive and transparent bidding. Finally, while responses to this question generally underscored competitive bidding as an important reason for Compact success, a small but significant number of respondents did not place much importance on it. 9.5% of overall respondents provided a score between one and three.

- 12d. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

The Compact aligned with the Government of [Country Name]'s previously-defined priorities

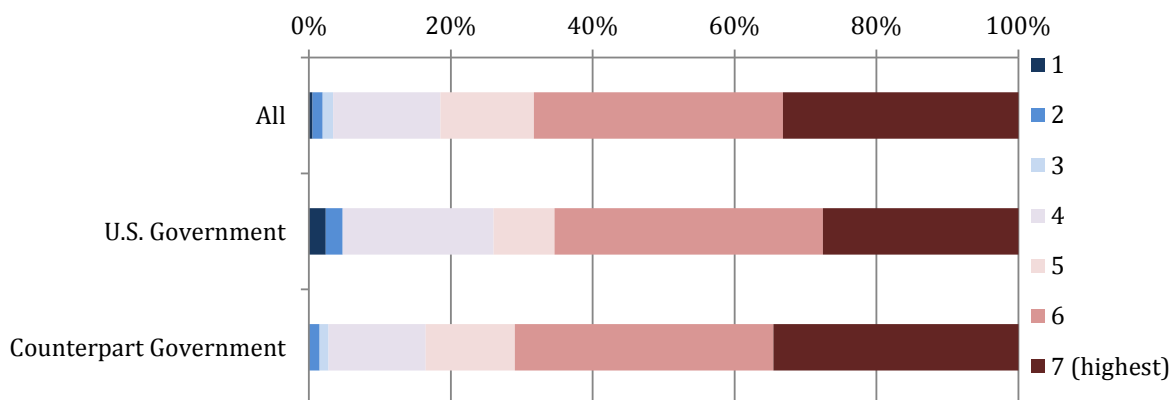


Table 25. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	0.5%	1.5%	1.5%	15.1%	13.2%	35.1%	33.2%	5.77	1.23	205
U.S. Government	2.4%	2.4%	0.0%	21.3%	8.6%	37.8%	27.5%	5.55	1.42	43
Counterpart Government	0.0%	1.5%	1.3%	13.7%	12.6%	36.5%	34.5%	5.84	1.17	154
Civil Society/Private Sector	0.0%	0.0%	0.0%	0.0%	100%	0.0%	0.0%	5.00	0.00	3
Contractor/Implementing Agency	0.0%	0.0%	5.8%	5.8%	0.0%	82.5%	5.8%	5.77	0.97	5

Respondents generally indicated that Compact activities aligned with the previously-defined priorities of the counterpart governments and that this factor contributed to programmatic success. However, this factor was not deemed as essential as competitive and transparent bidding, sound financial management, and high-performing MCA staff. This result suggests while that policy alignment may be a critical prerequisite for MCC-inspired policy reform, it may not be quite as important for Compact success.

Overall, respondents most frequently gave this success factor a score of six (35.1% of all respondents), with a score of seven following closely behind (33.2% of all respondents). Stakeholder groups were mostly in agreement on the importance of policy alignment as a reason for Compact success. Counterpart government respondents gave a mean score of 5.84 and USG respondents provided a mean score of 5.55. The overall mean score was 5.77.

- 12e. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

The Compact was designed in consultation with a diverse group of local stakeholders

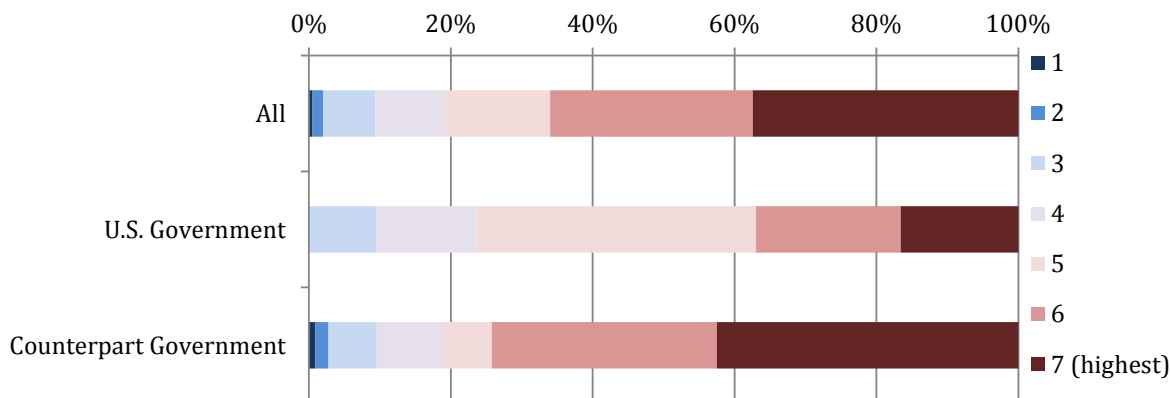


Table 26. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	0.5%	1.5%	7.4%	9.9%	14.8%	28.6%	37.4%	5.72	1.37	203
U.S. Government	0.0%	0.0%	9.5%	14.2%	39.4%	20.4%	16.6%	5.20	1.17	43
Counterpart Government	0.9%	1.9%	6.8%	9.3%	6.9%	31.7%	42.5%	5.85	1.41	153
Civil Society/ Private Sector	0.0%	0.0%	34.2%	0.0%	65.8%	0.0%	0.0%	4.32	1.16	3
Contractor/ Implementing Agency	0.0%	0.0%	0.0%	0.0%	0.0%	6.2%	93.8%	6.94	0.27	4

Overall, respondents indicated that consultation with a diverse group of local stakeholders at the Compact design phase was an important reason for programmatic success. 66% of respondents gave this success factor a score of either six or seven. However, a contrast can be seen between the USG and counterpart government stakeholder groups. Counterpart government opinion was slightly more polarized and significantly more positive, with 42.5% of respondents providing an

answer of seven and 31.7% of respondents giving a score of six. By contrast, the score most frequently selected by USG respondents was five (39.4% of respondents). Additionally, while responses from the USG stakeholder group were all in the range three to seven—with no USG respondents giving a score of less than three—2.8% of counterpart government respondents provided a score of one or two.

- 12f. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

The Compact had a strong monitoring and evaluation framework

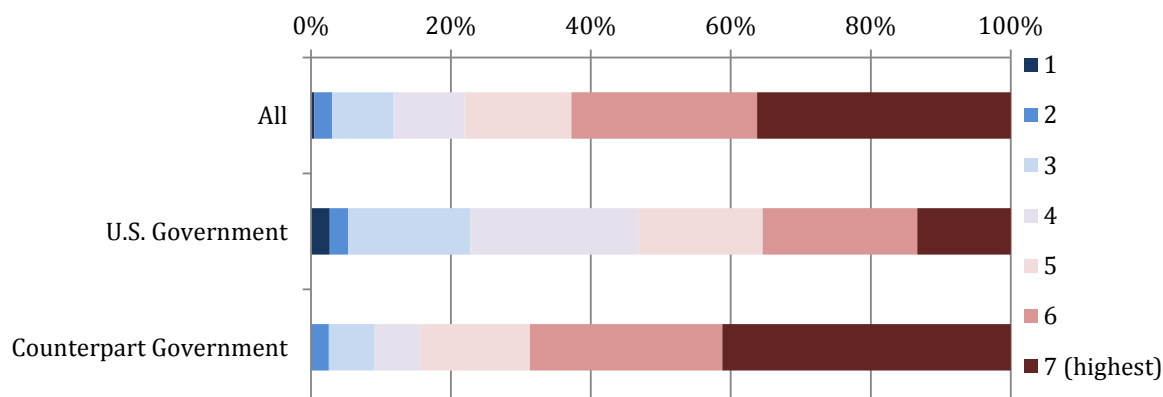


Table 27. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	0.5%	2.6%	8.7%	10.2%	15.3%	26.5%	36.2%	5.62	1.45	196
U.S. Government	2.7%	2.7%	17.4%	24.0%	17.7%	22.1%	13.4%	4.71	1.52	39
Counterpart Government	0.0%	2.6%	6.5%	6.5%	15.8%	27.5%	41.2%	5.83	1.34	150
Civil Society/ Private Sector	0.0%	0.0%	0.0%	0.0%	34.2%	34.2%	31.6%	5.97	0.99	3
Contractor/ Implementing Agency	0.0%	0.0%	0.0%	6.2%	0.0%	43.8%	50.0%	6.38	0.87	4

Respondents from each stakeholder group had differing opinions on the success of Compacts being affected by a strong monitoring and evaluation framework. Counterpart government respondents gave this success factor a mean score of 5.83, while USG respondents gave a mean score of 4.71. A plurality of respondents from the USG subgroup gave a mid-range score of four (24.0% of respondents), and their ratings varied from one

to seven, with a higher proportion giving higher scores. Furthermore, while only 13.4% of USG respondents gave a score of seven, 41.2% of counterpart government respondents provided a rating of seven, indicating a strong perception among the counterpart government group that strong monitoring and evaluation frameworks positively impacted the success of MCA Compact Programs.

- 12g. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

The political leadership of [Country Name] made successful Compact implementation a top priority

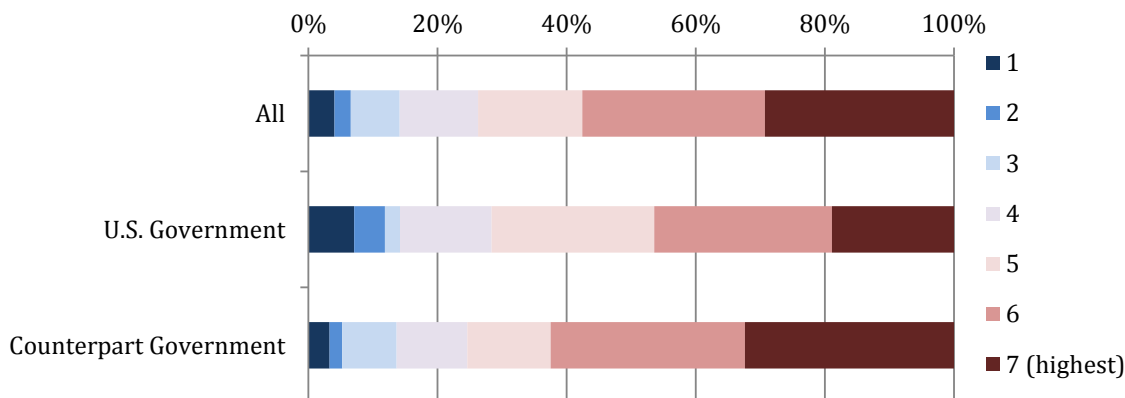


Table 28. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	4.0%	2.5%	7.6%	12.1%	16.2%	28.3%	29.3%	5.36	1.62	198
U.S. Government	7.1%	4.7%	2.4%	14.2%	25.2%	27.5%	18.9%	5.04	1.70	43
Counterpart Government	3.3%	2.0%	8.5%	10.9%	12.9%	30.1%	32.4%	5.48	1.59	148
Civil Society/Private Sector	0.0%	0.0%	0.0%	34.2%	31.6%	34.2%	0.0%	4.66	1.54	3
Contractor/Implementing Agency	0.0%	0.0%	0.0%	50.0%	43.8%	0.0%	6.2%	4.62	0.87	4

Respondents identified domestic political commitment to Compact implementation as another success factor. The overall mean score for this question was 5.36, with USG respondents giving a mean score of 5.04 and counterpart government respondents giving a mean score of 5.48. Across stakeholder groups, responses varied, though counterpart government scores tended to be uniformly higher. 11.8% of respondents from

the USG group gave a score of one or two for this question, indicating a perceived lack of importance among a small but significant portion of the stakeholder group. In contrast, only 5.3% of counterpart government respondents gave a score of one or two. As for higher scores, 46.4% of USG respondents gave a score of six or seven, while 62.5% of counterpart government respondents answered with a six or seven.

- 12h. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

The private contractors and/or non-profit organizations responsible for program implementation performed their responsibilities at a high standard

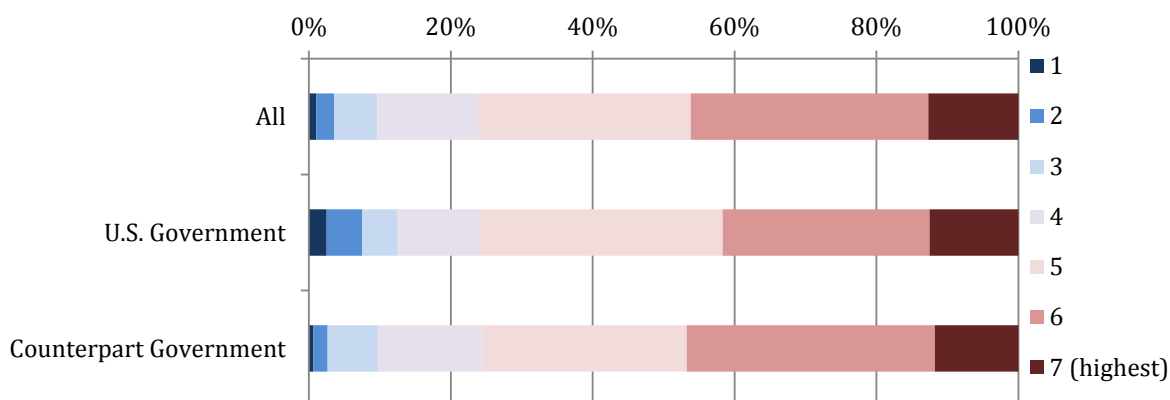


Table 29. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	1.0%	2.5%	6.1%	14.2%	30.0%	33.5%	12.7%	5.21	1.26	197
U.S. Government	2.5%	5.0%	5.0%	11.6%	34.2%	29.2%	12.5%	5.08	1.41	41
Counterpart Government	0.7%	2.0%	7.1%	14.8%	28.8%	35.0%	11.8%	5.21	1.22	148
Civil Society/ Private Sector	0.0%	0.0%	0.0%	34.2%	0.0%	34.2%	31.6%	5.63	1.52	3
Contractor/ Implementing Agency	0.0%	0.0%	0.0%	5.8%	5.8%	82.5%	5.8%	5.88	0.64	5

Respondents generally indicated that the performance of private contractors and non-profit organizations responsible for Compact implementation was a success factor, but they did not place as much importance on this factor as they did many of the others. As shown in the chart above, only a few respondents gave polarized responses, while a significant portion of respondents also selected the mid-range score of four. The overall mean score for this question was 5.21.

USG respondents gave a mean score of 5.08 and counterpart government respondents provided a slightly higher mean score of 5.21. The majority of responses in each stakeholder group gave the question a score of five or six. 63.4% of respondents from the USG stakeholder group gave scores of either five or six, with a score of five being the most frequent at 34.2% of responses. 63.8% of counterpart government respondents gave scores of either five or six, with a score of six being the most frequent at 35% of responses.

- 12i. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

The government officials responsible for program implementation performed their responsibilities at a high standard

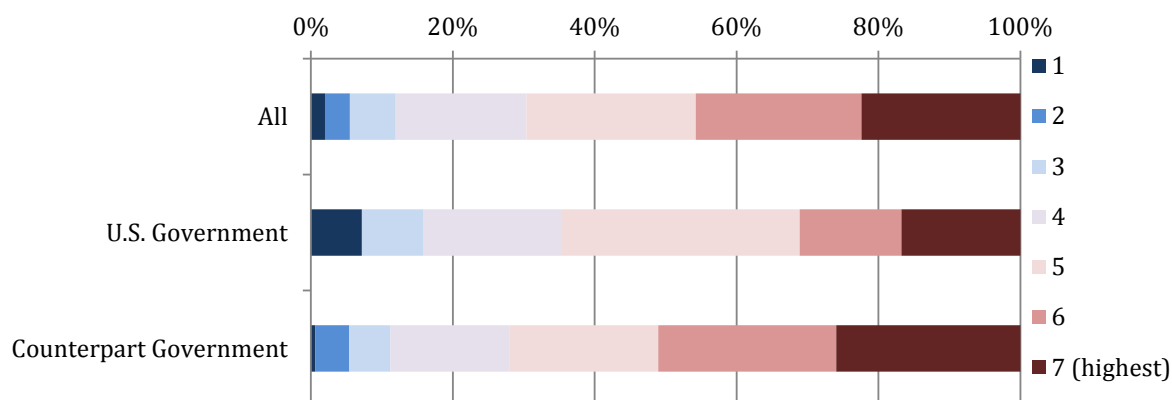


Table 30. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	2.0%	3.5%	6.5%	18.4%	23.9%	23.4%	22.4%	5.18	1.48	201
U.S. Government	7.2%	0.0%	8.7%	19.5%	33.5%	14.4%	16.7%	4.82	1.59	43
Counterpart Government	0.6%	4.8%	5.8%	16.7%	21.0%	25.1%	25.9%	5.32	1.46	150
Civil Society/Private Sector	0.0%	0.0%	0.0%	34.2%	65.8%	0.0%	0.0%	4.66	0.58	3
Contractor/Implementing Agency	0.0%	0.0%	0.0%	5.8%	41.2%	11.7%	41.2%	5.88	1.13	5

Respondents cited as a relatively less important success factor the performance of government officials with Compact implementation responsibilities. The overall mean score for this question was 5.18, significantly lower than the mean score of 6.16 assigned to the MCA staff performance explanation. This suggests that program management by MCA staff was a stronger determinant of Compact success than counterpart government implementation efforts.

USG respondents registered a mean score of 4.82, lower than that of counterpart government

respondents (5.32). The score most frequently provided by counterpart government was seven, with 25.9% of responses, closely followed by a score of six (25.1% of responses.) In contrast, a plurality of USG respondents gave at an answer of five (33.5% of responses), followed by a score of four (19.5% of responses). Additionally, 7.2% of respondents from the USG stakeholder group provided a score of one. In comparison, only 0.6% of respondents from the counterpart government stakeholder group gave a score of one.

- 12j. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

The prospect of a second MCA Compact gave the domestic authorities an incentive to successfully implement the first MCC program

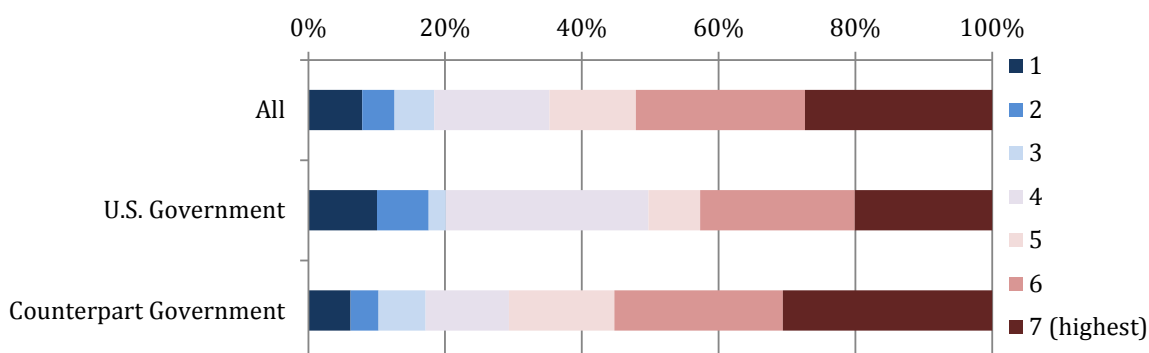


Table 31. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	7.9%	4.7%	5.8%	16.8%	12.6%	24.7%	27.4%	5.05	1.86	190
U.S. Government	10.1%	7.5%	2.5%	29.7%	7.5%	22.6%	20.1%	4.65	1.91	41
Counterpart Government	6.2%	4.1%	6.9%	12.2%	15.3%	24.7%	30.6%	5.23	1.79	141
Civil Society/ Private Sector	0.0%	0.0%	0.0%	34.2%	34.2%	31.6%	0.0%	4.98	0.99	3
Contractor/ Implementing Agency	11.7%	0.0%	0.0%	5.8%	0.0%	41.2%	41.2%	5.71	2.07	5

An overall mean score of 5.05 indicates that respondents saw the prospect of a second Compact as a relatively unimportant reason for programmatic success. This rating is not only relatively low when compared to other reasons for Compact success, but is also low in comparison to the important role the prospect of an initial Compact plays in Threshold Program success.

Among stakeholder groups, however, this finding sees mixed support. USG respondents and counterpart government respondents provided significantly different responses to the question. The mean score of USG respondents was 4.65, while the mean score of counterpart government respondents was 5.23. Counterpart government respondents seems to consider the prospect of a

second Compact as a more important success factor than USG respondents, but this factor still figures less prominently than other determinants of Compact success. Most responses taken from the counterpart government stakeholder group lay near the high end of the range, with 55.3% of respondents giving a score of six or seven. Responses from the USG stakeholder group, by contrast, were more evenly spread across the scale. The rating given most frequently by USG respondents was four (29.7% of respondents), though scores of one (10.1% of respondents) and seven (20.1% of respondents) were also frequently provided.

- 12k. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

The Government of [Country Name] provided the counterpart funding needed to ensure successful Compact implementation

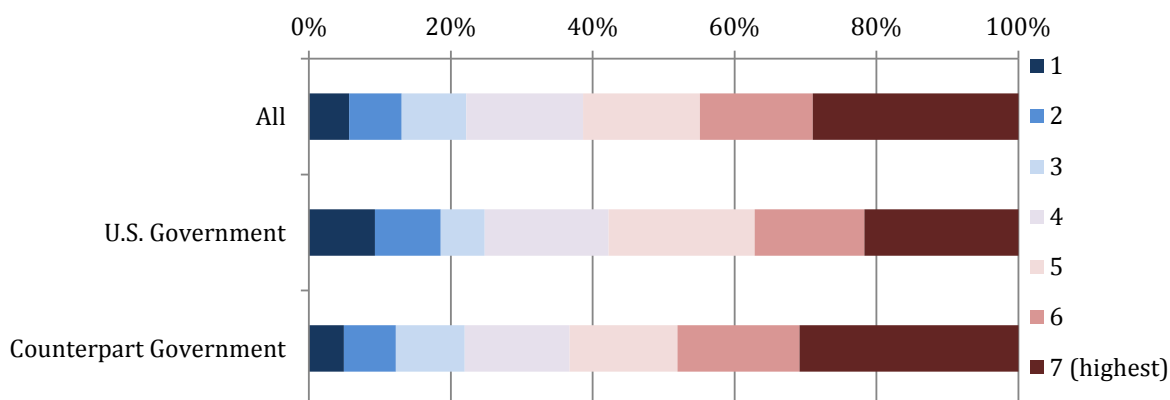


Table 32. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	5.7%	7.4%	9.1%	16.5%	16.5%	15.9%	29.0%	4.94	1.85	176
U.S. Government	9.3%	9.3%	6.2%	17.5%	20.6%	15.5%	21.7%	4.64	1.93	33
Counterpart Government	4.9%	7.3%	9.7%	14.8%	15.2%	17.2%	30.8%	5.03	1.85	136
Civil Society/Private Sector	0.0%	0.0%	34.2%	0.0%	31.6%	34.2%	0.0%	4.66	1.54	3
Contractor/Implementing Agency	0.0%	0.0%	0.0%	50.0%	43.8%	0.0%	6.2%	4.62	0.87	4

Overall, respondents did not indicate that the provision of counterpart funding by the host government was a particularly important reason for success. The mean score of 4.94 is low when compared to the mean scores given to other drivers of Compact success. Additionally, while respondents found this statement somewhat polarizing, almost half were fairly ambivalent about the role played by counterpart government funding. Each rating (one to seven) earned the vote of at least 4.9% of respondents. 48.9% of respondents gave a score of four to six, while only 5.7% of respondents gave a rating of one.

Following the general trend, USG respondents gave a lower mean score (4.64) than counterpart government respondents (5.03). While responses from both stakeholder groups were mostly concentrated in the range five to seven, there was a fair amount of variation within each stakeholder group. Reflecting the broad opinions of the overall respondent group, the standard deviations of responses within stakeholder groups (1.93 for USG respondents and 1.85 for counterpart government respondents) are high in comparison to those of other sections of question 12.

- 12l. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:

Non-governmental actors helped monitor and evaluate program implementation

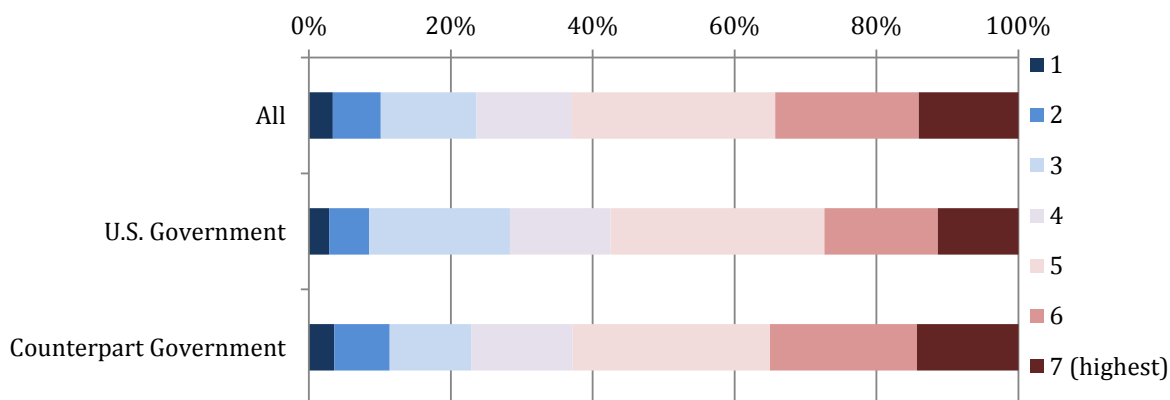


Table 33. Weighted Distribution of Responses, Means, and Standard Deviations, by Stakeholder Group (%)

	1	2	3	4	5	6	7	Mean Score	SD	N
All	3.4%	6.7%	13.5%	13.5%	28.7%	20.2%	14.0%	4.74	1.59	178
U.S. Government	2.8%	5.7%	19.8%	14.2%	30.2%	16.0%	11.3%	4.56	1.54	36
Counterpart Government	3.6%	7.8%	11.5%	14.3%	27.8%	20.8%	14.3%	4.74	1.62	134
Civil Society/Private Sector	0.0%	0.0%	31.6%	0.0%	68.4%	0.0%	0.0%	4.37	1.14	3
Contractor/Implementing Agency	0.0%	0.0%	0.0%	0.0%	5.8%	47.1%	47.1%	6.41	0.67	5

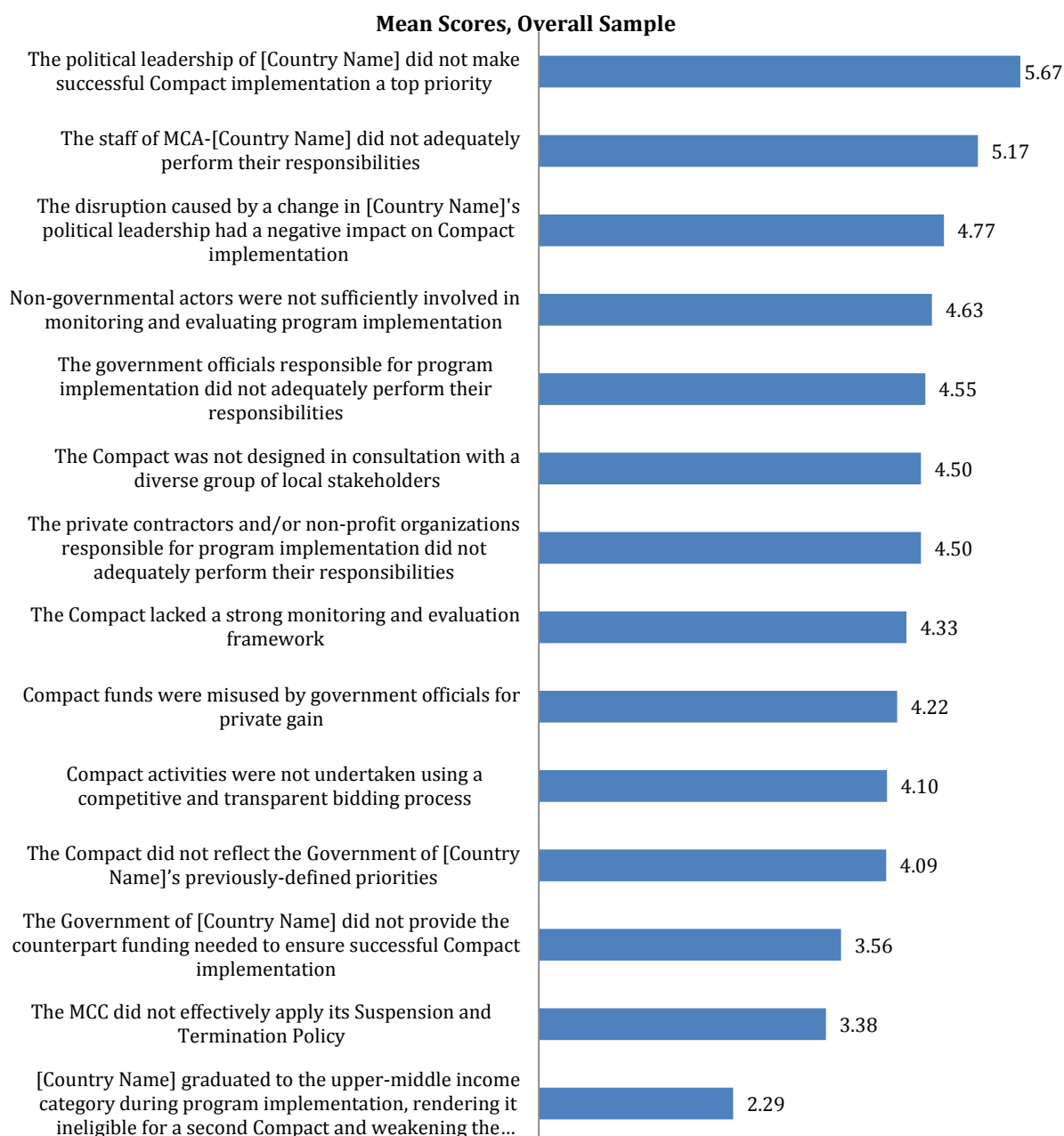
Of the available options, respondents felt NGO oversight was the least important reason for Compact Program success. The overall mean score of 4.74 is the lowest of all mean scores given in question 12. Responses from the USG and counterpart government stakeholder groups indicate similar opinions across respondent subgroups, with mean scores of 4.56 and 4.74,

respectively. Additionally, each of the two stakeholder groups has a similar distribution of ratings, though ratings are more positive in the counterpart government group. Finally, in both groups, a score of five is most common. 30.2% of USG respondents and 27.8% of counterpart government respondents provided a score of five.

13. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's nonsuccess:^{xxxix}

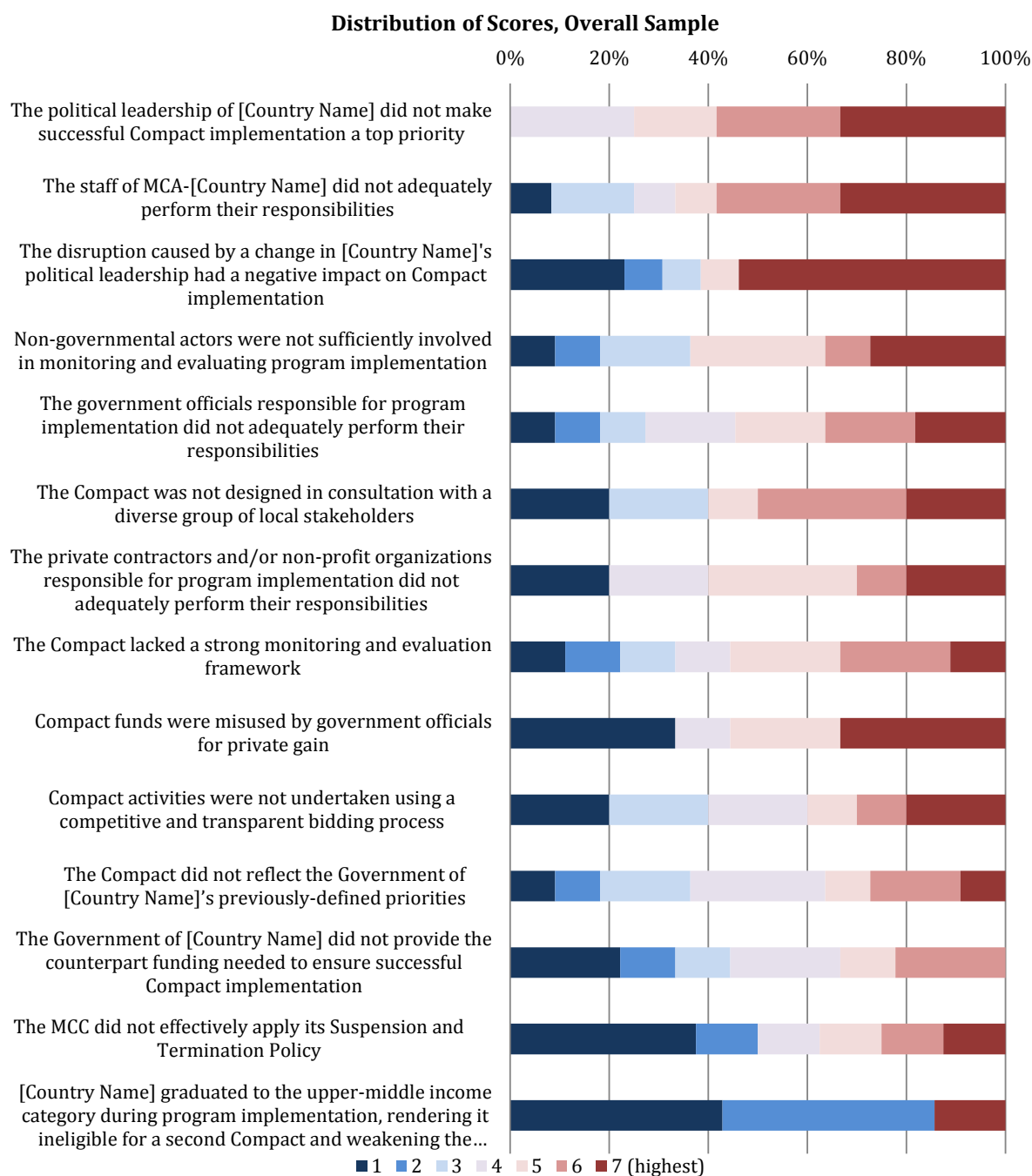
Respondents who indicated (in question 11) that Compact Programs were less successful than other foreign assistance programs were given the opportunity to identify a range of potential factors that contributed to failure (in question 13). Overall, respondents agreed that most of the factors described below contributed to unsuccessful Compact Programs. Respondents

identified a lack of political leadership as the single most important determinant of unsuccessful Compact Programs.^{xl} By comparison, the survey data suggest that neither ineffective application of the MCC Suspension and Termination Policy nor graduation to the upper-middle income bracket were major drivers of unsuccessful Compact Programs.



The figure below demonstrates that most the factors contributing to unsuccessful Compact Programs had a similar distribution of scores. However, the statement that “political leadership did not make successful Compact implementation a top priority” received no scores below four, indicating consistent agreement that this was a key determinant of programmatic failure. On the other hand, graduation to the upper-middle

income category was identified as a reason for Compact "non-success" in only one country: Colombia. After securing Compact eligibility, the domestic authorities invested time and energy into the Compact development process, but later learned that Colombia had graduated to the upper-middle income category and could not proceed with Compact implementation.



III. The Effectiveness of the MCA Eligibility Criteria as an Incentive for Reform

There is an important distinction between the *influence* and the *effectiveness* of the MCA eligibility standards as a tool for spurring and sustaining reforms in developing countries. Apart from any direct effects that the MCA eligibility criteria might have on reform outcomes, any holistic evaluation of the MCC's policy impact must consider possible indirect effects and unintended consequences. Critics of the MCC have leveled a wide array of critiques: that the MCA eligibility standards might exert outsized policy influence, but divert a government's attention away from higher priority policy issues or limit a government's policy autonomy in a negative manner (Soederberg 2004; Arruñada 2007); that the MCA eligibility standards might lead to an excessive focus on measurement and data quality issues (Goldsmith 2011); that countries might "game the system" by following the letter but not the spirit of the law (Delevingne 2010); that rigorous application of the MCA eligibility criteria might impose significant domestic or external audience costs and thus provoke Candidate governments to ally themselves with non-DAC suppliers of development finance (Grigoryan 2009; Perera 2009); and that disciplined enforcement of the MCA eligibility criteria may result in unanticipated policy spillover effects, or "blowback" (Phillips 2011). We therefore designed a set of survey questions that would provide a rare window into these important but difficult-to-capture effects of the MCA eligibility standards.

14. Please indicate how strongly you agree or disagree with each of the following statements: "The MCC's approach of tying [Country Name]'s eligibility for MCA assistance to measures of policy performance...

Table 34 organizes potential effects of the MCC's performance-based aid approach into two categories: positive effects and negative effects. Overall, respondents seemed to be very supportive of the MCC's approach. When asked to assess a range of potentially positive effects, between 54% and 80% of respondents agreed or strongly agreed that the MCC's approach of making assistance conditional upon a country's policy performance had these effects. 79.9% of respondents agreed or strongly agreed with the statement that the MCC's approach "helped the government measure its own performance." The idea that the MCC "strengthened the government's resolve to implement reforms in a specific policy area" came in a close second, with 77.7% of respondents expressing agreement or strong

agreement. By contrast, when asked to assess a range of potentially negative effects, between 7% and 39% of respondents agreed or strongly agreed.

Respondents took issue with the notion that application of the MCA eligibility criteria has resulted in "goal displacement" (Soederberg 2004; Arruñada 2007). Nearly 93% of respondents disagreed or strongly disagreed with the claim that the MCC's approach "drew the government's attention away from important policy issues."

The notion that the MCC's performance-based aid allocation approach "helped reformers within government weaken opposition to reform" drew the most tepid response, with 54.4% in agreement and 45.6% in disagreement.

Table 34. Distribution of Responses, Overall Sample (%)

"The MCC's approach of tying [Country Name]'s eligibility for MCA assistance to measures of policy performance..."

	+ or - Effect of MCC Approach	Strongly Disagree	Disagree	Agree	Strongly Agree	N
strengthened the government's domestic credibility and legitimacy."	+	7.8%	31.0%	52.0%	9.2%	503
helped donors coordinate their policy dialogue with that of the government."	+	5.8%	30.3%	55.8%	8.2%	502
created a way for the government to highlight its credentials to private investors."	+	5.7%	27.0%	57.8%	9.5%	493
drew the government's attention away from important policy issues."	-	32.5%	60.3%	5.6%	1.6%	501
helped the government measure its own performance."	+	4.5%	15.6%	63.2%	16.7%	514
limited the policy autonomy of the government in a negative manner."	-	27.8%	63.7%	8.1%	0.4%	496
led to an excessive focus on measurement and data quality."	-	10.4%	51.5%	30.5%	7.6%	499
focused the government's attention on otherwise neglected policy issues."	+	5.8%	26.1%	56.4%	11.8%	502
punished poor people in [Country Name] because of the government's low indicator scores."	-	38.6%	43.8%	13.7%	3.8%	495
strengthened the government's resolve to implement reforms in a specific policy area."	+	4.9%	17.3%	60.8%	16.9%	508
helped reformers within government build domestic coalitions of support."	+	7.2%	31.0%	53.3%	8.4%	499
helped reformers within government weaken opposition to reform."	+	8.8%	36.8%	47.8%	6.6%	498
enabled civil society organizations or journalists to more effectively advocate for reform."	+	6.0%	26.6%	55.8%	11.7%	504
reduced the likelihood that the government would renege on earlier policy commitments or reverse previously-adopted reforms."	+	6.3%	32.9%	49.8%	11.0%	490

- 14a. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

strengthened the government’s domestic credibility and legitimacy.”

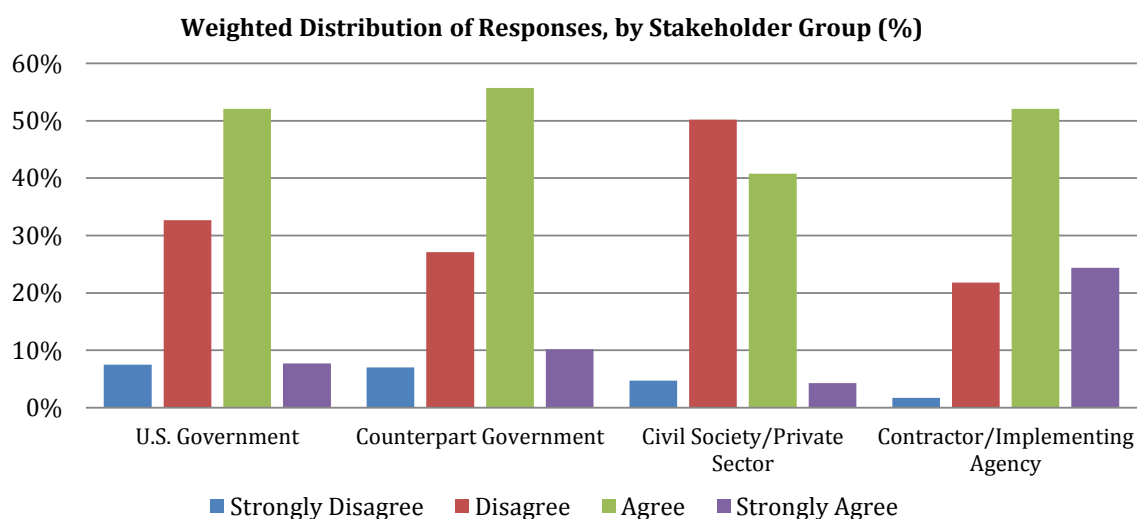


Table 35. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	7.8%	31.0%	52.0%	9.2%	503
Candidate	13.1%	34.4%	49.9%	2.6%	87
Threshold	5.3%	41.4%	46.2%	7.1%	117
Compact	5.3%	23.8%	57.4%	13.5%	299
U.S. Government	7.5%	32.7%	52.1%	7.7%	161
Counterpart Government	7.0%	27.1%	55.7%	10.2%	283
Civil Society/Private Sector	4.7%	50.2%	40.8%	4.3%	22
Contractor/Implementing Agency	1.7%	21.8%	52.1%	24.4%	37

As shown in Table 35, 61% of respondents agreed or strongly agreed with the statement that the MCC’s assistance “strengthened the government’s domestic credibility and legitimacy.” Of the various stakeholder groups, contractors agreed most often, with about 52.1% in agreement and 24.4% in strong agreement. 66% of counterpart government respondents also agreed or strongly agreed with the idea that the MCC’s approach strengthened government credibility. USG opinion was more evenly—through still significantly—split between agreement (59.8%) and

disagreement (41.3%). Notably, civil society was the only group to disagree that domestic legitimacy was strengthened: 55% disagreed or strongly disagreed. Nevertheless, this last result should be interpreted with caution, given the low sample size of the civil society/private sector stakeholder group. Respondents from Compact countries expressed particularly strong agreement with this statement, which supports the notion that Compacts bring substantial financial and reputational benefits to a recipient government.

- 14b. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

helped donors coordinate their policy dialogue with that of the government.”

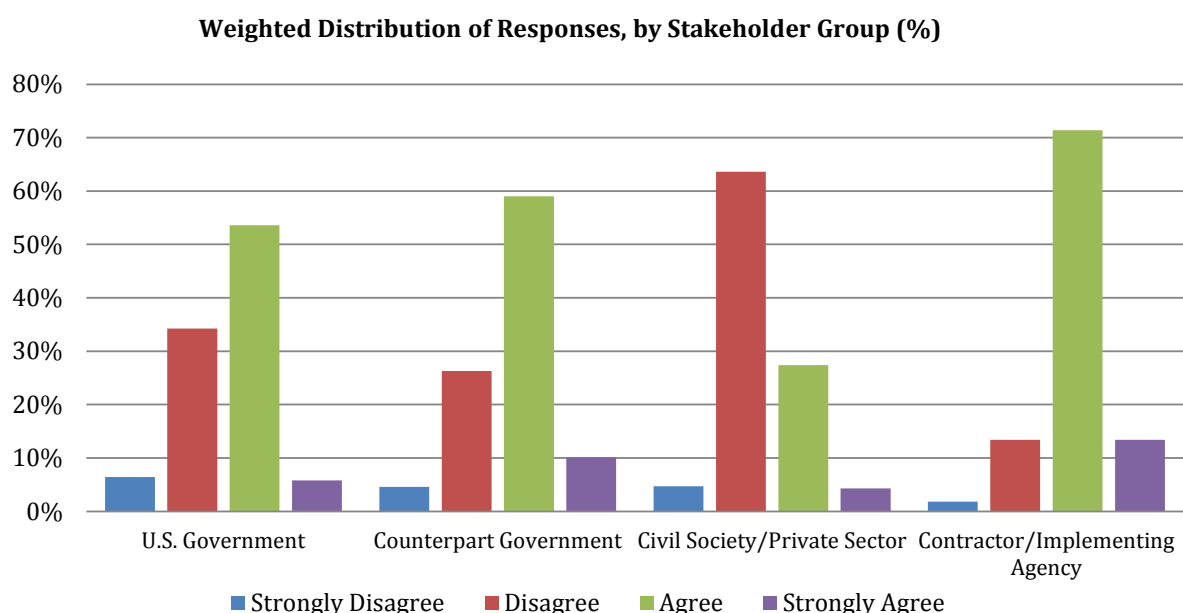


Table 36. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	5.8%	30.3%	55.8%	8.2%	502
Candidate	13.0%	34.7%	46.4%	5.9%	89
Threshold	2.7%	31.2%	58.8%	7.2%	115
Compact	3.5%	27.6%	59.0%	10.0%	298
U.S. Government	6.4%	34.24%	53.6%	5.8%	159
Counterpart Government	4.6%	26.3%	59.0%	10.1%	285
Civil Society/Private Sector	4.7%	63.6%	27.4%	4.3%	22
Contractor/Implementing Agency	1.8%	13.4%	71.4%	13.4%	36

Respondents tended to agree (55.8%) or strongly agree (8.2%) with the statement that the MCC “helped donors coordinate their policy dialogue with that of the government.” Contractors tended to agree more than other stakeholder groups, with 85% in agreement or strong agreement. On the other hand, civil society respondents were the only group with a majority (68%) in disagreement with the statement. However, given the limited

number of respondents, this finding should be interpreted with caution. As for MCA status categories, both Compact and Threshold country respondents agreed or strongly agreed with the statement at least 66% of the time, while respondents from MCA Candidate countries were only slightly more in agreement (52.3%) than disagreement (47.7%).

- 14c. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

created a way for the government to highlight its credentials to private investors.”

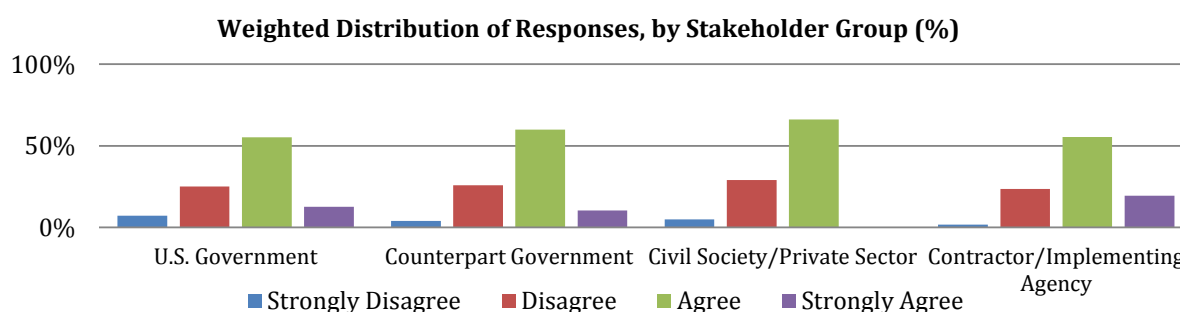


Table 37. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	5.7%	27.0%	57.8%	9.5%	493
Candidate	10.6%	30.3%	56.6%	2.6%	88
Threshold	2.7%	26.6%	58.3%	12.4%	113
Compact	4.0%	23.7%	58.8%	13.5%	292
U.S. Government	7.1%	25.1%	55.2%	12.6%	160
Counterpart Government	3.9%	25.8%	60.0%	10.3%	275
Civil Society/Private Sector	4.9%	29.0%	66.1%	0.0%	21
Contractor/Implementing Agency	1.7%	23.5%	55.4%	19.4%	37

The prospect of MCA eligibility may be attractive to different countries for different reasons. While some governments might draw inspiration from the financial reward of an MCC Compact, others might attach greater value to the credibility signal that MCA eligibility sends to investors and creditors.^{xli} For example, when asked about the nature of her government’s interest in MCA eligibility, Indonesia’s then Minister of Finance, Sri Mulyani Indrawati, indicated that: “It’s not about the money. It’s about the recognition that we’re doing the right thing” (World Bank 2007: 3).

Responses to question 14c provide a nuanced explanation for the findings from question 3 on the comparative policy influence of financial and non-financial incentives. At least as regards the MCC, the signaling mechanism to investors provided by the exceptional performance of a country on a given assessment may be equally, if not more, important than any direct or indirect financial rewards.^{xlii}

Participants in the 2012 MCA Stakeholder survey generally agreed (57.8%) or strongly agreed (9.5%) with the idea that the MCA created

a way for the government to highlight its credentials to foreign investors. The results reported in Table 37 indicate that respondents from all four stakeholder groups agreed or strongly agreed with the statement at least 66% of the time. The contractor/implementing agency stakeholder group had the highest percentage of agreement (75%) among the four groups. The civil society/private sector stakeholder group had a similarly high number of “agree” responses, but none of these respondents strongly agreed with the statement, compared to an average proportion of 14.1% strong agreement among the other three stakeholder groups.

Analysis of the “MCA status” respondent groups demonstrates that respondents from Compact and Threshold countries believe that the MCC’s country selectivity model helps the domestic authorities call attention to their domestic policy accomplishments. This view enjoys less support among respondents from Candidate countries, which makes sense since the domestic authorities in these countries have no reputational or financial reward from the MCC to spotlight.

- 14d. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

drew the government’s attention away from important policy issues.”

Weighted Distribution of Responses, by MCA Status Category (%)

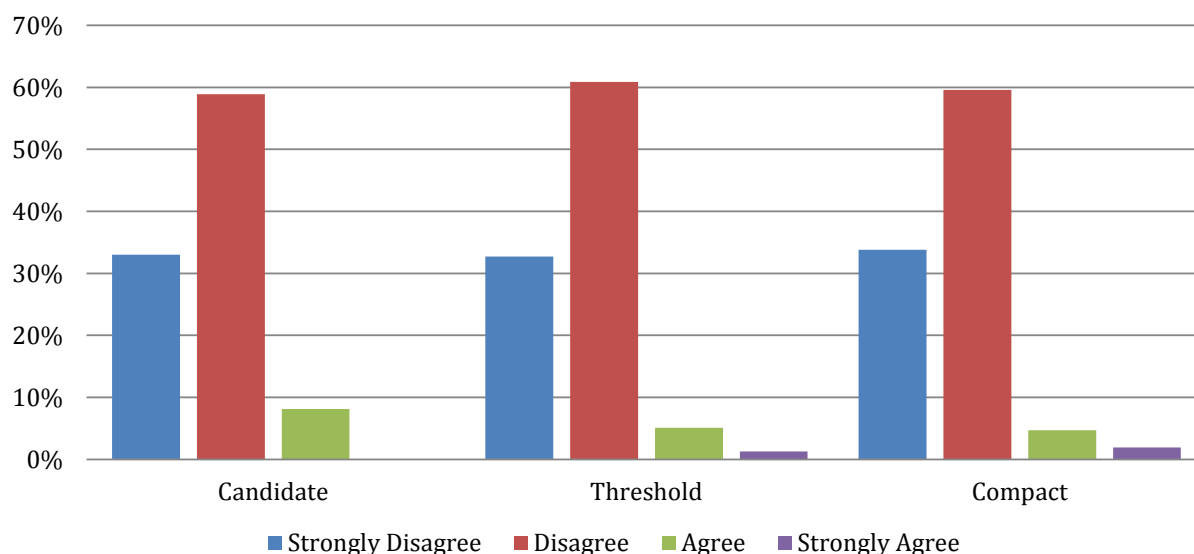


Table 38. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	32.5%	60.3%	5.6%	1.6%	501
Candidate	33.0%	58.9%	8.1%	0.0%	88
Threshold	32.7%	60.9%	5.1%	1.3%	115
Compact	33.8%	59.6%	4.7%	1.9%	298
U.S. Government	32.2%	62.1%	5.7%	0.0%	164
Counterpart Government	32.1%	59.8%	5.4%	2.7%	280
Civil Society/Private Sector	23.4%	67.9%	8.7%	0.0%	22
Contractor/Implementing Agency	55.9%	42.3%	1.8%	0.0%	35

Overall, respondents disagreed with the statement that the MCA eligibility criteria drew the government’s attention away from important policy issues. As shown in Table 38, all three “MCA status” groups expressed exceptionally high levels of disagreement and strong disagreement. Given the remarkable consistency of disagreement across all MCA status categories, fear of MCA goal

displacement does not seem to be prevalent among respondents from countries that have not yet achieved MCA eligibility or among respondents from countries that have had the opportunity to implement a Threshold or Compact Program. At least 91% of the respondents from each stakeholder group also disagreed or strongly disagreed with the notion of goal displacement.

- 14e. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

helped the government measure its own performance.”

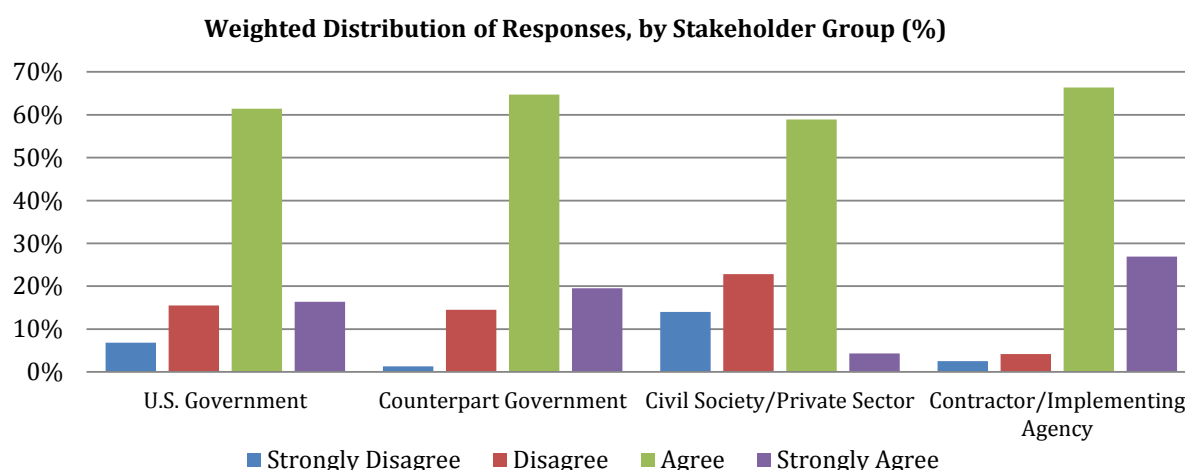


Table 39. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	4.5%	15.6%	63.2%	16.7%	514
Candidate	8.3%	14.2%	65.4%	12.2%	90
Threshold	0.8%	15.2%	61.1%	22.9%	118
Compact	3.6%	14.2%	63.8%	18.4%	306
U.S. Government	6.8%	15.5%	61.4%	16.4%	160
Counterpart Government	1.3%	14.5%	64.7%	19.5%	275
Civil Society/Private Sector	14.0%	22.8%	58.9%	4.3%	21
Contractor/Implementing Agency	2.5%	4.2%	66.4%	26.9%	37

Apart from any incentive or catalytic effects, it is possible that the MCC’s performance-based aid allocation model has resulted in a stronger focus on measuring results among governments in the developing world. The survey findings reported in Table 39 indicate that at least 63% of all four respondent groups—USG officials, counterpart government officials, civil society and private sector representatives, and contractor/ implementing agency staff—agreed or strongly agreed with the statement that the MCC helped the government measure its own performance. The contractor/ implementing agency stakeholder group had the highest rate of agreement among

the respondent groups (93%). The civil society/ private sector stakeholder group had the lowest rate of agreement (63%). Among MCA status categories, only respondents from Candidate countries had a disagreement rate higher than 18%. Indeed, at least 77% of respondents from each of the three MCA status categories agreed that the government was better able to measure its performance because of the MCC’s performance-based approach. Thus, it would appear that the MCC model has positively contributed to “managing for results” orientation among governments in the developing world.

- 14f. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

limited the policy autonomy of the government in a negative manner.”

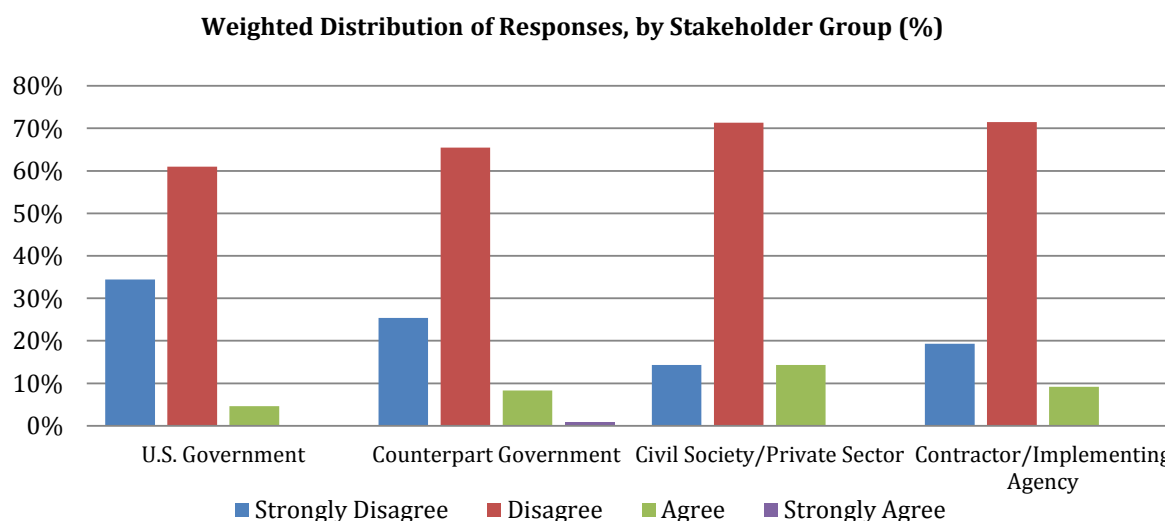


Table 40. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	27.8%	63.7%	8.1%	0.4%	496
Candidate	20.3%	67.1%	11.3%	1.3%	86
Threshold	30.1%	65.7%	4.2%	0.0%	112
Compact	28.7%	63.6%	7.4%	0.3%	298
U.S. Government	34.4%	61.0%	4.6%	0.0%	160
Counterpart Government	25.4%	65.5%	8.3%	0.7%	278
Civil Society/Private Sector	14.3%	71.3%	14.3%	0.0%	21
Contractor/Implementing Agency	19.3%	71.5%	9.2%	0.0%	37

One criticism of the MCC’s model is that the MCA eligibility standards might exert outsized policy influence, but divert a government’s attention away from higher priority policy issues or otherwise limit the government’s “policy space” (Oya 2006; Chhotray and Hume 2009; Nissanke 2010). Overall, respondents did not agree with the statement that the MCC’s performance-based aid allocation model had limited the policy autonomy of the government in a negative manner. The results reported in Table 40 indicate that at least 85% of all four respondent stakeholder groups

disagreed with this idea. USG respondents had the highest rate of disagreement, at 95%. Respondents from Compact, Threshold, and Candidate countries also consistently disagreed with the statement. Across the three “MCA status” groups, only 4.4% to 12.6% of respondents indicated that the MCC’s performance-based aid allocation model limited his or her government’s ability to determine its own policy. Civil society/private sector respondents and Candidate country respondents were the only groups to disagree more than 10% of the time.

- 14g. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

led to an excessive focus on measurement and data quality.”

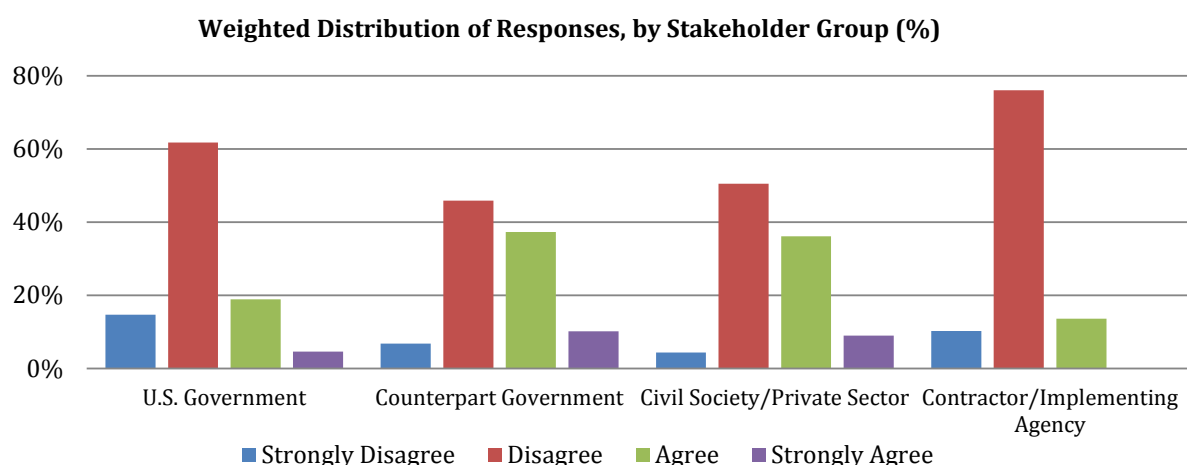


Table 41. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	10.4%	51.5%	30.5%	7.6%	499
Candidate	14.4%	54.1%	28.0%	3.5%	86
Threshold	9.7%	50.5%	32.0%	7.9%	112
Compact	8.3%	54.8%	28.6%	8.4%	301
U.S. Government	14.7%	61.8%	18.9%	4.6%	162
Counterpart Government	6.8%	45.9%	37.3%	10.1%	280
Civil Society/Private Sector	4.3%	50.5%	36.1%	9.0%	22
Contractor/Implementing Agency	10.2%	76.1%	13.6%	0.0%	35

Others have advanced the argument that the MCC’s what-gets-measured-gets-done approach and the high stakes nature of the MCA funding competition might encourage governments to “game the system” by following the letter but not the spirit of the law (Goldsmith 2011; Delevingne 2010). Respondents generally disagreed with the proposition that the MCC’s performance-based approach to foreign assistance had resulted in an excessive focus on measurement and data quality issues among developing countries. Overall, 51.5% disagreed and 10.4% strongly disagreed. The contractor/implementing agency stakeholder group had the highest rate of disagreement (86%).

However, only 53% of counterpart government respondents disagreed that the MCC’s performance-based aid allocation model overemphasized measurement and data quality issues. Among civil society respondents, this figure rises to 55%. These data suggest a split in opinion between the more foreign respondent groups (USG and contractor/implementing agency) and the more domestic respondent groups (counterpart government and civil society/private sector), with the more foreign respondents expressing a stronger affinity for the MCC’s heavy emphasis on measurement and data quality.

- 14h. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

focused the government’s attention on otherwise neglected policy issues.”

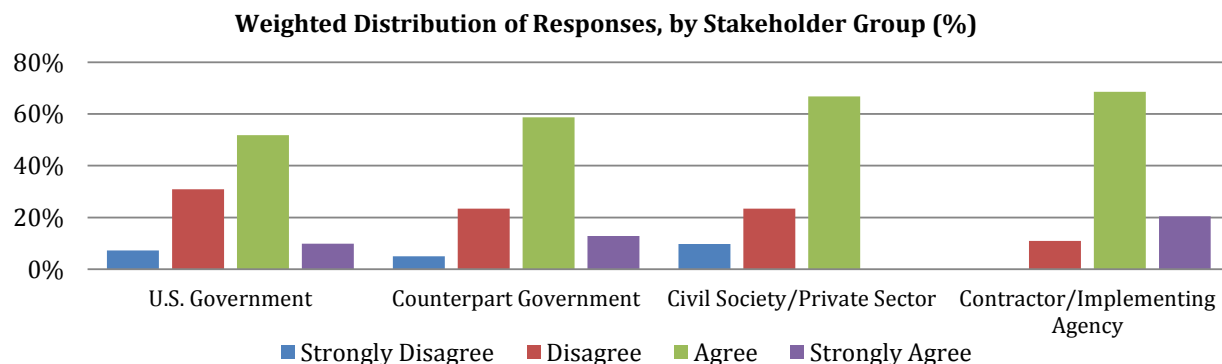


Table 42. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	5.8%	26.1%	56.4%	11.8%	502
Candidate	8.6%	34.5%	48.8%	8.1%	87
Threshold	6.1%	29.8%	60.0%	4.3%	115
Compact	4.6%	20.6%	59.0%	15.8%	300
U.S. Government	7.3%	30.9%	51.8%	9.9%	164
Counterpart Government	5.0%	23.4%	58.7%	12.9%	281
Civil Society/Private Sector	9.8%	23.4%	66.8%	0.0%	21
Contractor/Implementing Agency	0.0%	11.0%	68.6%	20.4%	36

One of the ways in which the MCA eligibility criteria might influence reform efforts is by shaping priorities at the agenda-setting phase of the policymaking process. For example, the MCC's use of a Control of Corruption "hard hurdle"—a performance criterion that every country must pass to meet the formal Compact eligibility requirements—might induce a government to prioritize otherwise neglected corruption issues.

Participants in the 2012 MCA Stakeholder Survey generally agreed (56.4%) or strongly agreed (11.8%) that the MCA eligibility criteria “focused the government’s attention on otherwise neglected policy issues.” Contractor/ implementing agency respondents agreed more often than any other stakeholder group; 89% of contractors indicated agreement or strong agreement. USG respondents had the lowest rate

of agreement (60%), suggesting that a significantly larger portion of this cohort believed the MCC did not focus the government’s attention on otherwise low priority policy issues.

At least 56% of respondents from all three MCA status categories agreed with the statement. Compact country respondents had the highest rate of agreement (85%). Candidate country respondents disagreed the most often—at a rate of 43.1%. The survey data therefore suggest that the MCC’s performance-based aid allocation model (a) has helped increase the level of priority assigned to some policy issues in developing countries, but (b) may be relatively less effective at influencing the domestic policy agenda in countries that fail to qualify for Threshold or Compact Programs. We find further support for (a) in question 18.

- 14i. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

punished poor people in [Country Name] because of the government’s low indicator scores.”

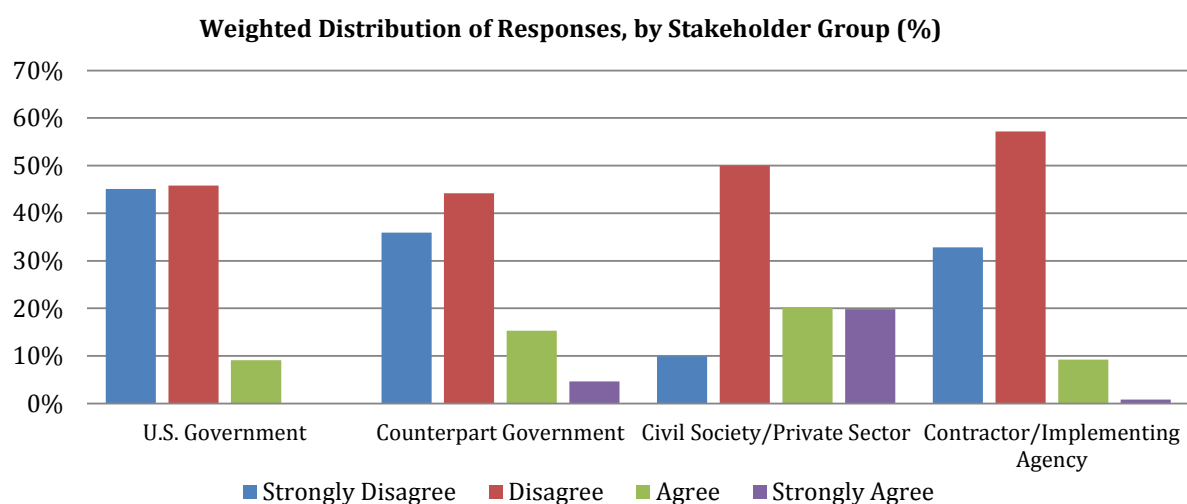


Table 43. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	38.6%	43.8%	13.7%	3.8%	495
Candidate	24.6%	51.6%	20.0%	3.8%	86
Threshold	32.9%	56.4%	9.5%	1.1%	114
Compact	43.5%	40.4%	12.1%	4.0%	295
U.S. Government	45.1%	45.8%	9.1%	0.0%	163
Counterpart Government	35.9%	44.2%	15.3%	4.6%	275
Civil Society/Private Sector	9.9%	50.0%	20.2%	19.8%	20
Contractor/Implementing Agency	32.8%	57.2%	9.2%	0.8%	37

The MCC has also confronted critics who claim that its country selectivity model unfairly punishes poor people who live in countries that are poorly-governed (Witness for Peace 2009). This did not find much support among participants in the 2012 MCA Stakeholder Survey. At least 60% of respondents from all four stakeholder groups disagreed that the MCC’s performance-based aid allocation model punished poor people because of their government’s low indicator scores. USG respondents disagreed the most often—91% of the time. In comparison to the other stakeholder groups, civil society/private

sector respondents agreed with the statement the most often, and by a large margin, though this result should be interpreted with some caution because of the limited sample size.

Among the MCA status subgroups, Candidate country respondents were the most likely to agree—but only 23.8% of the time. Indeed, the survey data indicate that respondents generally believe that the MCC’s model does not punish poor people for their country’s low indicator scores, regardless of whether or not their country is eligible for Threshold or Compact funding.

- 14j. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

strengthened the government’s resolve to implement reforms in a specific policy area.”

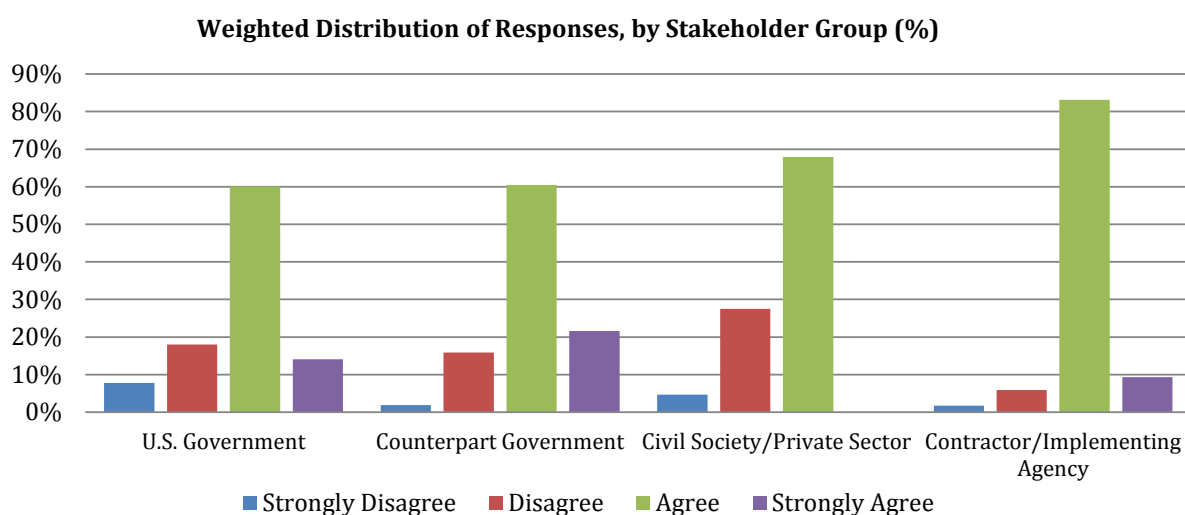


Table 44. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	4.9%	17.3%	60.8%	16.9%	508
Candidate	10.6%	20.8%	54.7%	13.9%	90
Threshold	1.3%	18.4%	66.4%	13.8%	117
Compact	3.0%	14.3%	63.1%	19.6%	301
U.S. Government	7.8%	18.0%	60.1%	14.1%	164
Counterpart Government	1.9%	15.9%	60.5%	21.6%	286
Civil Society/Private Sector	4.7%	27.5%	67.9%	0.0%	22
Contractor/Implementing Agency	1.7%	5.9%	83.1%	9.3%	36

Rather than pressuring governments to take policy actions that they would otherwise not favor, the MCA eligibility criteria may exert influence by shoring up support for domestic reformers whose policy preferences are already aligned with MCC policy preferences (Vreeland 2003). The results reported in Table 44 indicate that, overall, survey respondents agreed (60.8%) or strongly agreed (16.9%) that the MCC's country selectivity model has helped strengthen the resolve of developing country governments to implement reforms in specific policy areas. At

least 69% of respondents from Compact, Threshold, and Candidate countries agreed with the notion that the MCA eligibility criteria strengthened domestic reform resolve. Compact country respondents expressed the highest level of agreement (at 82.7%), while Threshold country respondents expressed a similarly high level of agreement (90.2%). Candidate country respondents expressed the lowest level of agreement (at 69%). These results suggest that the "MCC Effect" may be stronger in Compact and Threshold countries than in Candidate countries.

- 14k. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

helped reformers within government build domestic coalitions of support.”

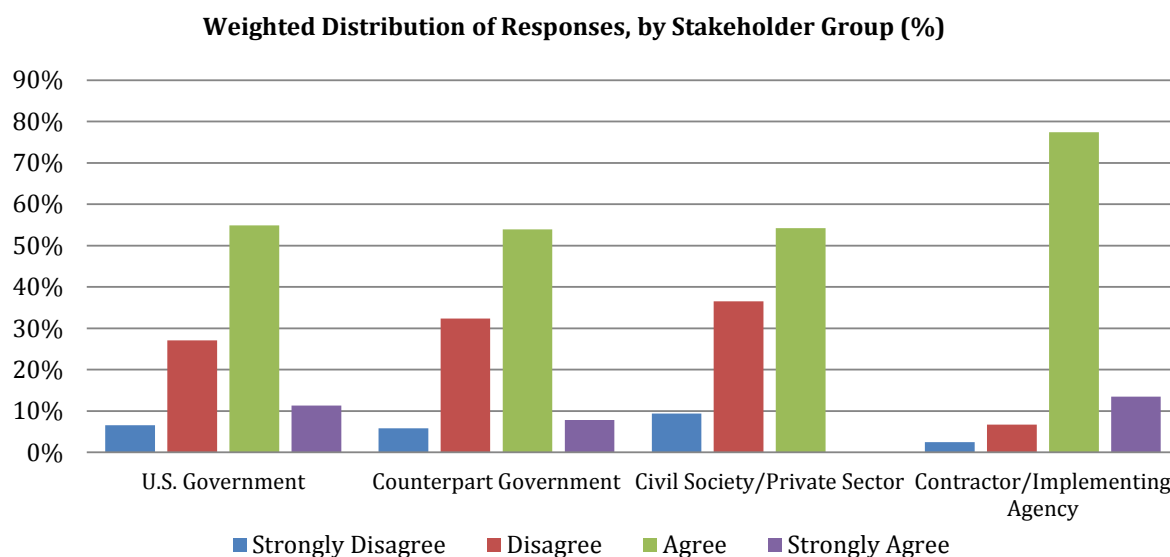


Table 45. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	7.2%	31.0%	53.3%	8.4%	499
Candidate	11.9%	25.8%	60.2%	2.1%	88
Threshold	0.8%	29.8%	60.4%	9.0%	116
Compact	6.2%	29.5%	53.1%	11.2%	295
U.S. Government	6.6%	27.1%	54.9%	11.3%	161
Counterpart Government	5.8%	32.4%	53.9%	7.8%	279
Civil Society/Private Sector	9.4%	36.5%	54.2%	0.0%	22
Contractor/Implementing Agency	2.5%	6.7%	77.4%	13.5%	37

Overall, respondents agreed that the MCC’s approach helped reformers within government build domestic coalitions of support. The contractor/implementing agency stakeholder group agreed more often than the other three stakeholder groups. However, only 54% of civil society/private sector respondents agreed with the statement. The distribution of responses across the USG and counterpart government stakeholder groups, though generally more positive, resembled that of civil society/private

sector responses.

There was also some disagreement among respondents from Compact, Threshold, and Candidate countries regarding whether or not the MCC model is effective in helping to build domestic coalitions of support for reform efforts. The three MCA status groups were generally in agreement with the idea; however, respondents from Candidate countries did not agree as often as those from Threshold and Compact countries.

- 14l. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

helped reformers within government weaken opposition to reform.”

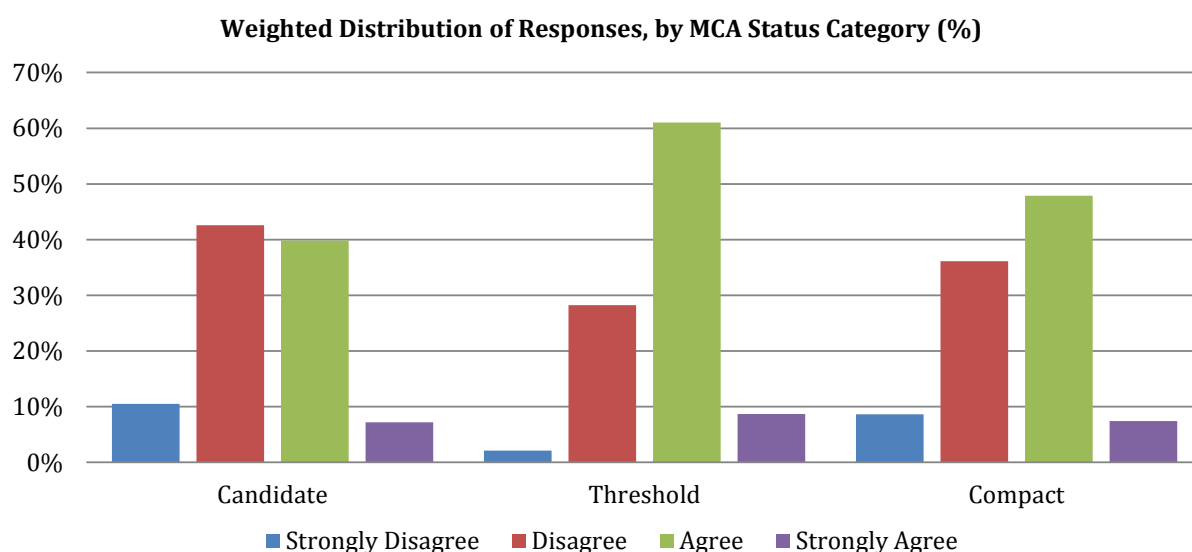


Table 46. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	8.8%	36.8%	47.8%	6.6%	498
Candidate	10.5%	42.6%	39.8%	7.2%	89
Threshold	2.1%	28.2%	61.0%	8.7%	117
Compact	8.6%	36.1%	47.9%	7.4%	292
U.S. Government	6.6%	35.4%	50.3%	7.8%	162
Counterpart Government	7.8%	38.2%	46.6%	7.3%	277
Civil Society/Private Sector	18.7%	40.9%	40.4%	0.0%	22
Contractor/Implementing Agency	2.5%	12.6%	71.5%	13.5%	37

More respondents agreed than disagreed that the MCC’s approach helped reformers within government weaken opposition to reform. However, this idea (question 14l) did not enjoy the same level of support that respondents expressed for the idea (14k) that the MCC’s performance-based aid allocation model has helped reformers build domestic coalitions of support. Nearly 70% of Threshold country respondents agreed or strongly agreed. On the other hand, more Candidate country respondents

actually disagreed (53.1%) than agreed (47%). The survey data suggest that the MCC’s approach may become more effective at weakening opposition to reform once a country achieves Threshold status, though some of this additional impact may dissipate after a country secures Compact status.^{xliii} Across stakeholder groups, respondents tended to agree with the statement, though 59.6% of civil society respondents conveyed some level of disagreement.

- 14m. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

enabled civil society organizations or journalists to more effectively advocate for reform.”

Weighted Distribution of Responses, by Stakeholder Group (%)

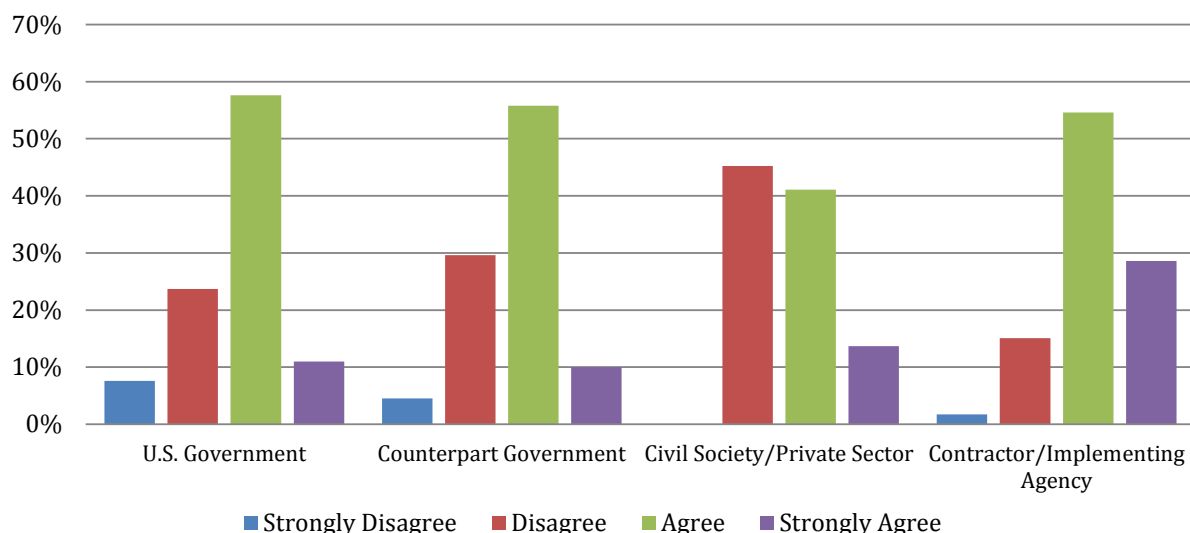


Table 47. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	6.0%	26.6%	55.8%	11.7%	504
Candidate	9.2%	36.8%	50.7%	3.4%	89
Threshold	4.9%	33.1%	55.2%	6.8%	114
Compact	4.1%	22.3%	57.4%	16.3%	301
U.S. Government	7.6%	23.7%	57.6%	11.0%	161
Counterpart Government	4.5%	29.6%	55.8%	10.0%	284
Civil Society/Private Sector	0.0%	45.2%	41.1%	13.7%	22
Contractor/Implementing Agency	1.7%	15.1%	54.6%	28.6%	37

Overall, more respondents agreed than disagreed that the MCC’s approach enabled civil society organizations and journalists to more effectively advocate for reform. As shown in Table 47, 83% of the contractor/implementing agency stakeholder group agreed with the statement. Even a majority of civil society respondents agreed with the

statement. Across the three MCA status categories, at least 54% of respondents from each subgroup indicated agreement or strong agreement. Candidate country respondents agreed the least often, while respondents from Compact status countries agreed the most often.

- 14n. Please indicate how strongly you agree or disagree with each of the following statements: “The MCC’s approach of tying [Country Name]’s eligibility for MCA assistance to measures of policy performance...

reduced the likelihood that the government would renege on earlier policy commitments or reverse previously-adopted reforms.”

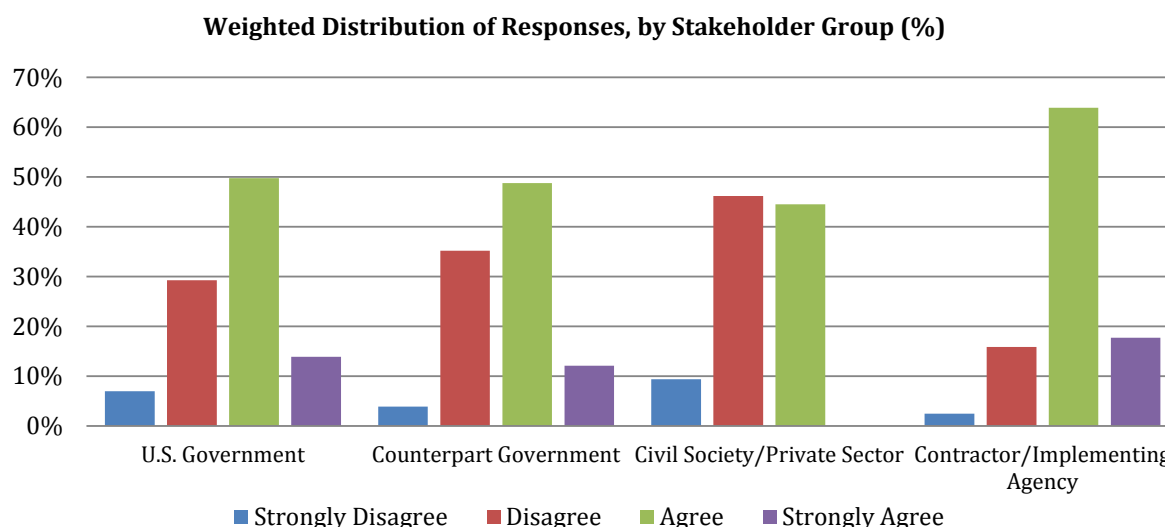


Table 48. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	6.3%	32.9%	49.8%	11.0%	490
Candidate	12.0%	40.0%	44.4%	3.6%	83
Threshold	4.7%	38.9%	47.3%	9.2%	112
Compact	3.4%	27.7%	52.6%	16.4%	295
U.S. Government	7.0%	29.3%	49.8%	13.9%	158
Counterpart Government	3.9%	35.2%	48.8%	12.1%	273
Civil Society/Private Sector	9.4%	46.2%	44.5%	0.0%	22
Contractor/Implementing Agency	2.5%	15.9%	63.9%	17.7%	37

Respondents tended to agree that the MCC’s approach reduced the likelihood that the government would renege on earlier policy commitments or reverse previously-adopted reforms. However, responses were split between stakeholder groups and MCA status categories. The contractor/implementing agency staff agreed the most often. However, a majority (55%) of civil society/private sector respondents disagreed with the statement.

The three MCA status groups were also divided in their response to the claim that MCC reduced the likelihood of reform reversal. Respondents from Compact and Threshold countries agreed with the statement. However, Candidate country respondents were more likely to disagree than agree, indicating that the MCC’s approach may be less successful at encouraging sustainable reform in countries without Threshold or Compact Programs.

IV. The Reform Impact of the MCA Eligibility Criteria in Specific Policy Domains

The MCC uses a diverse set of indicators to determine a country's eligibility or ineligibility for MCA funding. However, neither the policy community nor the research community knows virtually anything—apart from journalistic accounts—about the levels of policy influence exerted by these different eligibility indicators. The existing literature on strategic bargaining suggests that a government's willingness to participate in a resources-for-reform swap will increase as the "determinacy"—or the clarity and predictability—of the proposed "rules of the game" increases (Schimmelfenning and Sedelmeier 2004). The MCC's 17 eligibility indicators vary significantly in terms of their levels of determinacy: while some indicators are simple, objective, and actionable, others are complex, subjective, and difficult to change. For example, the MCC's measures of Girls' Primary Education Completion, Immunization Rates, and Business Start-Up demonstrate relatively high levels of determinacy, while omnibus measures of governance such as the Rule of Law and Corruption demonstrate lower levels of determinacy. Counting the number of primary-school-aged children who have completed primary school, the number of infants who received a vaccination for measles, or the time and cost of registering a medium-sized business is a relatively straightforward exercise. By contrast, measuring a broad area of institutional performance such as the "Rule of Law" is far more complex, introducing a higher level of indeterminacy (Haggard et al. 2008).

The logic of determinacy suggests that developing country governments will focus their efforts on MCA eligibility criteria that are easy to understand and target with short-term policy interventions (Parks 2013). The reasoning that underpins this argument is simple: government officials who contemplate difficult policy and institutional changes need to be convinced that their actions will actually improve their chances of qualifying for MCA funding. Finance ministers, planning ministers, and other senior government officials want to know that if they expend scarce financial, human, and political resources on a given policy objective, they will reap the expected material or reputational benefits within a relevant political time horizon (i.e. before they leave office).^{xliv}

15. During your period(s) of service in [Country Name] between 2004 and 2012, how much SUPPORT do you think the head of government (e.g. President, Prime Minister) gave to domestic efforts to achieve MCA eligibility?

While 81% of respondents answered that the head of government provided “some” or “a lot” of support to domestic efforts to achieve MCA eligibility, there was very little consensus across stakeholder groups on specific answer choices. 58.3% of counterpart government officials indicated that the head of state provided “a lot” of support. However, only 35.6% of USG officials reported that the head of state provided “a lot” of support.

There were also large inconsistencies between the answers of respondents from Compact, Threshold, and Candidate countries. 57.4% of Compact country respondents indicated that MCA eligibility efforts received “a lot” of support, while only 40.3% of Threshold country respondents and 26.6% of Candidate country respondents selected this response option. These data provide suggestive evidence that MCA eligibility status is positively correlated with support at the highest levels of the government.

Weighted Distribution of Responses, by MCA Status Category (%)

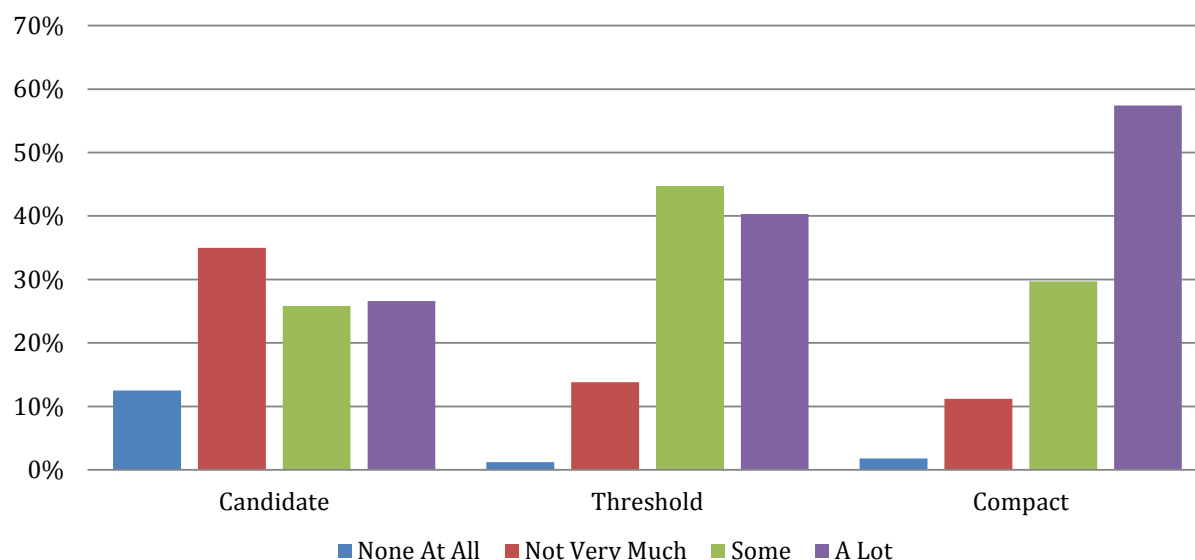


Table 49. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	None At All	Not Very Much	Some	A Lot	N
All	4.2%	14.9%	33.3%	47.6%	529
Candidate	12.5%	35.0%	25.8%	26.6%	94
Threshold	1.2%	13.8%	44.7%	40.3%	122
Compact	1.8%	11.2%	29.7%	57.4%	313
U.S. Government	6.9%	19.5%	38.0%	35.6%	166
Counterpart Government	1.5%	10.7%	29.6%	58.3%	304
Civil Society/Private Sector	0.0%	38.6%	23.5%	37.9%	21
Contractor/Implementing Agency	7.5%	30.0%	33.3%	29.2%	38

16. Over the course of your service in [Country Name] between 2004 and 2012, how CONSISTENT was the head of government's level of support for domestic efforts to achieve MCA eligibility?

The distribution of responses to question 16 are nearly identical to those found in question 15, suggesting that the *consistency* of government leadership support is also correlated with a country's MCA (Compact, Threshold, or Candidate) status. Candidate country respondents were more likely than others to say that the head of government's support was "not very consistent" or "not at all consistent" (33.7% and 14.8%, respectively).

At the same time, respondents were overall less likely to indicate that the head of government

support was "very consistent" than they were to say that MCA eligibility efforts received "a lot" of support (in question 15).

The survey data also reveal interesting differences across stakeholder groups. For example, while only 15.8% of contractor/ implementing agency respondents and 28.4% of civil society/private sector respondents indicated that support was "very consistent", 46.9% of counterpart government officials claimed "very consistent" support.

Weighted Distribution of Responses, by MCA Status Category (%)

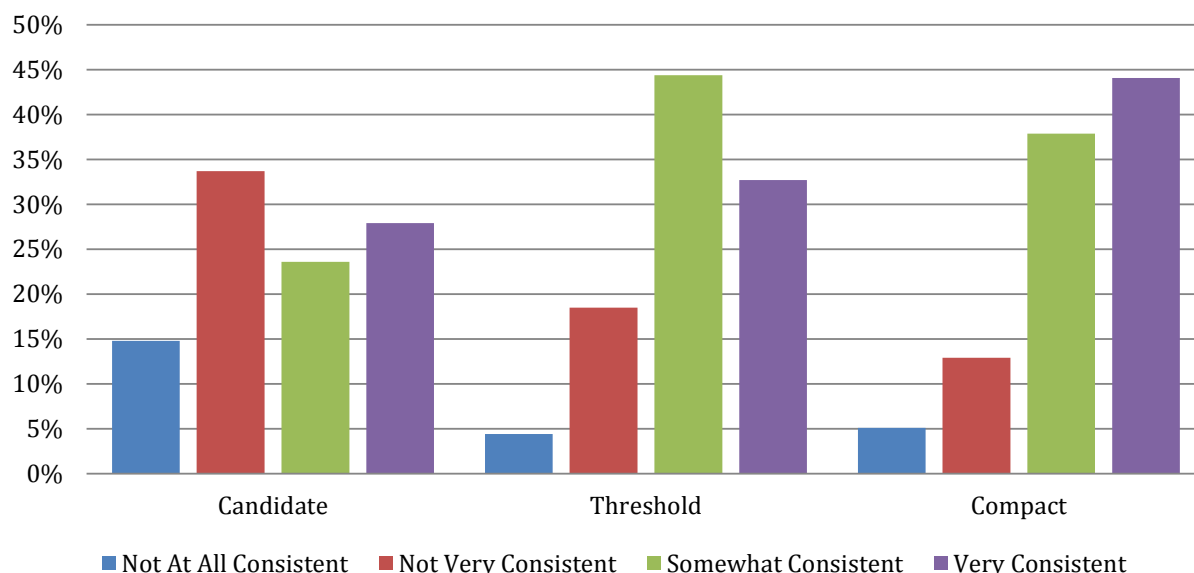


Table 50. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Not At All Consistent	Not Very Consistent	Somewhat Consistent	Very Consistent	N
All	6.8%	16.5%	37.6%	39.0%	526
Candidate	14.8%	33.7%	23.6%	27.9%	93
Threshold	4.4%	18.5%	44.4%	32.7%	122
Compact	5.1%	12.9%	37.9%	44.1%	311
U.S. Government	8.8%	22.3%	38.2%	30.7%	165
Counterpart Government	3.6%	14.6%	35.0%	46.9%	302
Civil Society/Private Sector	33.7%	9.1%	28.8%	28.4%	21
Contractor/Implementing Agency	6.7%	29.2%	48.3%	15.8%	38

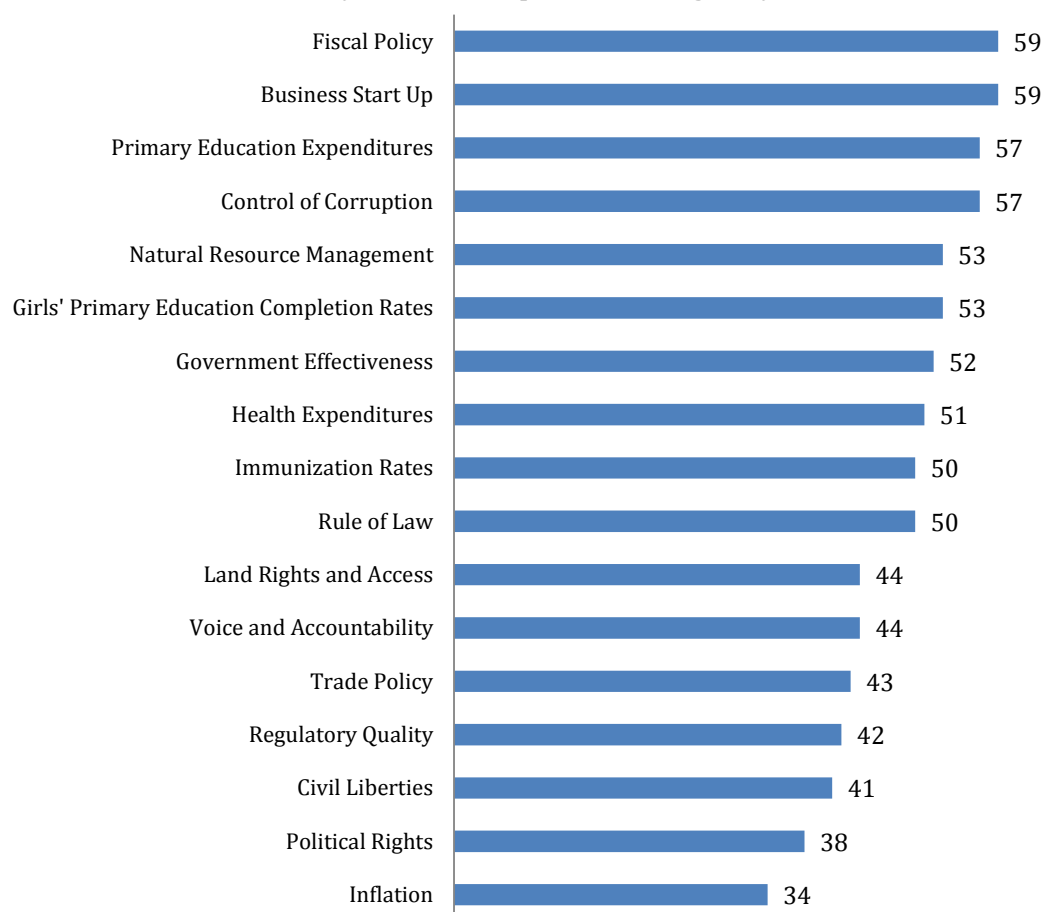
17. Below you will find a list of 17 MCA eligibility indicators. To the best of your knowledge, if the domestic authorities in [Country Name] undertook a specific policy adjustment or reform to improve the performance of [Country Name] on a particular MCA eligibility indicator, please select that indicator.

In question 17, we asked respondents to identify whether specific MCA eligibility indicators had a discernible policy influence in their countries—that is, whether a particular MCA policy performance standard created by the USG instigated or otherwise influenced a government's efforts to undertake a specific policy adjustment or reform. In order to account for the fact that some countries had many respondents and other countries had few respondents, we transformed the survey data in a way that eliminates the risk of double-counting (i.e. counting the same reform/adjustment undertaken by a country more than once by virtue of having many respondents from the same country with "redundant" information).^{xlv} Rather than reporting results for questions 17-20 based on respondent-level data, we report our findings based on country-level data.

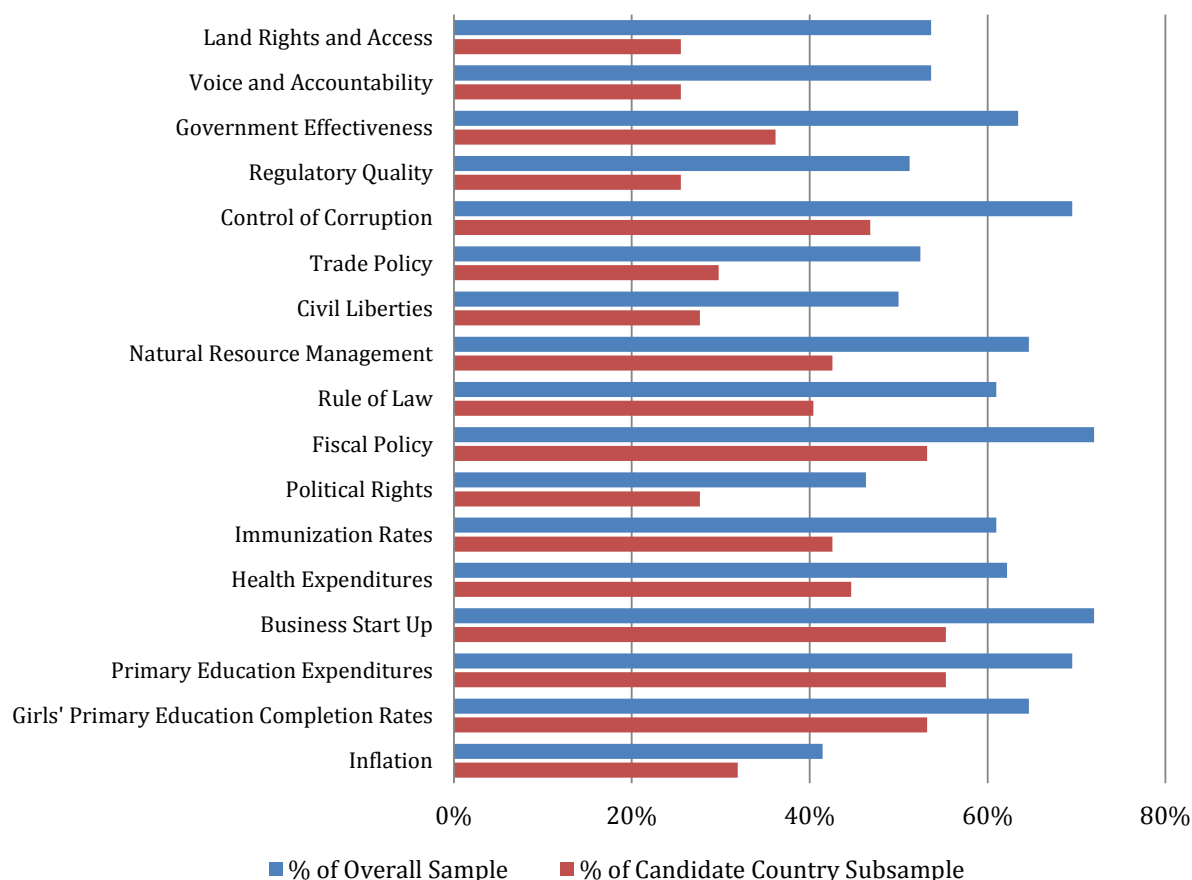
According to survey respondents from 82 of the 100 sample countries, 67 governments undertook reforms to improve performance on at least one of the 17 MCA eligibility indicators. At the upper bound, the Fiscal Policy indicator exerted policy influence in 59 Compact, Threshold, and Candidate countries. At the lower bound, the Inflation indicator registered influence in 34 countries. 10 of the 17 eligibility indicators had a policy impact in at least 50 countries.

The two most popular reform targets were the Fiscal Policy and Business Start-Up indicators.^{xlvi} Reforms undertaken to improve performance on the Primary Education Expenditures and Control of Corruption indicators tied for third place. The outsized influence of the Business Start-Up indicator does not come as a great surprise in light of previous research and reporting (World Bank 2006, 2007; Newton et al. 2007; Djankov 2008;

The Policy Influence of Specific MCA Eligibility Indicators



**Decline in Indicator Influence when Restricted to Candidate Country Subsample
(% of Countries)**



Dugger 2006, 2007). The influence of the Fiscal Policy indicator begs further explanation, but suggests that the revenue generations and/or macroeconomic benefits gained from improved performance on a given indicator may create a stronger incentive to respond to external reform pressures. Reforms to improve “democratic rights”—measured by the Civil Liberties and Political Rights indicators—were selected much less often, perhaps reflecting the difficulty of democratic reform or the absence of a compelling political motivation for developing country leaders to undertake reforms that might result in their removal from office. This result underscores the rationale for the MCC’s new Democratic Rights Hard Hurdle (Dunning 2011). Nevertheless, it also suggests the need to temper expectations regarding the likely policy influence of Democratic Rights Hard Hurdle. Inflation, selected by respondents from 34 countries, was the least popular reform target, though this may reflect the rarity of inflation-related challenges between 2004 and 2012.

Analysis of the subsample of 47 Candidate countries suggests that (1) governments in Threshold and Compact countries are more likely to undertake MCA-inspired reforms than governments in Candidate countries, and (2) reforms related to relatively “indeterminate” indicators (e.g. Government Effectiveness, Control of Corruption, Regulatory Quality, Voice and Accountability) are less likely to be undertaken by governments that fail to qualify to Threshold or Compact Programs. When restricted to the Candidate country subsample, the share of countries undertaking a reform to improve a score on a specific indicator experienced the greatest decline in regards to Land Rights and Access, Voice and Accountability, Government Effectiveness, and Regulatory quality—down 28, 28, 27, and 26 percentage points, respectively. On the other hand, reforms to improve scores on the four education, health, and immunization indicators only fell by an average of around 15 percentage points.

18. Thinking of your period(s) of service in [Country Name] since 2004, please indicate whether each of MCA eligibility indicators selected above influenced the policy agenda of the Government of [Country Name].

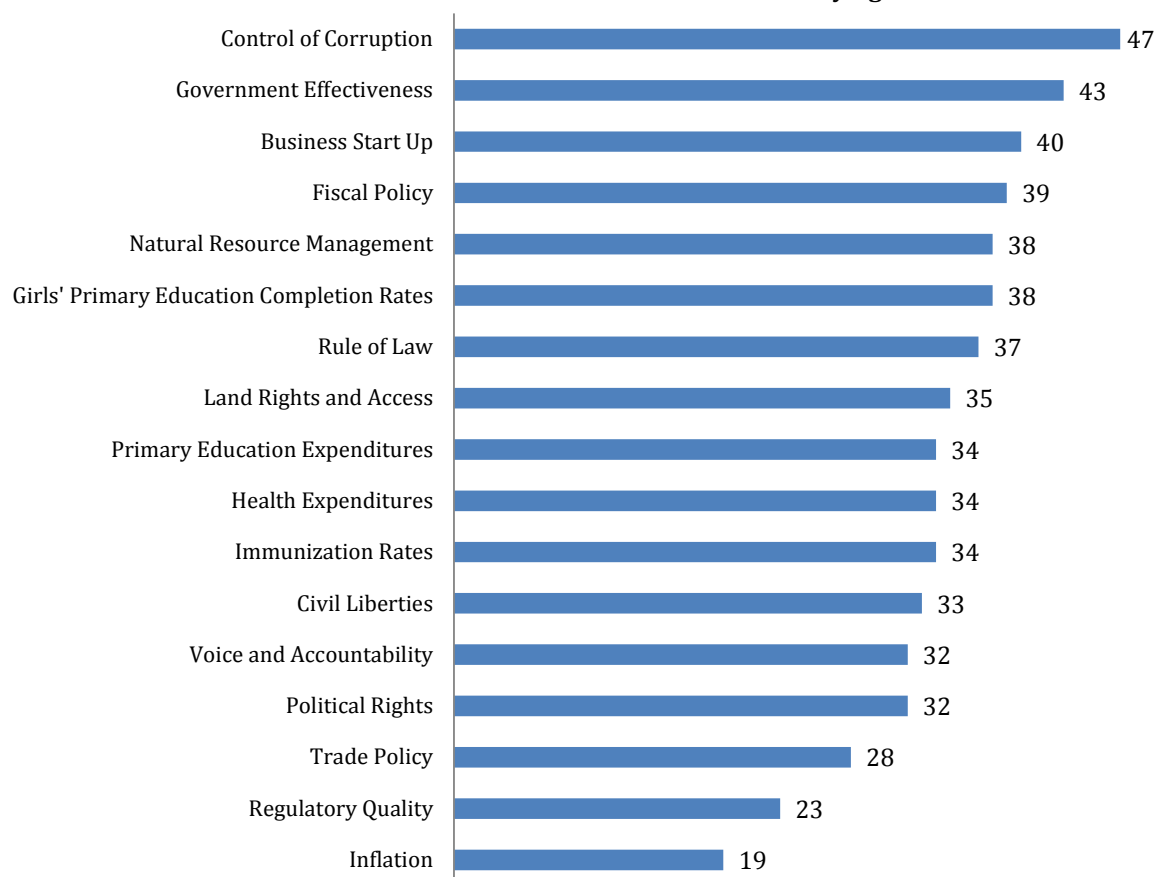
In questions 18-20, we asked respondents to identify the specific stages of the policymaking process—agenda setting, reform design, and reform implementation—where individual MCA eligibility indicators *exerted* influence. Overall, the survey results suggest that the same eligibility indicators that influenced the overall policy reform process (question 17) also influenced the agenda-setting stage of the policy process.^{xlviii}

However, unlike question 17, the Control of Corruption—a performance criterion that all MCA Candidates must pass in order to meet the formal Compact eligibility requirements—was the identified as being the indicator with the most influence at the agenda-setting phase of the policymaking process. This is *prima facie* evidence

that the USG's decision to make the Control of Corruption indicator a "hard hurdle" has prompted governments in the developing world to assign a high level of priority to anti-corruption reform at the agenda-setting stage of the policymaking process.

Inflation again ranks as being the least influential indicator, while the ranking of the Civil Liberties indicator improved slightly. In comparison to question 17, Fiscal Policy and Primary Education Expenditures experienced the largest drops in rank and influence (59 to 39 and 57 to 34, respectively). These indicators were apparently not as influential at the agenda stage than at subsequent stages of the policymaking process.

The Influence of the MCA Indicators on the Policy Agenda



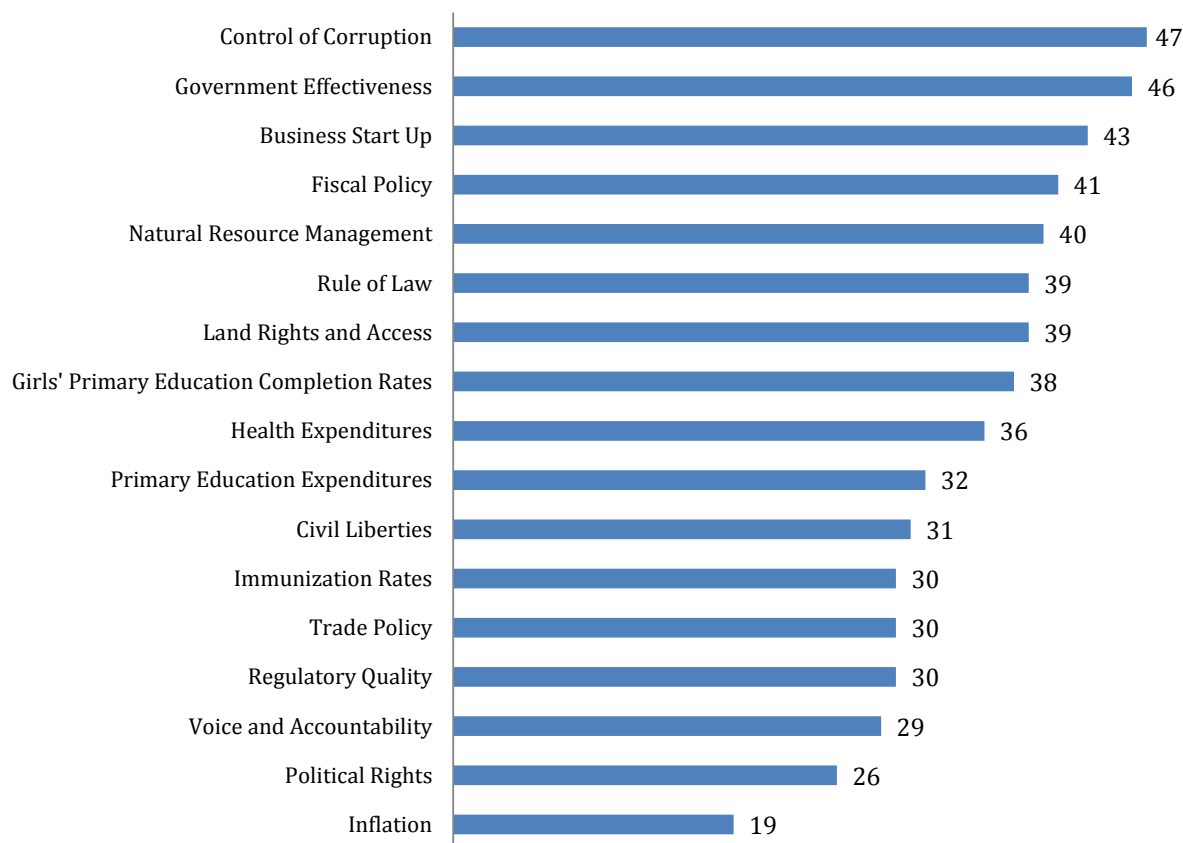
19. Thinking of your period(s) of service in [Country Name] since 2004, please indicate whether each of MCA eligibility indicators selected above influenced the design of specific reforms.

Beyond influencing a government's policy priorities, the prospect of securing MCA eligibility could affect the way in which reforms are designed. For example, once a government has identified public procurement reform as a policy priority, it might decide to overhaul its procurement law, blacklist companies guilty of major procurement violations, monitor the income and assets of public procurement officials, or invite civil society organizations to oversee the bidding and award selection processes. Previous research demonstrates that decisions at this stage of the policymaking process are sometimes taken with an eye towards maximizing material or reputational rewards from external sources (Grindle 2004; IEG 2008).^{xlvi}

The findings below provide evidence that the MCA eligibility requirements had a discernible

influence at the reform design stage. Rankings and answer choice frequency closely mirror respondent answers from question 18.^{xlix} Additionally, many indicators (Government Effectiveness, Business Start Up, and Natural Resource Management, among others) were chosen at least as frequently here as in question 18, indicating that, as a whole the MCA eligibility indicators are at least as likely to influence the design of specific reforms as the policy agenda. Notably, however, even though the rank of the Civil Liberties indicator did improve in comparison to the agenda-setting stage of the policymaking process, it received votes from two fewer countries (31 instead of 33). The Political Rights indicator fell two spots to have the second-lowest rating, with votes from 26 countries.

**The Influence of the MCA Eligibility Indicators
on the Design of Specific Reforms**



20. Thinking of your period(s) of service in [Country Name] since 2004, please indicate whether each of MCA eligibility indicators selected above influenced the implementation of specific reforms.

Of course, even the most cleverly-designed reforms can be challenged, diluted, shelved, or thwarted (Grindle 2004). We therefore asked respondents to also evaluate MCC's influence at the reform implementation stage of the policymaking process.

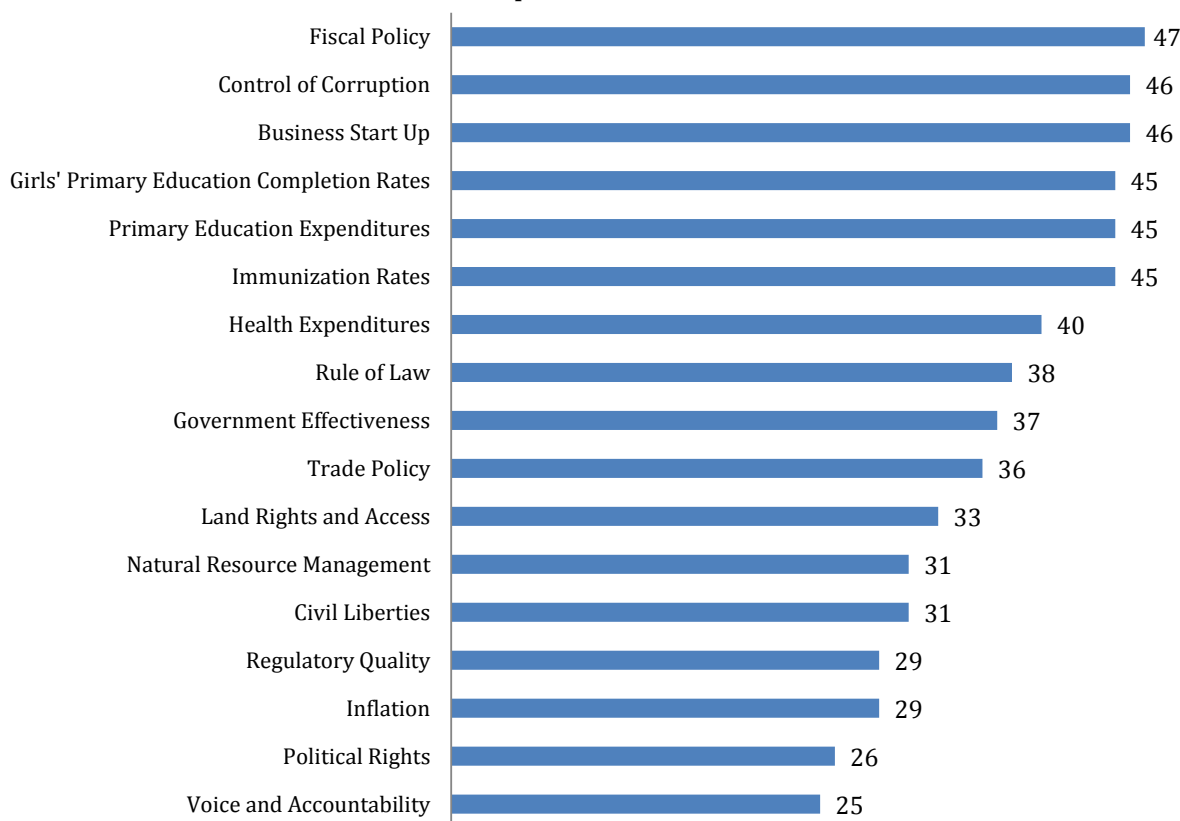
Overall, responses to question 20 suggest that the MCA eligibility indicators have slightly more influence on reform implementation than reform design. However, the MCA eligibility criteria have significantly more influence at the agenda-setting stage of the policymaking process than either the reform design or implementation stages.¹

The Fiscal Policy eligibility criterion was identified as being the most influential during reform implementation. One potential explanation for Fiscal Policy's outsized influence at this stage is that fact that a large number of MCC Threshold Programs address tax, customs, and public expenditure management issues. In many countries—including Paraguay, Guyana, Zambia,

and Albania—these fiscal policy reforms also had strong anti-corruption components, which may help account for Control of Corruption's second place rank overall as an indicator that influenced reform implementation patterns in the developing world. The Primary Education Expenditures indicator also demonstrated a large increase in rank and influence (45 versus 34 and 32). More broadly, the indicators in the MCC's Investing in People category registered significant reform implementation impacts.

Consistent with the results reported in questions 17-19, the Civil Liberties and Political Rights indicators had a relatively weak impact on reform implementation patterns. Finally, whereas respondents from only 19 countries said that the Inflation indicator influenced the policy agenda and design of reforms, respondents from 29 countries claimed that the indicator influenced the *implementation* of specific reforms.

The Influence of the MCA Eligibility Indicators on the Implementation of Specific Reforms



21. Overall, during your period(s) of service in [Country Name] between 2004 and 2012, how would you describe impact of the MCA eligibility criteria on [Country Name]'s reform efforts? (Please select the ONE statement that BEST reflects your views.)

Respondents generally agreed that the MCA eligibility criteria impacted at least a few important reform efforts in the country where they worked between 2004 and 2012. 39.3% of respondents said that the MCA eligibility criteria were central to a few important reform efforts. Nearly as many (34.6%) respondents stated that MCA eligibility criteria were marginal to a few reform efforts. 18.2% said that the MCA eligibility criteria were instrumental to many reform efforts.

Counterpart government and contractor/ implementing agency respondents, however, reported a greater MCA impact than the rest of the sample. In comparison to the other stakeholder

groups, a larger proportion of counterpart government and contractor/ implementing agency respondents described the MCA eligibility criteria as "instrumental to many important reform efforts" (23.6% and 46.9%, respectively).

The data also reveal significant differences across MCA status categories. Whereas 41.1% of respondents from Candidate countries reported that the MCA eligibility criteria were either "central to a few important reform efforts" or "instrumental to many important reform efforts," over 64% of respondents from Threshold and Compact countries reported that the MCA eligibility criteria were central or instrumental.

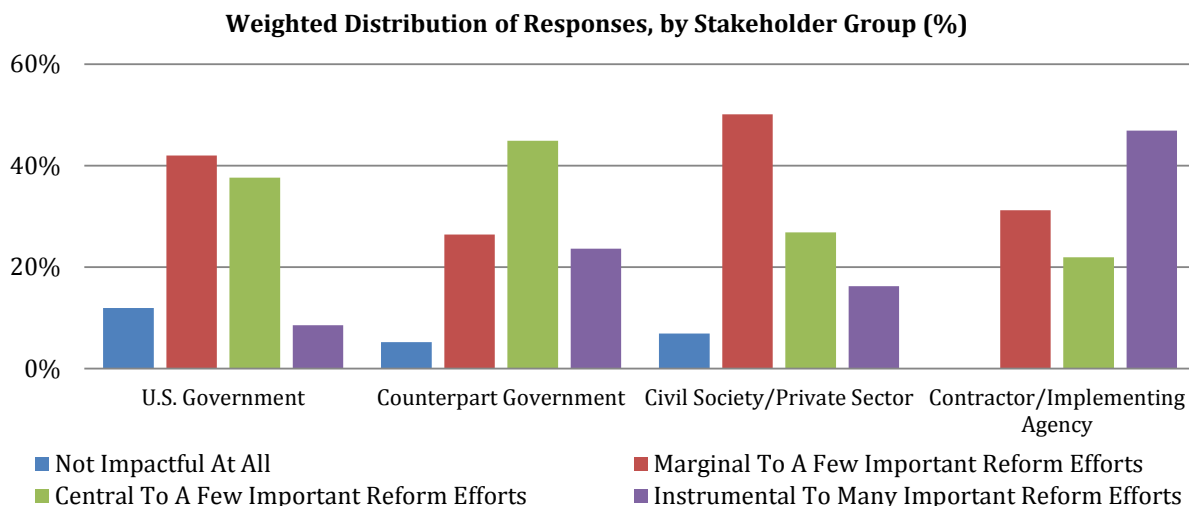
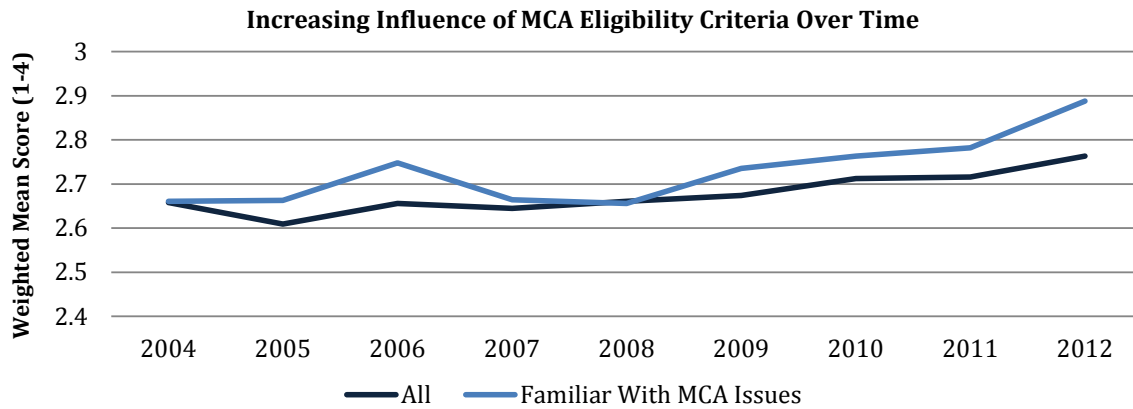


Table 51. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Not Impactful At All	Marginal To A Few Important Reform Efforts	Central To A Few Important Reform Efforts	Instrumental To Many Important Reform Efforts	N
All	7.9%	34.6%	39.3%	18.2%	593
Candidate	21.1%	37.8%	23.8%	17.3%	129
Threshold	2.0%	29.9%	46.8%	21.2%	131
Compact	3.6%	32.1%	43.8%	20.6%	333
U.S. Government	11.9%	42.0%	37.6%	8.5%	183
Counterpart Government	5.2%	26.4%	44.9%	23.6%	340
Civil Society/Private Sector	6.9%	50.1%	26.8%	16.2%	30
Contractor/Implementing Agency	0.0%	31.2%	21.9%	46.9%	40

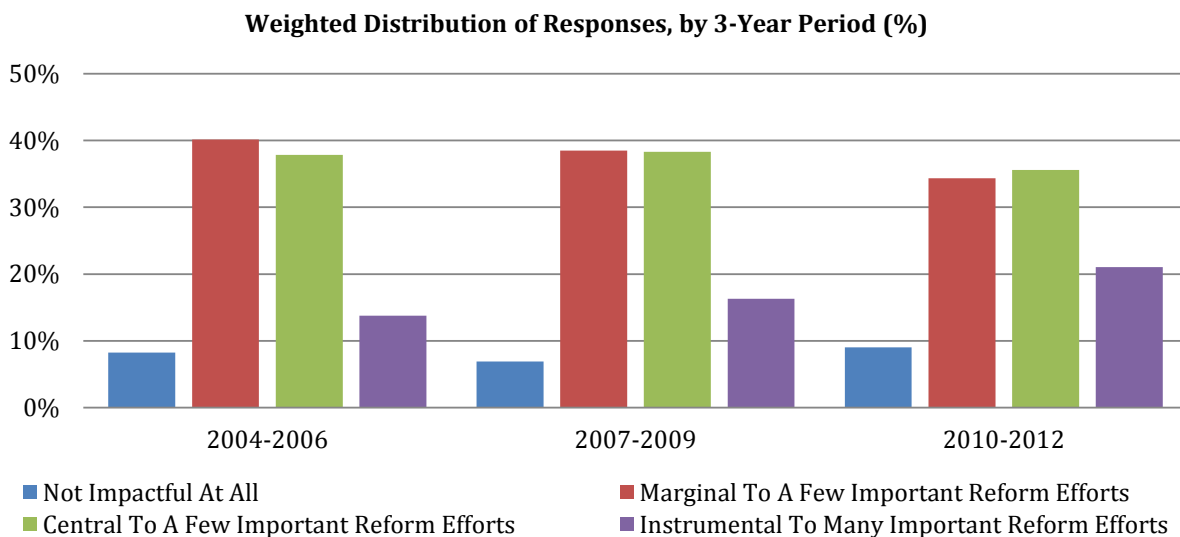


The high level of MCA policy influence reported by respondents from Threshold countries is particularly striking in light of the questions and concerns that legislators have raised about the program's *raison d'être* and efficacy (Kerry and Lugar 2010).^{li}

The survey data also suggest that the influence of the MCA eligibility criteria is increasing over time. As shown in the graph above, the weighted mean score provided by all respondents to question 21 increased from 2.66 in 2004 to 2.76 in 2012.^{lii} This growth in the reform influence of the MCA eligibility criteria was even greater according to respondents who reported that they were familiar with MCA issues in a given year, improving from 2.66 in 2004, to 2.89 in 2012.^{liii} This increase is not monotonic: the lowest overall score occurs in 2005 for all respondents, and in 2008 for all respondents who are familiar with MCA policy or programming issues. The influence

of the MCA eligibility criteria seems to have waxed and waned between 2004 and 2008. Nevertheless, the overall trend suggests growth in the MCA's policy influence, especially after 2008. This finding poses a challenge to the results of waning MCA policy influence reported in Öhler et al. (2012).

An analysis of the distribution of all responses over 3-year periods (shown in the graph below) provides further evidence that the impact of the MCA eligibility criteria increased from 2004 to 2012.^{liv} Not only did the MCA eligibility criteria have a more instrumental impact on reform efforts over time, but they also influenced a greater number of reform efforts. From the initial period 2004-2006 to the period 2007-2009, the percentage of respondents answering "not impactful at all" fell by 1.32% and the proportion responding "marginal to a few important reform efforts" fell by 1.7%. In contrast, the percentage answering "instrumental to many important

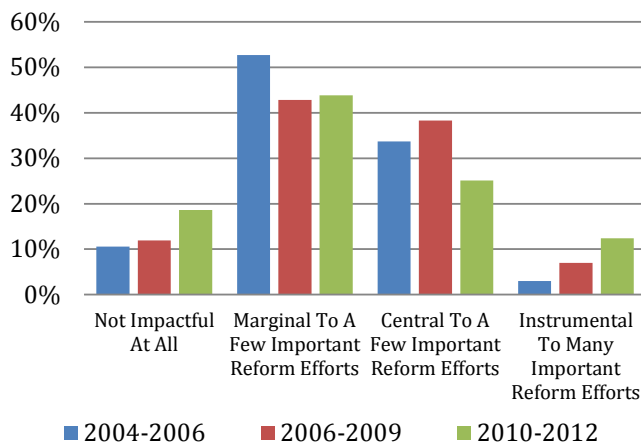


efforts” rose 2.5%. From 2006-2009 to 2010-2012, the increase in MCA impact continued amongst the broader sample, though the percentage of respondents indicating that the MCA eligibility criteria was “not impactful at all” also increased from 6.91% to 9.05%.

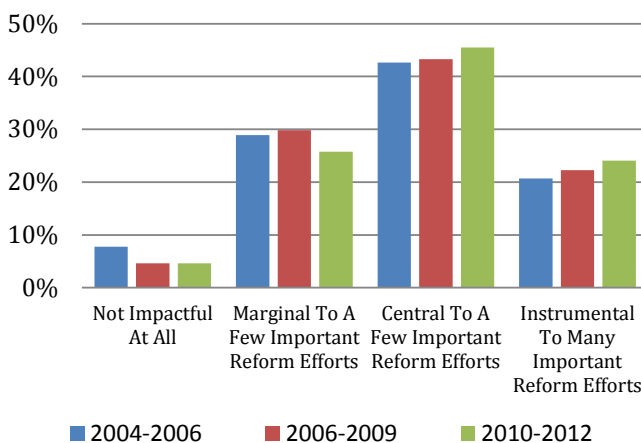
When observed over time, however, stakeholder groups do not share the same opinions on the impact of the MCA eligibility criteria.^{lv} Since 2004, USG respondents have become increasingly polarized in their views of MCA policy influence. From 2004-2006 to 2010-2012, the weighted percentage of USG respondents who describe the MCA eligibility criteria as being “instrumental to many important reform efforts” increases from 3.0% to 12.4%, but

so does the segment of the stakeholder group reporting “not impactful at all”: from 10.6% to 18.6%. On the other hand, counterpart government responses follow a consistently positive trend, with increasing numbers of subgroup respondents answering “central to a few” or “instrumental to many” reform efforts, and decreasing proportions responding “not impactful at all” or “marginal to a few important reform efforts.” Thus, the overall trend of increasing MCA impact may be the result of improving counterpart government opinion, while the rise in “not impactful at all” from 2007-2009 to 2010-2012, seems to be largely driven by changes in USG opinion.

United States Government Responses



Counterpart Government Responses



22. Please indicate how strongly you agree or disagree with each of the following statements: "The MCA eligibility criteria did not have a significant impact on government reform efforts because...

We also asked respondents who indicated in question 21 that the MCA eligibility standards had no significant domestic policy impact ("not impactful at all" or "marginal to a few important reform efforts") to explain this lack of influence. Respondents identified a lack of awareness about the MCA eligibility criteria and of policy priority alignment as the primary reasons for limited influence on the domestic reform efforts of developing country governments. The statement

that "there was little awareness of the MCA eligibility indicators among the domestic authorities" received the highest share of agreement or strong agreement (61.1%).^{lvi} A majority of respondents (57.3%) also agreed that the areas in which the government performed poorly on the MCA eligibility indicators did not align with the policy priorities of the domestic authorities.

Table 52. Distribution of Responses, Overall Sample (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
the domestic authorities believed it would be too difficult for [Country Name] to meet the MCA eligibility standards."	16.6%	47.6%	28.0%	7.9%	229
the domestic authorities did not understand the steps that would need to be taken to achieve MCA eligibility criteria."	16.7%	37.8%	33.5%	12.0%	233
the domestic authorities were focused on achieving financial or reputational rewards from another donor agency or international organization."	13.5%	47.4%	33.9%	5.2%	230
domestic actors frustrated the efforts of policymakers seeking to introduce policy reforms that would help [Country Name] achieve MCA eligibility."	15.4%	40.1%	37.9%	6.6%	227
the domestic authorities needed technical or financial assistance to support their reform efforts, but they did not receive sufficient assistance."	19.8%	35.8%	34.5%	9.9%	232
U.S. Embassy, USAID, and/or MCC officials did not express much concern or interest to the domestic authorities regarding [Country Name]'s performance on the MCA eligibility indicators."	26.3%	42.8%	21.6%	9.3%	236
the domestic authorities were worried that the U.S. Congress would not sufficiently fund the MCA."	28.0%	49.3%	18.3%	4.4%	229
the domestic authorities were concerned that even if [Country Name] met the formal MCA eligibility criteria, U.S. foreign policy interests might influence the government's ability to access MCA funds."	18.7%	46.5%	25.2%	9.6%	230
the government did not believe its eligibility for funding was at risk of being suspended or terminated."	10.7%	45.3%	34.7%	9.3%	225
there was little awareness of the MCA eligibility indicators among the domestic authorities."	8.8%	30.1%	41.8%	19.3%	239
the areas in which [Country Name] performed poorly on the MCA eligibility indicators did not align with the policy priorities of the domestic authorities."	7.1%	35.6%	43.1%	14.2%	225

- 22a. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

the domestic authorities believed it would be too difficult for [Country Name] to meet the MCA eligibility standards."

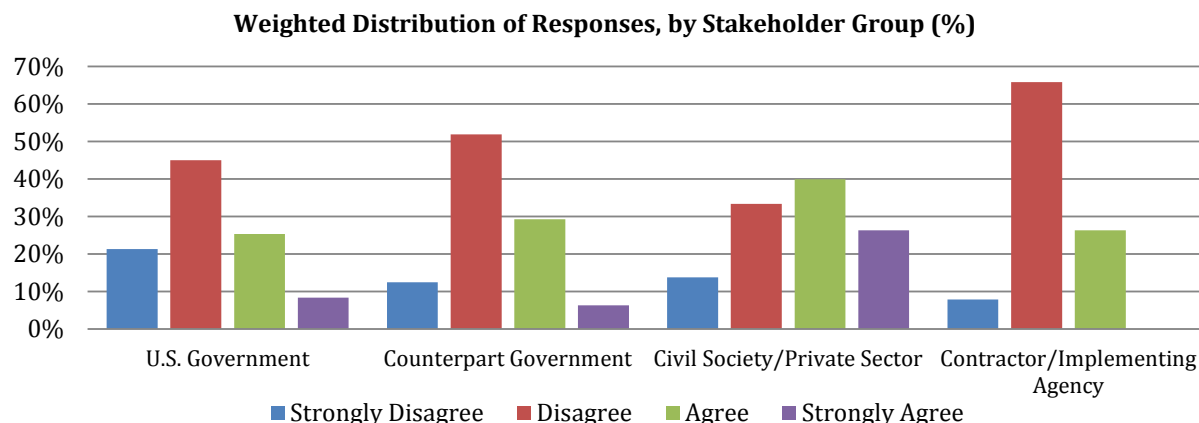


Table 53. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	16.6%	47.6%	28.0%	7.9%	229
Candidate	10.8%	27.0%	44.3%	17.9%	76
Threshold	8.8%	55.6%	27.2%	7.5%	49
Compact	22.1%	58.7%	18.5%	0.8%	104
U.S. Government	21.3%	45.0%	25.3%	8.4%	96
Counterpart Government	12.5%	51.9%	29.3%	6.3%	98
Civil Society/Private Sector	13.8%	33.4%	39.9%	12.8%	15
Contractor/Implementing Agency	7.9%	65.8%	26.3%	0.0%	20

Rational choice theory suggests that a government's responsiveness to the MCA eligibility standards should correspond positively with the perceived achievability of the financial/reputational reward (Schimmelfennig and Sedelmeier 2004). Thus, one might expect Candidate countries to expend less effort on meeting the MCA eligibility requirements than, say, Threshold countries. One might also expect perceived attainability of the MCA reward to be lower among Candidate country respondents than Compact and Threshold country respondents.

In fact, Candidate country respondents were the only MCA status group that tended to agree (44.3%) or strongly agree (17.9%) that the domestic authorities did not undertake significant reform efforts to achieve MCA eligibility because they "believed it would be too difficult... to meet the MCA eligibility standards." By contrast, a large majority of Compact (80.8%) and Threshold (64.4%) country respondents either disagreed or

strongly disagreed. These findings are broadly consistent with the "reward attainability" hypothesis. They reinforce the point (made elsewhere in this report) that there may be scope for additional USG outreach and support to MCA Candidate countries.

Overall, 64.2% of respondents disagreed or strongly disagreed with the notion that, in countries where the MCA eligibility criteria did not have a significant impact, the domestic authorities believed it would be too difficult to meet the MCA eligibility standards. Among stakeholder groups, only the civil society/private sector agreed (52.7%) with the statement, though even this should be interpreted with caution. All other stakeholder groups tended to disagree with the idea that meeting MCA eligibility standards was seen as too difficult. Of all the stakeholder groups, only the contractor/implementing agency group expressed disagreement (65.8%) or strong disagreement (7.9%) with the statement.

- 22b. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

the domestic authorities did not understand the steps that would need to be taken to achieve MCA eligibility criteria."

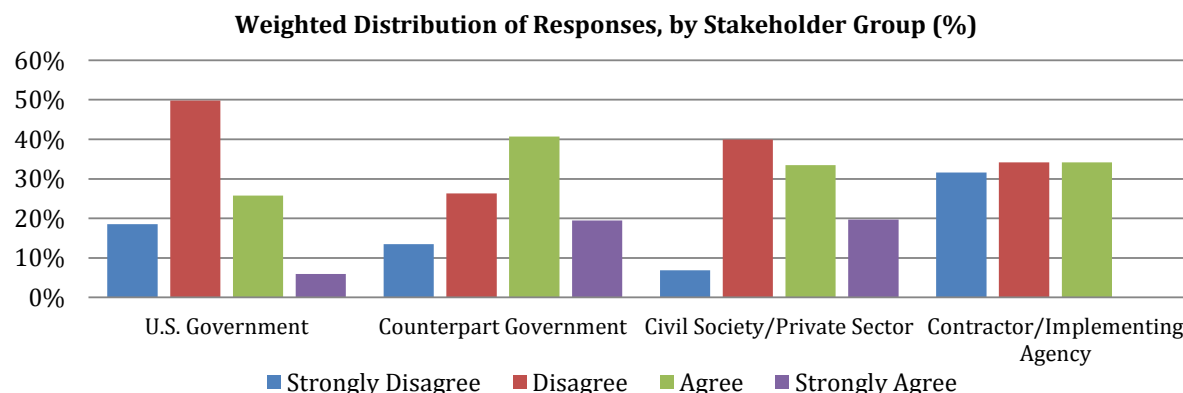


Table 54. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	16.7%	37.8%	33.5%	12.0%	233
Candidate	8.0%	17.0%	50.3%	24.7%	77
Threshold	13.2%	39.7%	32.9%	14.1%	51
Compact	22.3%	49.8%	23.2%	4.7%	105
U.S. Government	18.5%	49.8%	25.8%	5.9%	99
Counterpart Government	13.5%	26.3%	40.7%	19.5%	99
Civil Society/Private Sector	6.9%	39.9%	33.5%	19.7%	15
Contractor/Implementing Agency	31.6%	34.2%	34.2%	0.0%	20

Another potential explanation for the limited policy influence of the MCA eligibility criteria is a general lack of awareness about the "rules of the game" and/or a lack of understanding about the steps that a government would need to take to achieve Threshold or Compact eligibility.^{lvi} Among those who reported that the MCA eligibility criteria had no influence or only marginal influence in their countries (as measured by responses to question 21), we find that only 45.5% of respondents agreed or strongly agreed that the domestic authorities did not understand the steps that would need to be taken to achieve MCA eligibility criteria. 54.5% of respondents disagreed or strongly disagreed with this notion.

The survey data point to a major gap in the experiences and perceptions of countries that are part of "the MCC family" and those that are not (Johnson-Sirleaf 2008; MCC 2010). A majority of Threshold (52.9%) and Compact (72.1%) respondents disagreed or strongly disagreed that the domestic authorities did not understand what they needed to do meet the MCA eligibility

criteria. However, Candidate country respondents agreed or strongly agreed with this statement—and by a large margin (75.0%).

The survey results also paint a picture in which the domestic authorities effectively say, "We don't know what steps need to be taken," while their USG counterparts claim the opposite. 60.2% of counterpart government respondents agreed or strongly agreed that the domestic authorities did not understand what steps needed to be taken to meet the MCA eligibility criteria, while the USG respondents were far more likely to disagree (68.3%) than agree (31.7%) with this statement.^{lviii} This apparent wedge between the USG and their developing country government opinion provides some insight into the dynamic that animates relations between "Post" and host governments.^{lix} It also calls attention to the fact that there may be scope for greater communication and mutual understanding between the USG and its developing country counterparts.

- 22c. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

the domestic authorities were focused on achieving financial or reputational rewards from another donor agency or international organization."

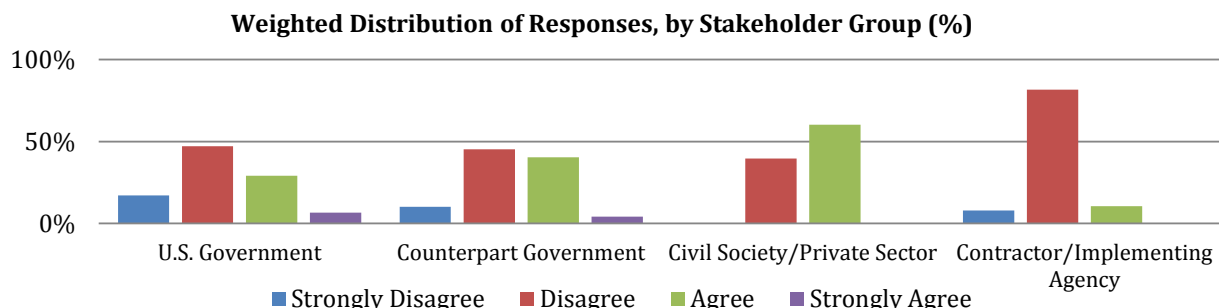


Table 55. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	13.5%	47.4%	33.9%	5.2%	230
Candidate	12.2%	33.4%	43.3%	11.1%	75
Threshold	8.6%	45.9%	45.5%	0.0%	49
Compact	13.9%	56.7%	26.7%	2.7%	106
U.S. Government	17.1%	47.1%	29.1%	6.6%	99
Counterpart Government	10.2%	45.3%	40.3%	4.1%	99
Civil Society/Private Sector	0.0%	39.7%	60.3%	0.0%	15
Contractor/Implementing Agency	7.9%	81.7%	10.5%	0.0%	20

Developing country leaders confront a vast array of external actors and pressures seeking to influence their policy priorities and decisions: the Heavily Indebted Poor Countries Initiative, the Extractive Industries Transparency Initiative, the Millennium Challenge Account, the World Trade Organization, the World Bank/IFC *Doing Business* Project, the European Neighborhood Policy, the African Growth and Opportunity Act, the Ibrahim Prize for Excellence in African Leadership, the Financial Action Task Force blacklist, and so forth. The existence of this complex global patchwork quilt of incentives, sanctions, and moral suasion tools raises a set of questions. Given limited time, money, technical expertise, and political capital to expend on fulfilling the requirements of any donor or international organization, how do developing country officials prioritize their efforts? Which of these reform promotion tools exert the most policy influence and why?

Overall, a majority of respondents (60.9%) disagreed with the notion that the focus of domestic authorities on achieving financial or reputational rewards from another donor agency or international organization diminished the reform impact of the MCA eligibility criteria.

Among the stakeholder groups, USG respondents (64.2%) and counterpart government respondents (55.5%) both disagreed or strongly disagreed with this statement.^{lx}

The survey results do suggest that competition for policy influence is higher at the "Candidate country" phase of the MCA process. 55.4% of Candidate country respondents agreed with the idea that the pursuit other external awards effectively "crowded out" the MCA. However, neither a majority of Threshold country respondents nor a majority of Compact country respondents agreed with this idea. 54.5% and 70.6% disagreed, respectively. The perception gap between those inside and outside of the "MCC family" may reflect a selection effect: countries that have already achieved Threshold or Compact status may—at least to some degree—have already opted into a cohort of countries that consciously prioritize the pursuit of MCA rewards over other external (financial and reputational) rewards.^{lxi} However, while some Threshold and Compact countries have made a conscious effort to join the "MCC family" (Johnson-Sirleaf 2008), this is not necessarily the case with all other MCC partner countries.

22d. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

domestic actors frustrated the efforts of policymakers seeking to introduce policy reforms that would help [Country Name] achieve MCA eligibility."

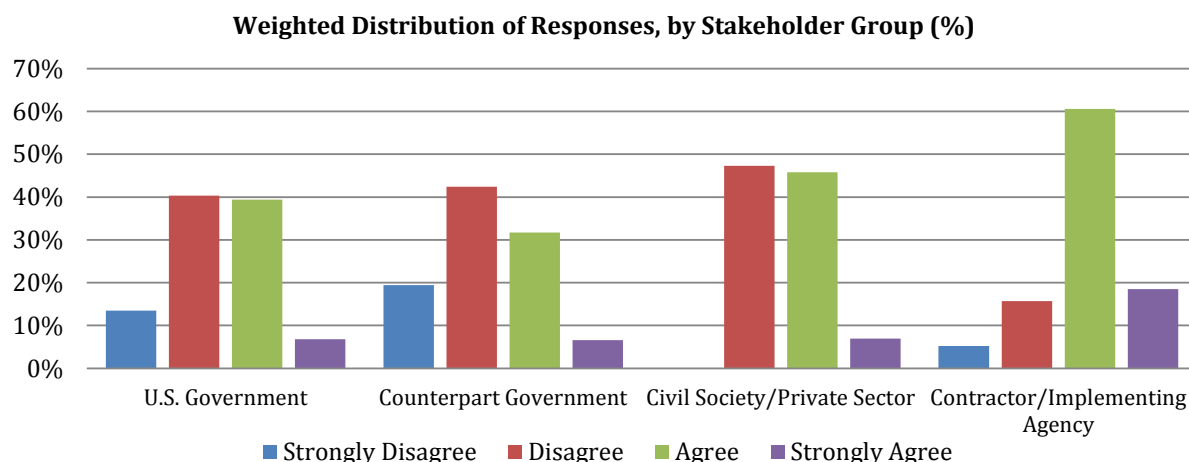


Table 56. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	15.4%	40.1%	37.9%	6.6%	227
Candidate	15.9%	34.7%	40.3%	9.1%	74
Threshold	5.1%	41.3%	50.0%	3.6%	50
Compact	17.7%	43.4%	31.1%	7.8%	103
U.S. Government	13.5%	40.3%	39.4%	6.8%	96
Counterpart Government	19.4%	42.4%	31.7%	6.6%	96
Civil Society/Private Sector	0.0%	47.3%	45.8%	6.9%	15
Contractor/Implementing Agency	5.2%	15.7%	60.6%	18.5%	20

Another plausible reason why the MCC's reform impact might be limited in some countries is the presence of domestic actors who favor the status quo over reform (Alesina and Drazen 1991; Fernandez and Rodrik 1991; Acemoglu and Johnson 2000; Rajan 2004). Generally, more respondents disagreed (55.5%) than agreed (45.5%) with the idea that "domestic actors frustrated the efforts of policymakers seeking to introduce policy reforms that would help [a particular developing country] achieve MCA eligibility."

However, this disagreement was not consistent

across all stakeholder groups. While majorities of USG (53.8%) and counterpart government (61.8%) respondents disagreed or strongly disagreed with the statement, civil society/private sector (52.7%) and contractor/implementing agency (79.1%) respondents mostly agreed. Contractor/implementing agency respondents showed the largest margin of agreement, suggesting that domestic actors may have been more successful at frustrating reforms at the implementation stage. The other stakeholder groups were more evenly split between agreement and disagreement.

- 22e. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

the domestic authorities needed technical or financial assistance to support their reform efforts, but they did not receive sufficient assistance."

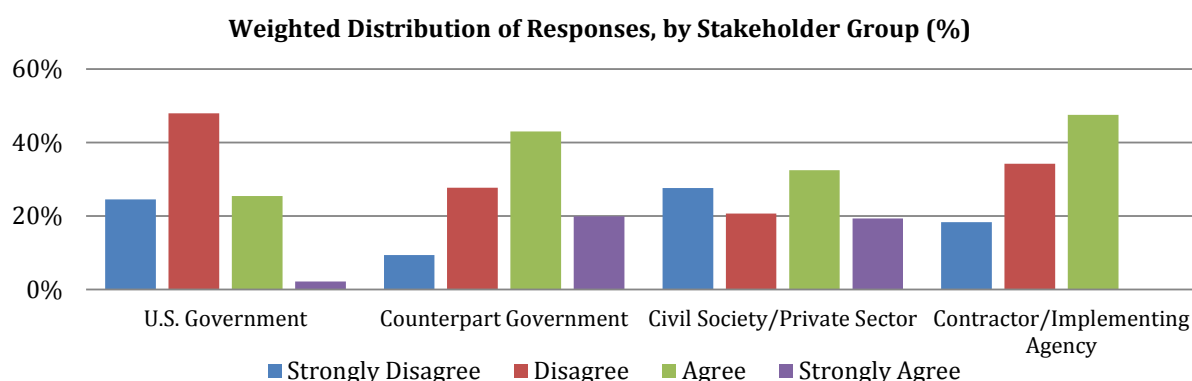


Table 57. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	19.8%	35.8%	34.5%	9.9%	232
Candidate	13.3%	22.0%	47.4%	17.3%	76
Threshold	15.2%	36.8%	33.9%	14.1%	51
Compact	21.0%	44.5%	28.0%	6.5%	105
U.S. Government	24.5%	47.9%	25.4%	2.2%	97
Counterpart Government	9.4%	27.7%	43.0%	19.9%	100
Civil Society/Private Sector	27.6%	20.7%	32.5%	19.3%	15
Contractor/Implementing Agency	18.3%	34.2%	47.5%	0.0%	20

Previous studies suggest that the level of access domestic reformers have to financial and technical resources can impact the prospects for successful reform implementation (IEG 2008; Bunse and Fritz. 2012; Geertson 2010). However, respondents generally disagreed with the notion that domestic authorities did not receive sufficient technical assistance to support their reform efforts. 35% of all respondents expressed disagreement, while 19.8% indicated strong disagreement. USG respondents disagreed or strongly disagreed by the largest margin (72.4%).

Running against the overall trend, a substantial majority (62.9%) of counterpart government respondents agreed with the statement that insufficient external assistance was an impediment, as did a slight majority (51.8%) of

civil society/private sector respondents. As with question 22b, the data suggest a gap between "domestic" and "foreign" perceptions regarding the capacity of domestic governments to undertake reform.

Similarly, Candidate country respondents mostly agreed (47.4%) or strongly agreed (17.3%) that insufficient financial or technical assistance was a reason for the MCA's limited policy influence. However, Compact country respondents expressed a very different perspective. 65.5% of respondents from this cohort indicated disagreement or strong disagreement that insufficient external assistance diminished the MCA's policy influence. Threshold country respondents fell somewhere between these two polarized positions.

- 22f. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

U.S. Embassy, USAID, and/or MCC officials did not express much concern or interest to the domestic authorities regarding [Country Name]'s performance on the MCA eligibility indicators."

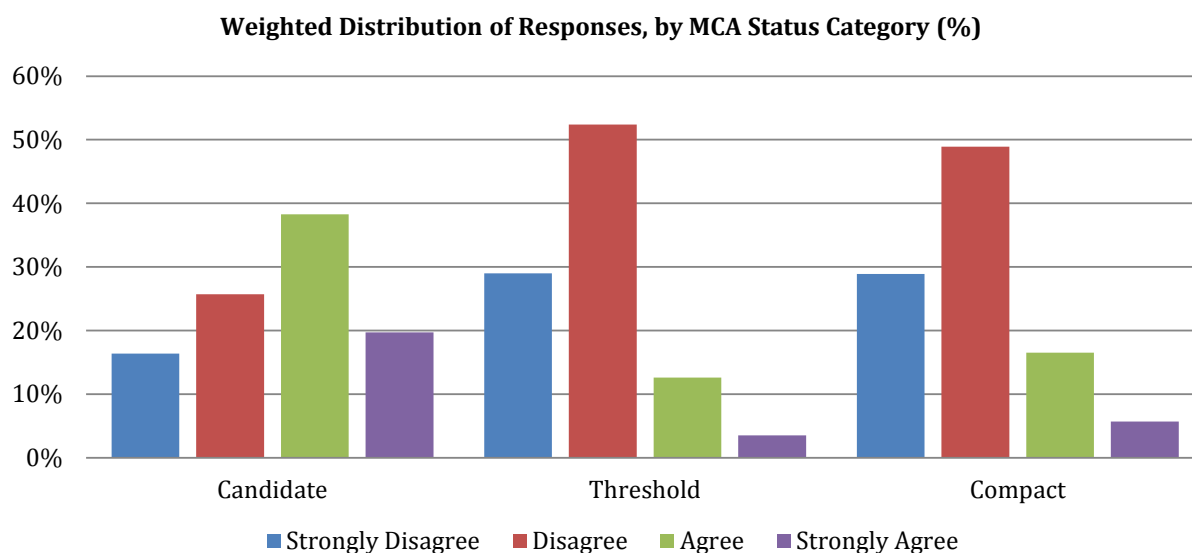


Table 58. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	26.3%	42.8%	21.6%	9.3%	236
Candidate	16.4%	25.7%	38.3%	19.7%	77
Threshold	29.0%	52.4%	12.6%	3.5%	51
Compact	28.9%	48.9%	16.5%	5.7%	108
U.S. Government	37.5%	41.2%	15.5%	5.8%	100
Counterpart Government	16.6%	41.6%	28.1%	13.6%	101
Civil Society/Private Sector	13.3%	46.8%	26.6%	13.3%	15
Contractor/Implementing Agency	10.5%	65.8%	23.7%	0.0%	20

USG officials receive relatively uniform guidance from the MCC and the State Department regarding how they should engage their developing country counterparts on MCA eligibility issues. However, this guidance can be followed more closely or less closely by in-country USG personnel.^{lxii} Over two thirds (69.1%) of all survey respondents disagreed with the statement that USG officials did not express much concern or interest to the domestic authorities regarding MCA eligibility

issues. Threshold country respondents (81.4%) and Compact country respondents (77.8%) disagreed with the statement by a large margin.

Nonetheless, Candidate country respondent opinion cut against the general trend. A majority of respondents from Candidate countries agreed that USG engagement was insufficient (58.0%). This finding suggests the USG should make more concerted efforts to promote the MCA eligibility criteria in *Candidate* countries.

- 22g. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

the domestic authorities were worried that the U.S. Congress would not sufficiently fund the MCA."

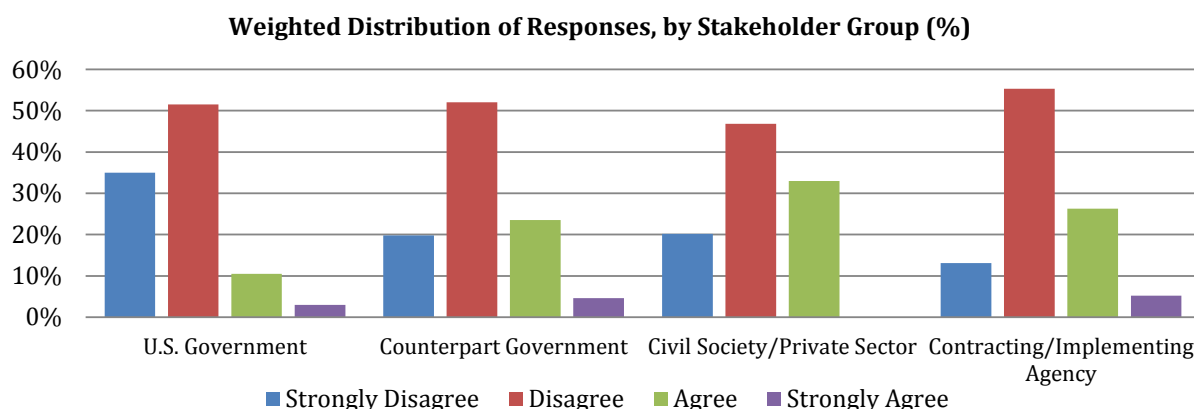


Table 59. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	28.0%	49.3%	18.3%	4.4%	229
Candidate	37.4%	44.6%	14.1%	4.0%	74
Threshold	16.3%	56.5%	25.7%	1.5%	50
Compact	23.1%	53.9%	18.7%	4.2%	105
U.S. Government	35.0%	51.5%	10.5%	3.0%	97
Counterpart Government	19.8%	52.0%	23.5%	4.6%	97
Civil Society/Private Sector	20.2%	46.8%	33.0%	0.0%	15
Contractor/Implementing Agency	13.1%	55.3%	26.3%	5.2%	20

When the Bush administration first announced the creation of the MCA, it indicated that the USG would provide \$5 billion a year to support a new fund for reform-minded governments in the developing world (Office of the White House 2002). However, the U.S. Congress quickly trimmed the sails of the Bush administration, approving \$994 million for the MCA in 2004, \$1.48 billion in 2005, and between \$875 million and \$1.75 billion a year from 2006-2012 (Herrling and Radelet 2005; MCC 2011b; MCC 2012b). In principle, this reduction in the overall budget envelope could have gradually weakened the lure of achieving MCA eligibility for would-be reformers (Rieffel and Fox 2008; Öhler et al. 2011).

Participants in the 2012 MCA Stakeholder Survey strongly disagreed with this idea. An

overwhelming majority (77.3%) of respondents flatly rejected the notion that concerns about the U.S. legislature's willingness to authorize sufficient MCA funding diminished the reform impact of the MCA eligibility criteria. Across all stakeholder groups, responses were consistent with this overall finding. USG respondents disagreed the most frequently: 86.5% indicated disagreement (51.5%) or strong disagreement (35%). Of all respondent groups, the civil society/private sector stakeholder group expressed the broadest agreement.

As for MCA status categories, Candidate country respondents expressed the highest level of strong disagreement (37.4%), though over 72% of respondents from all MCA status categories expressed some level of disagreement.

22h. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

the domestic authorities were concerned that even if [Country Name] met the formal MCA eligibility criteria, U.S. foreign policy interests might influence the government's ability to access MCA funds."

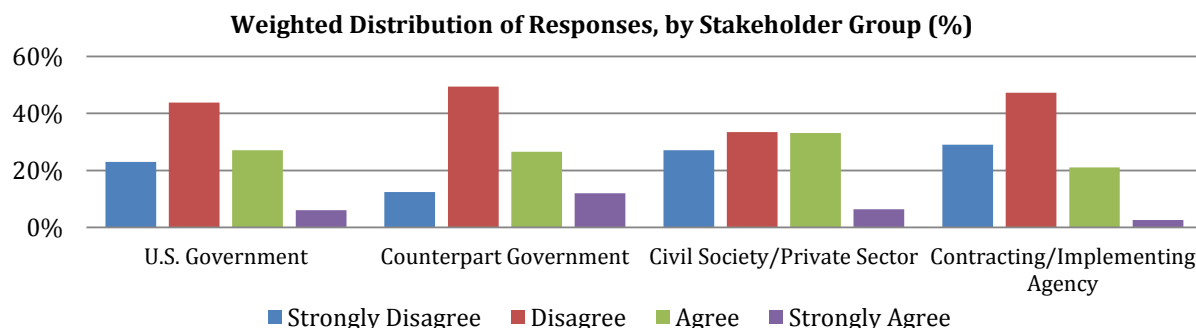


Table 60. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	18.7%	46.5%	25.2%	9.6%	230
Candidate	13.9%	41.3%	32.0%	12.8%	75
Threshold	11.5%	57.9%	21.9%	8.7%	50
Compact	24.4%	43.9%	25.7%	6.0%	105
U.S. Government	23.0%	43.8%	27.1%	6.1%	98
Counterpart Government	12.4%	49.4%	26.5%	12.0%	97
Civil Society/Private Sector	27.1%	33.5%	33.1%	6.4%	15
Contractor/Implementing Agency	29.0%	47.3%	21.1%	2.6%	20

The existing literature on ex ante and ex post aid conditionality suggests that when a developing country government believes that a donor agency is unwilling or unable to enforce the conditions in an "aid contract", the government is more likely to deviate from the conditions in that contract (Stone 2002; Kelley 2004a, Kilby 2009; Öhler et al. 2012). Indeed, donor agencies face a variety of political, economic, and organizational pressures that can undermine their credibility vis-à-vis developing country governments, and the MCC is no exception. In principle, the MCC's Board of Directors seeks to advance MCC's organizational mandate of poverty reduction through economic growth. However, given that the MCC is an instrument of U.S. foreign policy and the Chairperson of the Board is the U.S. Secretary of State, the MCC cannot be completely insulated from pressures to promote U.S. geostrategic and political interests. When U.S. foreign policy and U.S. development policy interests conflict, there is a risk that the MCC's incentive effect will weaken because the USG's "aid contract" will lack credibility.^{lxiii}

In general, respondents disagreed (65.2%) with the notion that the domestic authorities were concerned U.S. foreign policy interests might influence the government's ability to access MCA funds. This disagreement was consistent across all respondent subgroups. Initial results suggest that contractor/implementing agency respondents disagreed the most frequently (76.3%), though strong disagreement was fairly prevalent among most response groups. Indeed, contractor/implementing agency respondents were more often in strong disagreement with the idea (29.0%) than in overall agreement (23.7%). Across MCA status categories, Candidate country respondents were more likely (44.8%) than any other cohort to indicate that the domestic authorities were concerned U.S. foreign policy interests might influence the government's ability to access MCA funds. This pattern suggests some degree of skepticism among MCA Candidate countries about the decision rules used by MCC's Board of Directors to make country eligibility decisions. It also suggests that there may be a need for USG officials to address Candidate country fears of U.S. foreign policy obstruction.

- 22i. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

the government did not believe its eligibility for funding was at risk of being suspended or terminated."

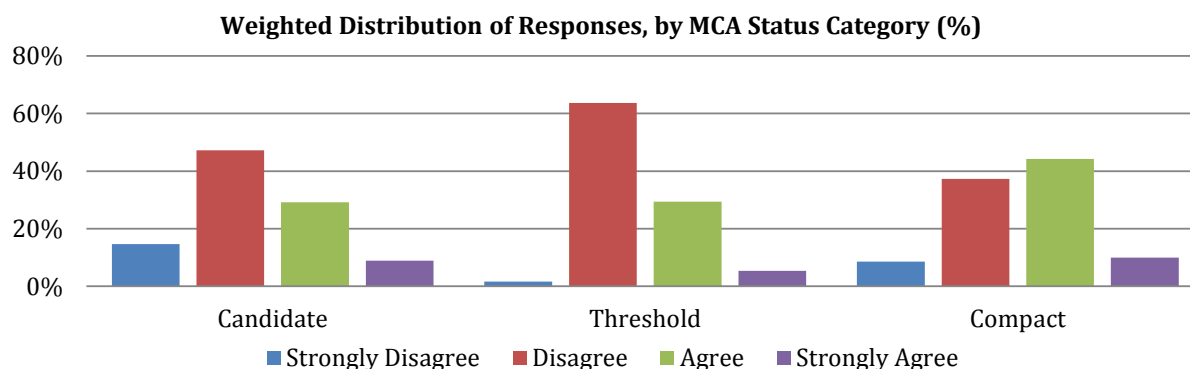


Table 61. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	10.7%	45.3%	34.7%	9.3%	225
Candidate	14.7%	47.2%	29.2%	8.9%	73
Threshold	1.6%	63.7%	29.4%	5.4%	48
Compact	8.6%	37.3%	44.2%	10.0%	104
U.S. Government	10.8%	42.6%	38.2%	8.4%	94
Counterpart Government	9.4%	49.5%	32.2%	8.9%	96
Civil Society/Private Sector	0.0%	39.3%	47.3%	13.3%	15
Contractor/Implementing Agency	5.2%	36.8%	52.7%	5.2%	20

In order to further assess the perceived credibility of the MCA "contract" (wherein access to MCA funding is determined by performance on a set of third-party assessments of policy performance), we posed a follow-up question to respondents who indicated (in question 22) that the influence of the MCA eligibility criteria was limited. We asked them whether they attributed the limited influence of the MCA eligibility criteria to skepticism among the domestic authorities that the MCC would ever suspend or terminate their eligibility for MCA funding. This question was primarily geared towards Threshold and Compact country respondents, although survey participants from Candidate countries were also given an opportunity to respond.

A minority (44%) of respondents from the overall cohort agreed or strongly agreed with the

notion that the domestic authorities did not believe their eligibility for funding was at risk of being suspended or terminated. Candidate country and Threshold country responses mirrored this general trend; however, Compact country respondents tended to agree (44.2%) or strongly agree (10%) with the statement.

Across stakeholder groups, USG respondents (53.4%) and counterpart government respondents (58.9%) disagreed or strongly disagreed that moral hazard played a role in the MCA's lack of reform impact.^{lxiv} These results suggest that the credibility of the "MCA contract" is not widely questioned. It therefore stands to reason that this is not one of the key reasons that account for the limited influence of the MCA eligibility criteria in some developing countries.

22j. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

there was little awareness of the MCA eligibility indicators among the domestic authorities."

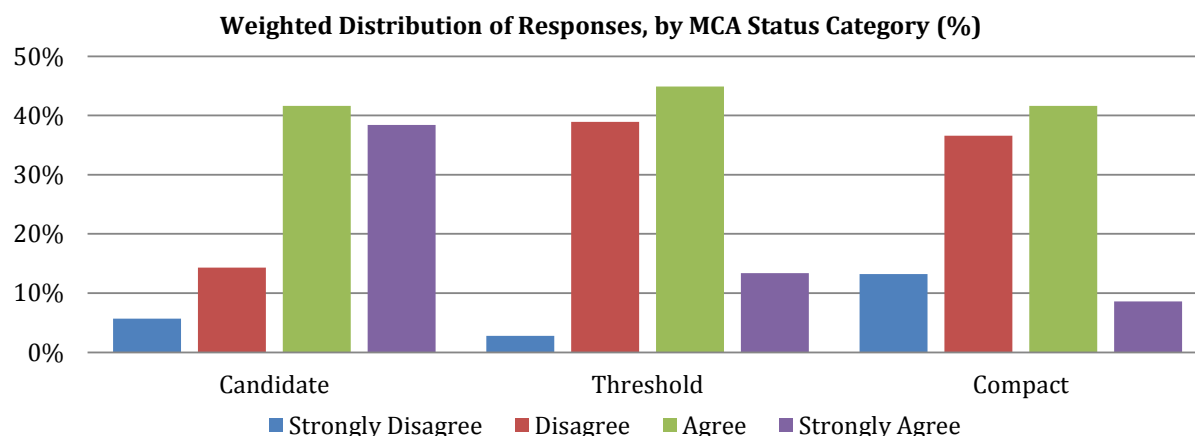


Table 62. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	8.8%	30.1%	41.8%	19.3%	239
Candidate	5.7%	14.3%	41.6%	38.4%	80
Threshold	2.8%	38.9%	44.9%	13.4%	51
Compact	13.2%	36.6%	41.6%	8.6%	108
U.S. Government	12.2%	43.9%	30.0%	14.0%	101
Counterpart Government	6.8%	20.3%	47.6%	25.3%	102
Civil Society/Private Sector	6.5%	12.9%	62.2%	18.5%	16
Contractor/Implementing Agency	2.6%	23.4%	71.2%	2.6%	20

It is also possible that, for one reason or another (e.g. civil conflict, low levels of communication and/or cooperation with the USG), the domestic authorities in some developing countries simply were not aware of the eligibility standards used to determine access to the MCA. To probe the plausibility of this hypothesis, we asked those respondents who reported (in question 22) that the influence of the MCA eligibility criteria was limited whether they attributed this lack of influence to low levels of awareness about the MCA eligibility indicators among the domestic authorities. A majority (61.1%) of these respondents agreed that there was little awareness of the MCA eligibility indicators among the domestic authorities. Tellingly, every response

subgroup—with the exception of the USG cohort—generally agreed with the statement. 72.9% of counterpart government respondents agreed or strongly agreed.

Additionally, Candidate country respondents agreed the most frequently of the three MCA status subgroups: 41.6% indicated agreement, while 38.4% expressed strong agreement. Surprisingly, even 50.6% of Compact country respondents (who indicated that the MCA had little policy impact) agreed that domestic authorities were generally unaware of the MCA eligibility criteria. These results suggest that the USG can do more to increase awareness of the MCA eligibility criteria among decision-makers in the developing world.

22k. Please indicate how strongly you agree or disagree with each of the following statements: The MCA eligibility criteria did not have a significant impact on government reform efforts because...

the areas in which [Country Name] performed poorly on the MCA eligibility indicators did not align with the policy priorities of the domestic authorities."

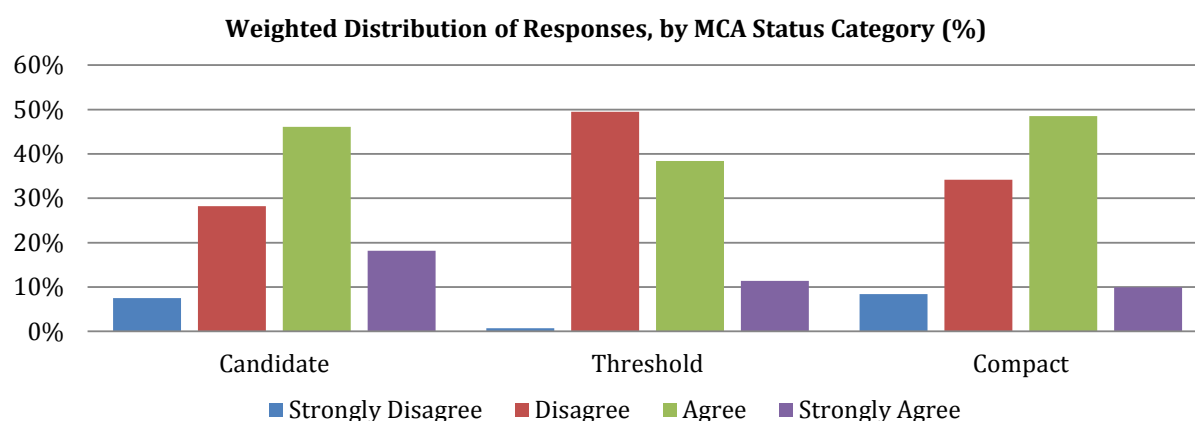


Table 63. Weighted Distribution of Responses, by MCA Status Category and Stakeholder Group (%)

	Strongly Disagree	Disagree	Agree	Strongly Agree	N
All	7.1%	35.6%	43.1%	14.2%	225
Candidate	7.5%	28.2%	46.1%	18.2%	72
Threshold	0.7%	49.5%	38.4%	11.4%	49
Compact	8.4%	34.2%	48.5%	9.9%	104
U.S. Government	8.1%	35.7%	39.2%	17.0%	97
Counterpart Government	6.5%	37.7%	46.5%	9.0%	94
Civil Society/Private Sector	0.0%	33.5%	53.2%	13.3%	15
Contractor/Implementing Agency	2.7%	16.1%	77.5%	5.4%	19

Another potential reason for limited MCA policy influence is incentive misalignment. Reforms cannot be imposed by external actors. To have any measure of policy influence, external actors generally need to “find and work with sympathetic domestic interlocutors who embrace their policy goals” (Chwieroth 2009: 2). However, sympathetic interlocutors are not always present; sometimes the domestic authorities pursue policy priorities that do not align closely with the MCA eligibility criteria.^{lxv}

In order to gauge the degree to which incentive misalignment has diminished the MCA's policy influence, we asked those respondents who reported (in question 22) that the influence of the MCA eligibility criteria was limited whether they attributed this lack of influence to policy priority misalignment. Overall, 57.3% of this cohort agreed with this assessment of policy priority

incompatibility. Threshold country respondents disagreed with this proposition (50.2%) by a razor thin margin (50.2% to 49.8%), but both Candidate country respondents (64.3%) and Compact country respondents (58.4%) agreed or strongly agreed that the limited influence of the MCA eligibility standards reflected weak alignment with domestic policy priorities.

Additionally, a majority of the respondents from each stakeholder group agreed. The contractor/implementing agency respondents had the largest margin of agreement (82.9% to 18.8%), while the civil society/private sector respondents agreed by the second widest margin (66.5% to 33.5%). Overall, the survey results provide evidence that incentive misalignment is a significant factor contributing to weak government responses or non-responses to the MCA eligibility criteria.

Demographic Questions

23. Over your ENTIRE career, for approximately how many years have you worked with or for the Government of [Country Name]?

A significant plurality (37.4%) of all respondents worked for the target government for five years or less. 60.8% had no more than ten years of experience. Nevertheless, there were large variations in the duration of in-country experience between different stakeholder groups.

As expected, USG and contractor/implementing agency respondents had significantly less in-country experience than counterpart government and civil society/private sector respondents.

Counterpart government respondents demonstrated the highest levels of experience, with 40.5% reporting at least sixteen years of in-country experience. The experience of Compact country respondents likely reflects that of the similarly constituted counterpart government subgroup. Respondents from Compact countries are among the most experienced; 43.3% reported over ten years of in-country work.

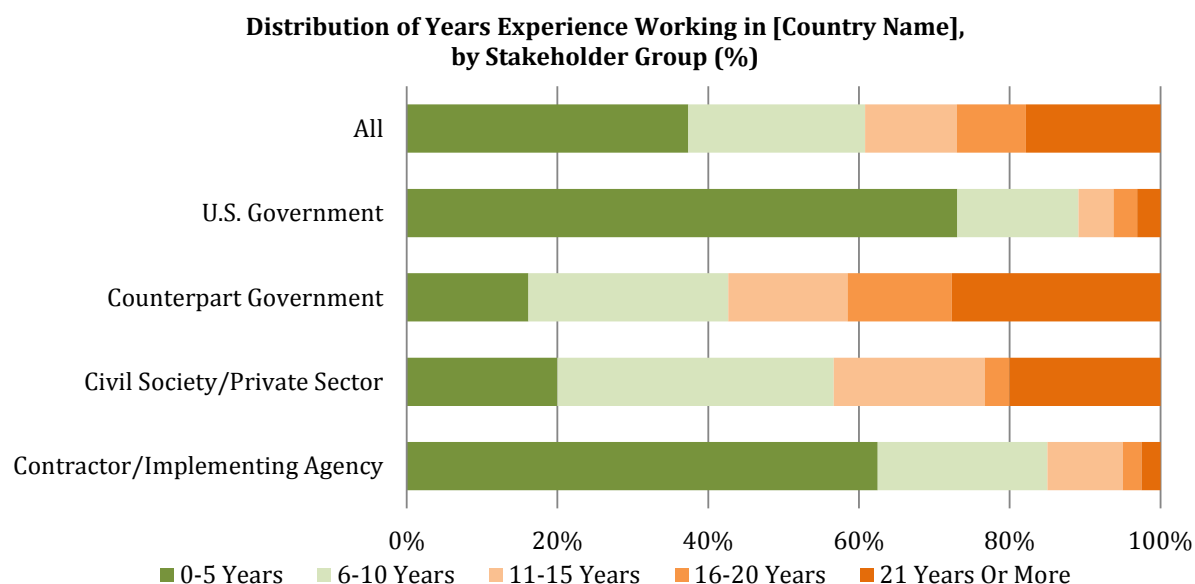


Table 64. Number of Responses, by MCA Status Category and Stakeholder Group

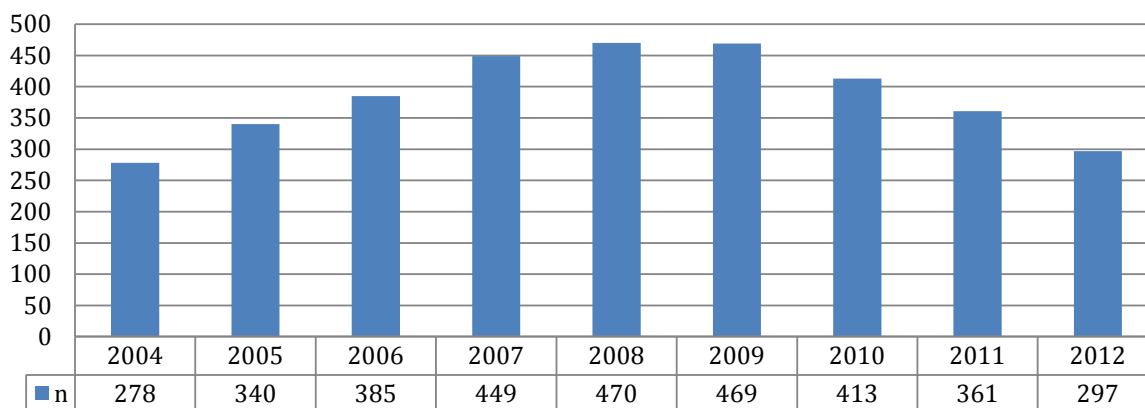
	0-5 Years	6-10 Years	11-15 Years	16-20 Years	21 Years Or More	N
All	228	143	74	56	109	610
Candidate	54	33	13	13	20	133
Threshold	65	23	17	8	22	135
Compact	104	87	44	35	67	337
U.S. Government	141	31	9	6	6	193
Counterpart Government	56	92	55	48	96	347
Civil Society/Private Sector	6	11	6	1	6	30
Contractor/Implementing Agency	25	9	4	1	1	40

24. During which of the following years did you work on policy or programmatic issues in [Country Name]? (Please check ALL that apply.)

The number of respondents working on policy or programmatic issues by year follows a roughly normal distribution, with center between 2007 and 2009 and very little—if any—skew. More respondents selected 2007 (449), 2008 (470), and 2009 (469) than any other years. The count of

respondents gradually declines in the years both before and after this period, reaching just 278 in 2004 and 297 in 2012. Roughly normal distribution reflects the even sampling of respondents across the early and more recent years of the MCA program.

Number of Respondents Working on Policy or Programmatic Issues in [Country Name], by Year

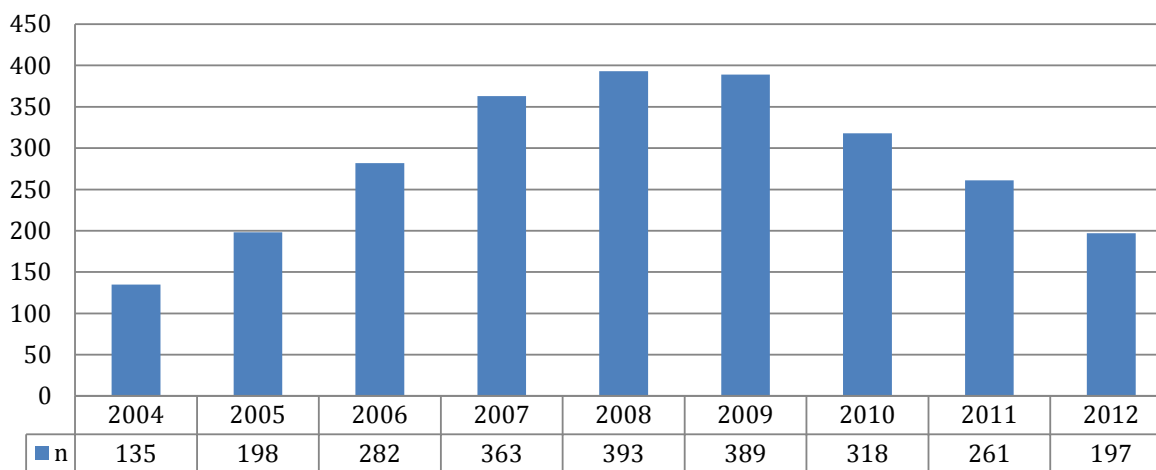


25. For which of the following years are you familiar with the Government of [Country Name]'s interactions with the U.S. Government on MCA eligibility, compact, and/or threshold issues? (Please check ALL that apply.)

The distribution of responses by year again suggests the successful identification of experts familiar with MCA issues across the 2004-2012 period. However, respondents may be slightly less knowledgeable about the early years of the MCA

program. This is understandable given that the MCA was launched, for all intents and purposes, in 2004, and there was subsequently a period of growth in program awareness.

Number of Respondents Familiar with MCA Issues, by Year



26. If you possess one or more university degrees, please identify where you received training for your MOST ADVANCED degree.

The United States was the primary source of higher education among survey respondents. Overall, a given survey respondent was nearly six times more likely to have earned his or her most advanced degree at an American university (260 out of 406 respondents) than at an institution from the second most common location, the United Kingdom (46). Apart from these countries, no other country accounts for at least ten percent of respondent higher education. Indeed, among the ten most frequent higher education destinations, the United States, the United Kingdom, France, Canada, Australia, and Germany account for over 85% of respondent education.

Among 178 total respondents, 156 USG representatives received their most advanced degree from a university in the United States.

Although the United States is ranked first in every grouping of respondents, there is considerably more diversity in the schooling of the respondents from the other three stakeholder groups. Besides the United States (76), the United Kingdom (37) and France (20) also made a strong showing as sources of higher education for counterpart government respondents.

Finally, only nine out of 28 civil society/private sector respondents received their most advanced degree in the United States, and just under half of respondents from contractors and implementing agencies graduated from an American university.

Table 65. Top Ten Most Frequently Cited University Nationalities, by Stakeholder Group (n in Parentheses):

Rank	All	U.S. Government	Counterpart Government	Civil Society/Private Sector	Contractor/Implementing Agency
1	United States (260)	United States (156)	United States (76)	United States (9)	United States (19)
2	United Kingdom (46)	United Kingdom (4)	United Kingdom (37)	Russia (3)	Philippines (3)
3	France (23)	Philippines (3)	France (20)	Armenia (2)	United Kingdom (3)
4	Philippines (16)	France (2)	Canada (10)	Rwanda (2)	Canada (2)
5	Canada (12)	Peru (2)	Armenia (9)	United Kingdom (2)	Ukraine (2)
6	Armenia (11)	Australia (1)	Philippines (9)	Albania (1)	Zambia (2)
7	Australia (10)	Costa Rica (1)	South Africa (9)	Chile (1)	Australia (1)
8	Russia (10)	Germany (1)	Australia (8)	Côte d'Ivoire (1)	Germany (1)
9	South Africa (10)	Greece (1)	Morocco (7)	Germany (1)	Italy (1)
		Guatemala (1)	Russia (7)	France (1)	Netherlands (1)
		Indonesia (1)	Senegal (7)	Indonesia (1)	Peru (1)
		Madagascar (1)	El Salvador (7)	Liberia (1)	Singapore (1)
		Romania (1)		Madagascar (1)	Switzerland (1)
		Ukraine (1)		Philippines (1)	
10	Germany (8)	South Africa (1)		Ukraine (1)	
		Zambia (1)			

27. Have you ever worked as a full-time employee, part-time employee, and/or consultant for any of the following donor agencies or international organizations? (Please check ALL boxes that apply.)

Across all stakeholder groups, respondents consistently identified USAID, the World Bank, the MCC, and UNDP as the leading sources of prior employment. A plurality of all respondents (182) worked in some capacity for USAID, followed by roughly equivalent numbers for the World Bank (144), MCC (140), and UNDP (127). As a group, USG respondents reported having the least diverse professional experience. The work experience of USG respondents is predominately linked to three American institutions: USAID (85), MCC (42), and the United States Department of State (25). By contrast, two multilateral international organizations—the World Bank and UNDP—enjoy relative parity (103 and 99, respectively) as the top employers of counterpart government respondents.

In comparison to other stakeholder groups, the MCC was noticeably underrepresented among civil society/private sector respondents: only three claimed to have worked on behalf of MCC. The civil society/private sector stakeholder group is also the only one for which the European Commission is ranked among the top four employers. As for the contractor/implementing agency stakeholder group, significantly more respondents claimed to have worked for USAID (21) and the MCC (19) than the next most common institutions: the World Bank (11) and UNDP (10).

Table 66. Top Ten Most Frequently Cited Donor Agencies and International Organizations, by Stakeholder Group (n in Parentheses):

Rank	All	U.S. Government	Counterpart Government	Civil Society/ Private Sector	Contractor/ Implementing Agency
1	USAID (182)	USAID (85)	World Bank (103)	UNDP (13)	USAID (21)
2	World Bank (144)	MCC (42)	UNDP (99)	World Bank (8)	MCC (19)
3	MCC (140)	US Dept. of State (25)	MCC (76)	EC (7)	World Bank (11)
4	UNDP (127)	World Bank (22)	USAID (69)	USAID (7)	UNDP (10)
5	EC (52)	IDB (5)	EC (38)	DFID (5)	DFID (5)
6	GTZ (44)	UNDP (5)	GTZ (36)	EBRD (3)	EC (5)
7	UN, non-UNDP (40)	UN, non-UNDP (5)	UN, non-UNDP (32)	Global Fund (3)	GTZ (5)
8	IDB (35)	AFDB (4)	IDB (25)	MCC (3)	CIDA (4)
9	US Dept. of State (30)	Gates Foundation (3)	CIDA (21)	SIDA (3)	ASDB (3)
10	DFID (29)	ASDB (2) AusAID (2) CIDA (2) DFID (2) EC (2) GEF (2) Global Fund (2)	AFDB (19)	GTZ (2) IDB (2)	IDB (3)

Conclusion

The primary purpose of the 2012 MCA Stakeholder Survey was to evaluate the strength and scope of the so-called "MCC Effect." The results from this survey indicate that the MCA eligibility assessment is an effective instrument for encouraging policy and institutional reform in developing countries. Despite this, the "MCC Effect" is not evenly distributed across countries, time, and policy domains. Some governments are more responsive to the MCA eligibility standards than others, and this study suggests that one can account for a fair amount of this variation by asking policymakers and practitioners whether, why, and how their country's government responded to this particular USG reform promotion tool. This report also reveals which MCA eligibility indicators are more or less influential in the developing world. We find that, despite the difficulty of unpacking and understanding the constituent parts of the MCC's Control of Corruption "hard hurdle," it has exerted significant policy reform influence among developing countries. Other particularly influential indicators include Fiscal Policy and Business Start-Up. The indicators that have proven least influential include the so-called "democracy indicators": Political Rights, Civil Liberties, and Voice and Accountability. While it could be the case that developing country policymakers are less interested in undertaking reforms that may result in a loss of political power, it is also possible that the absence of a "Democratic Rights" hard hurdle (until 2012) encouraged senior officials in the developing world to assign a lower level of priority to democratic governance reforms. The results from the 2012 MCA Stakeholder Survey also suggest that the MCA's reform impact is increasing, not decreasing, over time. Additionally, this report provides rare insight into a set of issues regarding *why* the MCA eligibility criteria are influential in some countries but not others.

This study also had a methodological ambition: to measure the influence of the MCA eligibility criteria, as observed by the policymakers and practitioners in MCA "target" countries. The dearth of reliable data on the policy influence of the MCA eligibility standards reflects a larger problem plaguing the literature on external tools of conditionality and socialization. Virtually all existing research on the influence of external financial and non-financial incentives is hobbled by the absence of indicators that measure how governments respond to external pressures. Previous scholarship has attempted to measure a government's "willingness to reform" with *de jure* and proxy variables. Vreeland (2003), for example, considers a government's participation in an IMF agreement as an indication of its willingness to reform. Joyce (2006) uses IMF program disbursement rates as a proxy for government compliance with IMF conditions. Pitlik et al. (2010: 179) propose that a government's participation in the Extractive Industries Transparency Initiative (EITI) is "a clear signal for the short run determination to engage in reforms." However, while many indicators may be correlated with state-implemented reform measures, none measure the actual phenomenon of interest. Participation in EITI, an IMF agreement, or any other arrangement, in which states adjust their behavior in exchange for material or reputational rewards from an external actor, is not a particularly compelling approach to measuring the depth of a government's commitment to participate in an external resources-for-reform swap.^{lxvi}

In this report, we took a different approach. We surveyed a large number of senior government officials from developing countries that meet the per capita income requirements for MCA assistance; MCC, USAID, and State Department officials responsible for engaging the domestic authorities on MCA policy and programming issues; staff from contracting agencies, NGOs, or consulting firms responsible for designing, implementing, or evaluating MCC Compacts or Threshold Programs; and representatives of local civil society organizations (CSOs) and business associations with in-depth knowledge about MCA policy and programming issues. We used our survey instrument to (1) measure the perceived strength, scope, and usefulness of the MCC's "incentive effect"; (2) analyze the conditions under which MCC has informed, motivated, accelerated, sustained, or otherwise influenced the reform efforts of developing countries; (3) shed light on the causal processes through which the MCA eligibility standards influence government behavior; (4) explore the perceived effectiveness of MCC Threshold and Compact Programs, including the impact of MCC Threshold Programs on reform outcomes; (5) gauge the influence of the MCA eligibility criteria vis-à-vis other reform promotion tools; and (6) identify whether and to what degree the application of the MCA eligibility standards has had negative unintended consequences. We hope that our findings will instigate introspective debate within aid agencies and international organizations about how existing policy instruments can be retooled for maximum impact. We also hope that the survey methods used in this study will inspire new efforts to learn more about the influence and effectiveness of reform promotion tools by listening to policymakers and practitioners from the developing world.

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ⁱ For more information about the *Making Reform Incentives Work for Developing Countries* project, see <http://www.wm.edu/reformincentives>.

ⁱⁱ As a point of fact, until FY2008, the MCC only used 16 or the 17 indicators. Additionally, in 2012, the MCC expanded the number of eligibility indicators to 20, to include additional assessments of child health, credit access, and gender equality in economic life (MCC 2011a).

ⁱⁱⁱ The recent introduction of a “Democratic Rights Hard Hurdle” has placed additional emphasis on the protection of civil liberties and political rights (MCC 2011a; Dunning 2011, 2012; Yohannes 2012). As Dunning (2011) explains, “[t]he MCC adopted a hard hurdle for democratic rights, requiring a country to pass either Political Rights or Civil Liberties to pass the indicators test. These two indicators will also now be judged with an absolute threshold rather than a median. To pass these indicators, a country must score above 17 for Political Rights and 25 for Civil Liberties.”

^{iv} Former U.S. Senate Majority Leader Bill Frist describes the “MCC Effect” as “the biggest bargain in foreign aid.” He notes that “[t]he MCC model can even produce change before any money is spent. We’re finding that governments are undertaking important reforms in an effort to qualify for MCC assistance—or to keep policy performance on track in order to qualify for a second five-year MCC Compact” (Frist 2008).

^v In a 2008 letter to the Senate Foreign Relations Committee, a coalition of more than 150 non-governmental humanitarian and development organizations came to the MCC's defense during a period of budgetary uncertainty: “The MCC, has had some historic successes via [the] ‘MCA effect.’ In Tanzania, the work of USAID in strengthening the media and procurement under the MCC Threshold Program exposed corruption, resulting in the unprecedented resignation of the country’s prime minister.... The ‘MCA effect’ works because countries get the message that if they do their part to help their own people, the U.S. will be their partner” (InterAction 2008).

^{vi} Of course, it is important to remember that the MCA was primarily conceived as an investment of U.S. taxpayer dollars that would yield significant economic growth and poverty reduction returns. The MCC's impact on reform is often described as an ancillary benefit of the MCC's performance-based aid allocation model.

^{vii} The MCA Stakeholder Survey was not conceived as a rigorous impact evaluation (in statistical terms), but rather as an elite survey that would capture the informed opinions and experiences of development policymakers and practitioners who are particularly knowledgeable about the MCA's policy influence and programmatic impact. The survey was designed to provide insights into the causes of MCC's programmatic

successes and failures, and the role played by the MCA eligibility criteria in the policy reform process. To this end, we targeted a population of elites (from a diverse set of stakeholder groups and countries) who are knowledgeable about MCC policy and programming issues by virtue of the positions that they currently hold or previously held. We believe this approach is significantly more useful and informative for our purposes than a public opinion survey or a survey of development experts (who in most cases know very little about the MCC's influence and impact, or are only able to draw inferences based on media coverage). Thus, the survey data reflect the opinions and insights of a diverse cohort of MCA stakeholders rather than broader public opinion or the opinions of the development community writ large. Our positional approach is consistent with long-standing best practices in the survey methodology literature regarding the scientific investigation of policy processes and political decision making (Hoffmann-Lange 1987; Hoffmann-Lange 2007; Tansey 2007).

^{viii} Some countries (e.g. China, Syria, Cuba, Sudan) would meet the MCA candidacy criteria if not for a U.S. statutory prohibition on the receipt of U.S. foreign assistance. We included these countries in our sample because the purpose for each statutory prohibition is clearly stated in a public document, so that potential MCA Candidates can take remedial actions that would enable them to achieve MCA candidacy.

^{ix} We also included senior government officials who, by virtue of the positions that they held, would have likely interacted with the USG on MCA policy and programming issues (e.g. Ministers of Finance, Minister of Planning, and Ministers of Foreign Affairs).

^x As a general matter, U.S. Ambassadors, MCC Resident Country Directors, and USAID Mission Directors (or their designees) are responsible for engaging the domestic authorities in developing countries on MCA policy and programming issues.

^{xi} Each country-specific master sampling frame was developed in a manner similar to quota sampling. After developing a stock country-level organizational inclusion chart, we then identified organizations within each country to match each "ideal-typical" representative organization. From this, we established a quota of required survey recipients for each country-specific organization, and then identified the MCC experts from this list of potential respondents. As explained above, the Principal Investigator then augmented these sampling frames with additional MCA experts (i.e. those not captured by the organizational quota method).

^{xii} From 2005 to 2010, Parks worked in the MCC's Department of Policy and International Relations and was responsible for documenting the responses and non-responses of Candidate countries to the MCA eligibility standards.

^{xiii} In order to calculate the response rate, we set the denominator of 2,092 equal to the sum of the number of attempted recipient contacts minus the number of undeliverable email addresses (counted as ineligible) and the number of duplicate contacts (subtracted to correct for any undue multiplicity). We set the numerator of 640 respondents equal to the number of survey recipients who provided a response to the first substantive question found in the online questionnaire: "Below is a list of possible changes to how donors provide assistance to [Country Name]. Please select the THREE CHANGES you believe would have the most beneficial impact in [Country Name]."

^{xiv} In order to estimate the completion rate and attrition rate, we counted as having completed the survey any respondent who provided an answer either to the last substantive question ("Overall, during your period(s) of service in [Country Name] between 2004 and 2012, how would you describe impact of the MCA eligibility criteria on [Country Name]'s reform efforts?") or the first demographic question ("Over your ENTIRE career, for approximately how many years have you worked with or for the Government of [Country Name]?"). Each of these questions was found, sequentially, towards the end of the online questionnaire. The inclusion of respondents answering either question was performed to correct for any undercounting resulting from respondents preferring to skip either question.

^{xv} The normalized standard deviation, or coefficient of variance, of country-level response rates equals 0.63, while the normalized standard deviation of successfully contacted survey recipients equals 0.93.

^{xvi} A comparative analysis of the distributions of normalized distances from sample mean values of country-level recipient contact numbers and response rates further supports this interpretation.

^{xvii} As regards these non-response states, any results found in this report should be interpreted and applied with caution.

^{xviii} "Compact" countries include those in any stage of Compact implementation or Compact development. Similarly, "Threshold" countries include those in any stage of Threshold implementation or Threshold development.

^{xix} MCA status is determined as follows. Compact indicates that the plurality of a given respondent's years spent working on or familiar with MCA issues (as indicated by his or her response to question 25) occurred while his or her country was Compact eligible or actively involved in Compact development or implementation. Threshold indicates that the plurality of a respondent's years spent working on MCA issues in his or her country occurred while that country was Threshold eligible or actively involved in Threshold development or implementation. Candidate indicates that the plurality of a respondent's years spent working on MCA issues neither occurred while his or her country was Compact or Threshold eligible nor involved in Compact or Threshold Program development or implementation. In this category, we also include respondents who worked in countries that would have been MCA Candidate countries if not for a statutory prohibition. If a respondent worked in multiple MCA status country-years for equal, but not identical, years, his or her MCA status corresponds to that of the more recent years. If these years were both equal and identical, then MCA status was based upon the respondent's position description during the years in question. Position description-based determinations were only made for 16 respondents.

^{xx} With the exception of question one, we present all weighted responses to attitudinal questions as aggregate percentages by subgroup.

^{xxi} Here we use the term "MCA" to refer to the institutional entities in developing countries that are responsible for MCA Compact management and implementation (e.g. MCA Benin, Fomilenio, MCA Madagascar, L'Agence du Partenariat pour le Progrès).

^{xxii} "When the United States' Millennium Challenge Account (MCA) made eligibility for funding dependent on the ease of business startup, countries from Burkina Faso to El Salvador to Georgia to Malawi started reforms" (World Bank 2007: 3).

^{xxiii} We presented each respondent with a randomized order of response categories and/or sub-questions to this and the following questions: 3, 9, 10, 12, 13, 14, 17, 22, and 27. Response categories for questions 18, 19, and 20 followed the response order provided by respondents in question 17.

^{xxiv} Since 2004, the MCC has treated the Control of Corruption indicator as a "hard hurdle". Countries must perform above the median within their income bracket on this indicator in order to meet the formal eligibility criteria. In 2012, the MCC added a second hard hurdle: Democratic Rights.

^{xxv} Each external assessment was given an initial score of either one or zero for each respondent, depending on whether or not the respondent has selected the assessment as being among the top three most influential. Then, all scores corresponding to a question two answer "never" were multiplied by 1/4, "rarely" by 2/4, "sometimes" by 3/4, and "frequently" by 4/4. Answers were again weighted according to responses from question 4 as follows: all scores corresponding to an answer of "not at all consistent" were multiplied by 1/4, "not very consistent" by 2/4, "somewhat consistent" by 3/4, and "very consistent" by 4/4. These weighted scores were then aggregated to produce a relative measure of external assessment influence that accounts for

the absolute level and consistency of donor and external assessment influence in the country of each respondent.

This discounting procedure was used to make the results comparable in a cross-country context. That Assessment 1 is more influential than Assessment 2 in Country P and Country Q, and Assessment 2 is more influential than Assessment 1 in Country R, does not imply that Assessment 1 is more influential than Assessment 2 globally (since Country R might pay substantially more attention to assessments in general than countries P and Q). Consider the following example. Respondent A in Country X orders the MCA as #1 (i.e. most influential), the *Doing Business* Report as #2, and the MDGs as #3. Respondent B in Country Y orders the MDGs as #1, the MCA as #2 and *Doing Business* as #3. If we were to take the undiscounted aggregate sum of the 2 rankings, then MCA would be ranked #1, MDGs would be #2 and the *Doing Business* Report would be #3. Discounting by question 2 was meant to account for the possibility that external assessments might be, say, twice as influential in Country Y as in Country X. This is almost certainly a valid concern, given varying degrees of outward orientation in developing countries. In the above example, our discounting procedure results in the MDGs suddenly becoming just as influential as the MCA, while *Doing Business* remains less influential than both—at #3. Discounting by question 4 was similarly used to reflect the likelihood that in some countries top assessment influence may be transitory, while in others it might endure over time. Since this possibility was not incorporated into question 3, we decided to weigh more consistently influential assessments as being more influential over time than less consistently influential assessments. Admittedly, this is a crude discounting procedure, but we think it is methodologically superior to the alternative of not discounting. In practice, application of the discounting procedure was not particularly consequential. The results with and without discounting are remarkably similar—especially in terms of topline findings.

^{xxvi} This finding may be attributable to the fact that a limited number of health policy experts were included in this survey.

^{xxvii} More precisely, the network graphs contained in this report only show the external assessments that were selected together with at least 15 other external assessments by at least ten respondents per tie. To appear in these graphs, an assessment not only has to have connections to many other assessments, but these connections must also be conceptually strong and recorded by multiple respondents.

^{xxviii} Betweenness centrality measures the number of shortest paths between two assessments on which a given node lies.

^{xxix} In the production of each of our network graphs, we employed the Force Atlas algorithm available through the network visualization software *Gephi*. Force Atlas is a linear-linear network model algorithm that makes the space between two nodes proportional to the distance, or number of jumps, between them. Thus, our network graphs can be used for qualitative, as well as quantitative, analysis.

^{xxx} Please see the discussion in Appendix C on the uneven distribution of MCA status across stakeholder groups.

^{xxxi} Only those respondents who answered “somewhat familiar” or “very familiar” to question 6 were given the opportunity to respond to question 7. Those who provided an answer of “not at all familiar” or “not very familiar” to question 6 were directed to question 21.

^{xxxii} Only individuals who indicated (in question 7) that they were involved in developing or implementing Threshold Programs were given the opportunity to answer question 8.

^{xxxiii} It is, however, interesting to note that responses to Questions 9 and 10 seem to suggest that civil society involvement has not figured prominently in many Threshold Programs.

^{xxxiv} It will be interesting to track whether and to what extent the MCC's new Threshold Program focus on removing the "binding constraints to economic growth" (Yohannes 2011) will impact the future strength and scope of the "MCC Effect."

^{xxxv} Only individuals who responded (in question 7) that they were involved in developing or implementing Compact Programs were given the opportunity to answer question 11.

^{xxxvi} There is a possibility that the high proportion of MCA staff in the counterpart subgroup may in part account for these findings. To check for this bias, we repeated the analysis, excluding MCA staff from the counterpart government stakeholder group. The exclusion of MCA staff from the counterpart government subgroup leads to the following distribution: 55.5% more successful, 20% equally successful and 13.4% less successful. While a slightly higher proportion of counterpart government respondents (13.4% instead of 6.4%) selected "less successful", the proportion of counterpart government respondents selecting "more successful" is still at least as great as that of USG respondents.

^{xxxvii} Only those who answered (in question 11) that the MCA Compact Program was more successful than, or equally successful to, the other reform programs funded by donor agencies and international organizations in [Country Name] were allowed to answer question 12, or any of its successive parts.

^{xxxviii} Interestingly, the exclusion of MCA staff from the counterpart government MCA status subgroup actually *increases* the weighted mean score for question 12a from 6.25 to 6.29. In terms of the distribution of scores, this is because the exclusion of MCA staff respondents largely lowers the share of counterpart government respondents to providing the option with a score of two to five, and eliminates all scores of two and of four. It does not seem that MCA staff are reporting more than the rest of counterpart government respondent subgroup that MCA staff are responsible for successful compacts.

^{xxxix} Only respondents who indicated (in question 11) that the MCA Compact Program was less successful than the other reform programs funded by donor agencies and international organizations in [Country Name] were allowed to answer question 13.

^{xl} The composition of respondents who answered this question includes individuals from countries that secured Compact eligibility and a Compact agreement, as well as countries that secured Compact eligibility but not a Compact agreement. The respondent cohort also includes individuals from countries where Compact eligibility, Compact development, or Compact implementation were suspended, terminated, or otherwise interrupted.

^{xli} Dreher et al. (2012) argue that achieving MCA eligibility also has a "positive signaling effect" among donor agencies, whereby multilateral institutions increase their financial support to a country after has become MCA-eligible. However, they do not control for the policy and governance criteria that many of the largest multilateral institutions (i.e. the World Bank, the African Development Bank, the Asian Development Bank) use to allocate their resources (ADB 2005; Dollar and Levin 2006; Hout 2007; de Janvry and Dethier 2012). If the same underlying policy and governance factors simultaneously affect multilateral and MCA resource allocation patterns, there is a substantial risk that analysts could erroneously conclude that one donor's resource allocation decisions trigger changes in the resource allocation decisions of another. We are grateful to Steve Knack for sharing this insight.

^{xlii} In 2006, Reuters reported that "MCC's list of eligible countries is closely watched by development groups and investment firms which see it as a confidence vote in governments in the developing world" (Wroughton 2006). Also see Easton 2011.

^{xliii} One interpretation of this finding is that the design of Threshold Programs and/or the prospect of achieving Compact status in Threshold countries has helped the domestic authorities overcome political opposition to reform. Without this programmatic focus on achieving near-term policy reform results and the immediate prospect of securing an initial Compact, it is possible that the MCC's performance-based aid model

simply does not have the same effect in Candidate and Compact countries. An alternative explanation is that respondents from Threshold countries possess systematically different ascriptive or behavioral characteristics that make them more likely to indicate in a survey that the MCC has helped reformers overcome their opponents.

^{xliv} Nelson (2009) estimates that the average tenure of a developing country finance minister is less than two years.

^{xliv} The aggregate figures reported in question 17 were calculated according to the following procedures. A specific MCA eligibility indicator was identified as "influential" in a given country if at least one respondent from that country indicated that the domestic authorities undertook a specific policy adjustment or reform to improve their country's performance on that indicator. These binary, country-level estimates were then aggregated across all countries in the sample.

^{xlvi} We cannot rule out the possibility that an unusually large number of respondents from finance ministries are more knowledgeable about and thus biased toward fiscal policy issues. However, it is interesting to note that few counterpart government respondents identified Inflation, Regulatory Policy, or Trade Policy as major targets for MCA-inspired reform. Another plausible explanation for the substantial reported influence of the Fiscal Policy eligibility criterion is that (a) many Threshold countries designed programs to more effectively manage public expenditures and improve revenue collection, and (b) a significant number of respondents may be aware of these reforms. Still another way to interpret this finding is that fiscal policy reforms are particularly attractive to developing country reformers because they provide substantial collateral benefits to the government independent of the benefits derived from achieving MCA eligibility

^{xlvi} The aggregate figures reported in question 18 were calculated according to the following procedures. A specific MCA eligibility indicator was identified as "influential" in a given country if at least one respondent from that country indicated that the indicator in question influenced the country's domestic policy agenda. These binary, country-level estimates were then aggregated across all countries in the sample.

^{xlvi} In order to illustrate how the MCA eligibility criteria might influence reform design phase of the policymaking process, consider El Salvador's recent effort to overhaul its business registration process. During the Antonio Saca administration (2004-2009), the Government of El Salvador (GOES) created a Policy Performance Monitoring Unit (UDII) in the Office of the President and charged it with designing, shepherding, and tracking reforms that would improve the government's performance on the MCA eligibility indicators (Qayumi 2009). The GOES also established a Presidential Commission for the Study of Reforms to the Commercial Code and tasked it with the design of interventions that would reduce the time, cost, and procedural complexity of business start-up regulations (Newton et al. 2007). The Commission and UDII worked together to ensure that their proposed changes would improve the country's performance on the MCC's "Business Start-Up" indicator (Qayumi 2009). Similarly, in 2006, the Government of Malawi acknowledged that "in a direct response to [the country's] poor ranking in the [World Bank's] 2006 Doing Business report, the [Ministry of Industry, Trade and Private Sector Development] launched five technical working groups... on the five Doing Business indicators where, at the time, Malawi's performance was worst, and therefore offered the greatest scope for improvement.... The groups' recommendations [were] divided into policy and administrative reforms that [did] not have resource implications ('quick wins'), and recommendations that require[d] longer term and more resource intensive activity." (MITPSD 2007) To highlight the level of priority the government assigned to these reform planning efforts, the authorities appealed to the MCA eligibility standards, noting that "the costs and time taken to start a business are two of the key indicators included under the US Millennium Challenge Account in assessing whether or not Malawi will be able to progress from 'threshold' to 'compact' status" (MITPSD 2007)

^{xliv} The aggregate figures reported in question 19 were calculated according to the following procedures. A specific MCA eligibility indicator was identified as "influential" in a given country if at least one respondent from that country indicated that the indicator in question influenced the design of specific reforms. These binary, country-level estimates were then aggregated across all countries in the sample.

ⁱ The aggregate figures reported in question 20 were calculated according to the following procedures. A specific MCA eligibility indicator was identified as "influential" in a given country if at least one respondent from that country indicated that the indicator in question influenced the implementation of specific reforms. These binary, country-level estimates were then aggregated across all countries in the sample.

ⁱⁱ In 2010, John Kerry and Richard Lugar, the Chairman and Ranking Member of the U.S. Senate Foreign Relations Committee, respectively, sent a letter to the MCC's incoming CEO, indicating that "we believe that the [Threshold] program, as it stands, requires significant overhaul and substantial rethinking. We are not convinced that the program is achieving the goals and objectives it was originally created to accomplish, and we think the mandate of the program has become increasingly muddled.... We believe a comprehensive review of the goal, purpose, and utility of the [Threshold] program is in order, and we are open to fairly wide changes that would modify the [Threshold] program's mandate and implementation." In responses to these concerns, the MCC announced a course correction in 2011: rather than designing Threshold Programs to help governments improve their performance vis-à-vis the MCA eligibility standards and meet the formal Compact eligibility requirements, the Corporation decided that countries deemed eligible for Threshold funding would be asked to design and implement reform programs that target the binding constraints to economic growth (MCC 2011; Yohannes 2012). While the data from the 2012 MCA Stakeholder Survey on the perceived influence and impact of Threshold Programs are no substitute for rigorous programmatic impact evaluations (Hollyer and Wantchekon 2011; Nichols-Barrer et al. 2011; Kazianga et al. forthcoming), they do suggest that original design of the Threshold Program resulted in a strong incentive effect and significant programmatic results.

ⁱⁱⁱ Responses values were calculated on a linear scale from one to four. A score of one corresponds to a response of "not at all impactful", two to "marginal to a few important reform efforts," three to "central to a few important reform efforts", and four to "instrumental to many important reform efforts." Weights for the inter-temporal portions of question 21 were produced to reflect the likelihood that an individual respondent's answer was given in reference to a specific year. For example, for 2004, the response of an individual who had indicated service during all nine years of the period 2004-2012 was given a weight of one, while the response of an individual having served only in 2004 was assigned a weight of nine. The mean score for the overall sample in 2004 reflects the opinions, at these weights, of all respondents who indicated public service in 2004 according to question 24. The mean score calculated for MCA familiar respondents in 2004 reflects a similar weighting scheme, instead using the years provided by answers to question 25.

ⁱⁱⁱⁱ Familiarity with MCA policy or programming issues by year was determined using answers from question 25.

^{liv} The exclusion of respondents without familiarity of MCA issues produces the same patterns of MCA influence over time as those found using overall years of service, with one exception: the proportion of all respondents familiar with MCA issues indicating that the MCA was "not at all impactful" also increases between 2004-2006 and 2007-2009, from 5.17% to 6.32%. "MCA-familiar" USG and counterpart government stakeholder group responses also produce the same data patterns as those presented in this report. The tables and graphs produced from the restricted—more "MCA-familiar"—subsample are available upon request.

^{lv} Annual changes in the subgroup composition of survey respondents are unlikely to have biased our overall finding of increasing MCA impact, as, given the expanding prevalence of MCA Threshold and Compact Programs, they tend to reflect expected secular trends in the survey population. Nevertheless, data on the per-year distribution of respondents by subgroup is available upon request.

^{lvi} However, only 45.5% of respondents agreed or strongly agreed the domestic authorities did not understand the steps that would need to be taken to achieve MCA eligibility criteria.

^{lvii} The MCC has publicly acknowledged the importance of helping developing country governments to identify particular policy actions that will improve their odds of achieving or maintaining MCA eligibility (MCC 2007).

To this end, it has integrated several "actionable" indicators into its annual eligibility assessment. This was the stated rationale for adding the "Cost of Starting a Business" indicator and dropping Institutional Investor's Country Credit Rating from the annual eligibility assessment in 2005 (MCC 2005). A similar justification was provided in 2007 when the MCC merged the "Days to Start a Business" and "Cost of Starting a Business" indicator into a single "Business Start-Up" index and added a "Land Rights and Access" index that includes two additional indicators—the time and cost of property registration—from the World Bank's *Doing Business* Report (MCC 2007).

lviii Respondent incentives to assign blame to their counterparts may help account for these findings.

lix The term "Post" refers to the Embassy of the United States of America in another country, including all of the U.S. federal agencies housed at the U.S. mission. See U.S. Department of State. 2007. Protocol for the Modern Diplomat. Prepared by the Transition Center at the Foreign Service Institute of the U.S. Department of State. Washington D.C.: U.S. Department of State. See <http://www.state.gov/documents/organization/99260.pdf>

lx However, 60.3% of civil society/private sector respondents agreed that the lure of other external rewards diminished the influence of the MCA eligibility criteria.

lxi An alternative explanation is that countries may become "path dependent" once they achieve Threshold or Compact eligibility. That is to say, once a country has decided to prioritize the pursuit of MCA-related financial or reputational rewards, the cost of abandoning this strategy may increase.

lxii In open-ended questions from the 2012 MCA Stakeholder Survey that we do not report here, we asked respondents to help explain why the MCA eligibility criteria had a significant policy impact or a minimal policy impact. Among the USG respondents who reported little or no MCA policy impact, we received a wide variety of explanations regarding why Post limited its MCA outreach efforts. Some the explanations that were offered included that an abundance of aid inflows from other donors made the MCA less attractive, that competing USG policy priorities diminished the perceived importance of the MCA, and that ideological differences between the USG and counterpart governments made conversations about MCA eligibility moot.

lxiii Before the MCC had even opened its doors, Radelet (2003: 111) cautioned that placing the chairmanship of the MCC Board in the hands of the State Department "could influence allocation decisions in favor of US strategic and political allies rather than those with a stronger record of promoting development."

lxiv 60.6% of civil society/private sector respondents and 57.9% of contractor/implementing agency respondents agreed or strongly agreed. However, these sub-sample findings for the civil society/private sector and contractor/implementing agency cohorts should be interpreted with caution given small sample sizes.

lxv Also see Kahler 1992.

lxvi As Krasner (2009: 7) points out, "formal adherence to codes of conduct have no automatic impact on the actual behavior of states. There is no correlation, for instance, between human rights behavior and signing on to international human rights treaties. International codes and standards may even be used to mask problematic behavior. Azerbaijan was the first country to fulfill all of the requirements for certification by the Extractive Industries Transparency Initiative, yet it ranked 143 out of 168 countries in the 2009 Transparency International corruption perception index. While the revenues to the Azeri government from oil production may be transparent, expenditures are opaque. By signing on to the EITI, one of the most prominent international codes of conduct Azerbaijan got some favorable points from the international community without altering its behavior."

Appendix A: Question Indexⁱ

I. The Policy Influence of the MCA Eligibility Criteria

1. Below is a list of possible changes to how donors provide assistance to [Country Name]. Please select the THREE CHANGES you believe would have the most beneficial impact in [Country Name]. (Choose no more than THREE changes.)
2. In general, during your period(s) of service in [Country Name] between 2004 and 2012, how often would you say the political leadership of [Country Name] followed the advice of donor Agency and international organizations in determining the policy direction of the government?
3. From your experience, which THREE external assessments of government performance do you think had the GREATEST INFLUENCE on the policy direction of the Government of [Country Name] during your period(s) of service in [Country Name]?
4. Over the course of your period(s) of service in [Country Name] between 2004 and 2012, how CONSISTENT was the influence of these three most influential external assessments in [Country Name]?
5. Some donor Agency and international organizations make their financial assistance conditional upon a recipient country's policy performance. Thinking of your period(s) of service in [Country Name] since 2004, please select the statement that BEST characterizes your opinion.

II. The Determinants of MCC's Programmatic Influence and Impact

6. During your period(s) of service in [Country Name] between 2004 and 2012, how familiar were you with [Country Name]'s performance on the MCA eligibility indicators?
7. At any point between 2004 and 2012, were you formally or informally involved in each of the following activities?
8. To the best of your knowledge, in comparison to the other reform programs funded by donor agencies and international organizations in [Country Name] since 2004, how successful was [Country Name]'s MCA Threshold Program?
9. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's success:
 - a. The prospect of an MCC Compact gave domestic authorities an incentive to implement the Threshold Program successfully
 - b. The Threshold Program's activities reflected the government's previously-defined priorities
 - c. The organizations responsible for program implementation performed their responsibilities at a high level
 - d. The Threshold Program had a strong monitoring and evaluation framework
 - e. Government leadership wanted [Country Name] to be seen as a leading example of progressive change in the region
 - f. Senior policymakers were committed to the necessary reforms

- g. The Threshold Program's compressed implementation timeline created pressure to achieve near-term results
 - h. The government involved civil society in program design and/or implementation
 - i. The government had a plan in place to sustain the gains achieved during Threshold Program implementation
10. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Threshold Program's nonsuccess:
11. In comparison to other assistance programs funded by donor agencies and international organizations in [Country Name] since 2004, how successful was the MCA Compact Program?
12. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's success:
- a. The staff of MCA-[Country Name] performed their responsibilities at a high standard
 - b. Compact funds were not misused by government officials for private gain
 - c. Compact activities were undertaken using a competitive and transparent bidding process
 - d. The Compact aligned with the Government of [Country Name]'s previously-defined priorities
 - e. The Compact was designed in consultation with a diverse group of local stakeholders
 - f. The Compact had a strong monitoring and evaluation framework
 - g. The political leadership of [Country Name] made successful Compact implementation a top priority
 - h. The private contractors and/or non-profit organizations responsible for program implementation performed their responsibilities at a high standard
 - i. The government officials responsible for program implementation performed their responsibilities at a high standard
 - j. The prospect of a second MCA Compact gave the domestic authorities an incentive to successfully implement the first MCC program
 - k. The Government of [Country Name] provided the counterpart funding needed to ensure successful Compact implementation
 - l. Non-governmental actors helped monitor and evaluate program implementation
13. Please provide a score of 1-7 (7 is highest) to indicate the extent to which you think each of the following was a reason for the MCA Compact Program's nonsuccess:

III. The Effectiveness of the MCA Eligibility Criteria as an Incentive for Reform

14. Please indicate how strongly you agree or disagree with each of the following statements: "The MCC's approach of tying [Country Name]'s eligibility for MCA assistance to measures of policy performance..."

- a. strengthened the government's domestic credibility and legitimacy."
- b. helped donors coordinate their policy dialogue with that of the government."
- c. created a way for the government to highlight its credentials to private investors."
- d. drew the government's attention away from important policy issues."
- e. helped the government measure its own performance."
- f. limited the policy autonomy of the government in a negative manner."
- g. led to an excessive focus on measurement and data quality."
- h. focused the government's attention on otherwise neglected policy issues."
- i. punished poor people in [Country Name] because of the government's low indicator scores."
- j. strengthened the government's resolve to implement reforms in a specific policy area."
- k. helped reformers within government build domestic coalitions of support."
- l. helped reformers within government weaken opposition to reform."
- m. enabled civil society organizations or journalists to more effectively advocate for reform."
- n. reduced the likelihood that the government would renege on earlier policy commitments or reverse previously-adopted reforms."

IV. The Reform Impact of the MCA Eligibility Criteria in Specific Policy Domains

- 15. During your period(s) of service in [Country Name] between 2004 and 2012, how much SUPPORT do you think the head of government (e.g. President, Prime Minister) gave to domestic efforts to achieve MCA eligibility?
- 16. Over the course of your service in [Country Name] between 2004 and 2012, how CONSISTENT was the head of government's level of support for domestic efforts to achieve MCA eligibility?
- 17. Below you will find a list of 17 MCA eligibility indicators. To the best of your knowledge, if the domestic authorities in [Country Name] undertook a specific policy adjustment or reform to improve the performance of [Country Name] on a particular MCA eligibility indicator, please select that indicator.
- 18. Thinking of your period(s) of service in [Country Name] since 2004, please indicate whether each of MCA eligibility indicators selected above influenced the policy agenda of the Government of [Country Name].
- 19. Thinking of your period(s) of service in [Country Name] since 2004, please indicate whether each of MCA eligibility indicators selected above influenced the design of specific reforms.
- 20. Thinking of your period(s) of service in [Country Name] since 2004, please indicate whether each of MCA eligibility indicators selected above influenced the implementation of specific reforms.

21. Overall, during your period(s) of service in [Country Name] between 2004 and 2012, how would you describe impact of the MCA eligibility criteria on [Country Name]'s reform efforts? (Please select the ONE statement that BEST reflects your views.)
22. Please indicate how strongly you agree or disagree with each of the following statements: "The MCA eligibility criteria did not have a significant impact on government reform efforts because...
 - a. the domestic authorities believed it would be too difficult for [Country Name] to meet the MCA eligibility standards."
 - b. the domestic authorities did not understand the steps that would need to be taken to achieve MCA eligibility criteria."
 - c. the domestic authorities were focused on achieving financial or reputational rewards from another donor agency or international organization."
 - d. domestic actors frustrated the efforts of policymakers seeking to introduce policy reforms that would help [Country Name] achieve MCA eligibility."
 - e. the domestic authorities needed technical or financial assistance to support their reform efforts, but they did not receive sufficient assistance."
 - f. U.S. Embassy, USAID, and/or MCC officials did not express much concern or interest to the domestic authorities regarding [Country Name]'s performance on the MCA eligibility indicators."
 - g. the domestic authorities were worried that the U.S. Congress would not sufficiently fund the MCA."
 - h. the domestic authorities were concerned that even if [Country Name] met the formal MCA eligibility criteria, US foreign policy interests might influence the government's ability to access MCA funds."
 - i. the government did not believe its eligibility for funding was at risk of being suspended or terminated."
 - j. there was little awareness of the MCA eligibility indicators among the domestic authorities."
 - k. the areas in which [Country Name] performed poorly on the MCA eligibility indicators did not align with the policy priorities of the domestic authorities."

Demographic Questions

23. Over your ENTIRE career, for approximately how many years have you worked with or for the Government of [Country Name]?
24. During which of the following years did you work on policy or programmatic issues in [Country Name]? (Please check ALL that apply.)
25. For which of the following years are you familiar with the Government of [Country Name]'s interactions with the U.S. Government on MCA eligibility, compact, and/or threshold issues? (Please check ALL that apply.)
26. If you possess one or more university degrees, please identify where you received training for your MOST ADVANCED degree.

27. Have you ever worked as a full-time employee, part-time employee, and/or consultant for any of the following donor agencies or international organizations? (Please check ALL boxes that apply.)

Appendix B: Questionnaire Evaluation Form

On the second and third pages of this document, you will find a Question Rating Table. Each row in the Table represents a question from the survey questionnaire, including all associated responses and sub-questions. Each column describes a specific type of problem that a question may have.

This form should be completed, question by question, as you progress through the online questionnaire. For example, after completing Question #1, please pause and evaluate Question #1 using the Question Rating Table. Finish your evaluation of Question #1 before continuing to the next question.

When you arrive at a question in the online survey, please use the attached Question Key (on pp. 4-7) to identify the appropriate **question number**. Please write this number in the Question Rating Table.

You will NOT be asked all of the survey questions when taking the online questionnaire. Please complete the Question Rating Form ONLY for the questions you encounter.

Here are short descriptions of problem types, *as indicated by column*:

COLUMN 1: The cells in this column should be used to indicate the existence of a problem related to the visual presentation of a question and its responses.

COLUMN 2: The cells in this column should be used to indicate the existence of a problem related to the wording and language (word choice and word order) of a question and its responses.

COLUMN 3: The cells in this column should be used to indicate the existence of a problem related to any difficulties you have when remembering an answer or expressing your opinion.

COLUMN 4: The cells in this column should be used in reference to any other problem.

Please choose one of the following categories to evaluate each question and its associated responses:

- A: No evidence of a problem
- B: Possible problem
- C: Definite problem

Write the appropriate letter under the applicable column in the corresponding cell. When either **B** or **C** applies to a question, please provide a brief explanation of problem(s) in the comments column.

There are no wrong answers and we are not evaluating your performance or knowledge. We will use your feedback to make needed improvements to the wording, presentation, and difficulty of the survey questionnaire.

If you have any additional comments, feel free to include them in a separate Word document.

Your assistance is greatly appreciated.

QUESTION KEY

- Q1 During which of the following years did you hold a public position in \${e://Field/Country}? (Please check ALL that apply.)
- Q2 Below is a list of possible changes to how donors provide assistance to \${e://Field/Country}. Please select the changes you believe would have the most beneficial impact. (Choose no more than THREE changes.)
- Q3 In general, during your period(s) of your public service between 2004 and 2012, how often would you say the political leadership of \${e://Field/Country} followed the advice of donor agencies and international organizations in determining the policy direction of the government?
- Q4 From your experience, which THREE external assessments of government performance had the GREATEST INFLUENCE on the policy direction of the Government of \${e://Field/Country} during your period(s) of public service?
- Q5 Over the course of your public service between 2004 and 2012, how CONSISTENT was the influence of these three most influential external assessments in \${e://Field/Country}?
- Q6 In your opinion, what was the primary reason for the inconsistency of external assessment influence in \${e://Field/Country} between 2004 and 2012?
- Q7 Some donor agencies and international organizations make their financial assistance conditional upon a recipient country's policy performance. Thinking of your public service in \${e://Field/Country} since 2004, please select the statement that BEST characterizes your opinion.
- Q8 How familiar are you with the performance of \${e://Field/Country} on the MCA eligibility indicators from 2004 to 2012?
- Q9 From 2004 to 2012, were you involved in any of the following activities?
- Q10 To the best of your knowledge, in comparison to the other reform programs funded by donor agencies and international organizations in \${e://Field/Country} since 2004, how successful was \${e://Field/Country}'s **MCA Threshold Program**?
- Q11 Please slide the bar to indicate the extent to which you think each of the following was a reason for the **MCA Threshold Program's success**:
- Q12 To the best of your knowledge, if \${e://Field/Country}'s **MCA Threshold Program was successful** because of a reason not specified above, please describe this reason in the space provided below. If you cannot think of an additional reason for the MCA Threshold Program's success, please continue to the next question.
- Q13 Please slide the bar to indicate the extent to which you think each of the following was a reason for the **MCA Threshold Program's nonsuccess**:
- Q14 To the best of your knowledge, if \${e://Field/Country}'s **MCA Threshold Program was unsuccessful** because of a reason not specified above, please describe this reason in the space provided below. If you cannot think of an additional reason for the MCA Threshold Program's nonsuccess, please continue to the next question.
- Q15 In comparison to the other assistance programs funded by donor agencies and international organizations in \${e://Field/Country} since 2004, how successful was the **MCA Compact Program**?

- Q16 Please slide the bar to indicate the extent to which you think each of the following was a reason for the **MCA Compact Program's success**:
- Q17 To the best of your knowledge, if \${e://Field/Country}'s **MCA Compact Program was successful** because of a reason not specified above, please describe this reason in the space provided below. If you cannot think of an additional reason for the MCA Compact Program's success, please continue to the next question.
- Q18 Please slide the bar to indicate the extent to which you think each of the following was a reason for the **MCA Compact Program's nonsuccess**:
- Q19 To the best of your knowledge, if \${e://Field/Country}'s **MCA Compact Program was unsuccessful** because of a reason not specified above, please describe this reason in the space provided below. If you cannot think of an additional reason for the MCA Compact Program's nonsuccess, please continue to the next question.
- Q20 During your period(s) of public service in \${e://Field/Country} since 2004, which domestic government ministries or agencies did you routinely interact with on policy matters related to MCA eligibility? (e.g. Ministry of Finance, Ministry of Health, Office of the President, etc.)
- Q21 Which donor agencies, international organizations, or foreign embassies did you routinely interact with on policy matters related to MCA eligibility?
- Q22 Please indicate how strongly you agree or disagree with each of the following statements:
- "The MCC's approach of tying \${e://Field/Country}'s eligibility for MCA assistance to measures of policy performance...
- Q23 During your period(s) of public service between 2004 and 2012, how much SUPPORT do you think the head of state (e.g. President, Prime Minister) gave to domestic efforts to achieve MCA eligibility?
- Q24 Over the course of your public service in \${e://Field/Country} between 2004 and 2012, how CONSISTENT was the head of state's level of support for domestic efforts to achieve MCA eligibility?
- Q25 Below you will find a list of 17 MCA eligibility indicators. To the best of your knowledge, if the domestic authorities in \${e://Field/Country} undertook a specific policy adjustment or reform to improve the performance of \${e://Field/Country} on a particular MCA eligibility indicator, please drag that indicator from the list of items on the left to the box on the right. (Order does not matter.)
- Q26 Thinking of your period(s) of public service since 2004, please indicate whether each of the following MCA eligibility indicators influenced the policy agenda of the Government of \${e://Field/Country}, the design of specific reforms, and/or the implementation of specific reforms. (For each indicator, please check ALL that apply.)
- Q27 In your own words, briefly describe at least one of the policy adjustments or reforms that were undertaken by the domestic authorities between 2004 and 2012 to improve the performance of \${e://Field/Country} on the MCA eligibility criteria.
- Q28 Please indicate whether or not the policy reforms you just described have been sustained, expanded, or accelerated since they were undertaken.
- Q29 Overall, during your period(s) of public service between 2004 and 2012, how would you describe impact of the MCA eligibility criteria on \${e://Field/Country}'s reform efforts? (Please select the ONE statement that BEST reflects your views.)

- Q30 Please indicate how strongly you agree or disagree with each of the following statements:
- "The MCA eligibility criteria did not have a significant impact on government reform efforts because...
- Q31 If you think there is another reason why the MCA eligibility criteria had so little policy impact, please describe this reason in the space provided below. If you cannot think of an additional reason why the MCA eligibility criteria had so little policy impact, please continue to the next question.
- Q32 Over your ENTIRE career, for approximately how many years have you worked with or for the Government of \${e://Field/Country}?
- Q33 For which of the following years are you familiar with the Government of \${e://Field/Country}'s interactions with the U.S. Government on MCA eligibility, Compact, and/or Threshold Issues? (Please check ALL that apply.)
- Q34 If you possess one or more university degrees, please identify where you received training for your MOST ADVANCED degree.
- Q35 Have you ever worked as a full-time employee, part-time employee, and/or consultant for any of the following donor agencies or international organizations? (Please check ALL boxes that apply.)
- Q36 In the future, would you like to participate in a follow-up survey? We are very interested in receiving your updated views about the role that donor agencies and international organizations have been playing in \${e://Field/Country}'s policy-making process.
- Q37 If you have any other suggestions about how the MCC should revise its performance-based aid allocation model, please provide your thoughts here.
- Q38 If you have any final thoughts about how we could have better designed this survey to fit your needs or about what else you would have liked us to ask, please provide your suggestions in the box below.

Appendix C: Weighting and Data Aggregation

As shown in Table 67, the distribution of respondents from each MCA status category is uneven when compared across stakeholder groups. For example, a higher proportion of counterpart government respondents (65.7%) worked in MCA Compact countries than did USG respondents (41.1%), civil society and business respondents (53.1%), contractors and implementing agency respondents (25.0%), or respondents from the overall sample (54.8%). On the other hand, a higher proportion of USG respondents worked in MCA candidate countries (32.5%) than did those from any other stakeholder group or the overall sample (22.7%).

Table 67. Distribution of Respondents, within Stakeholder Group and within MCA Status Category

	All	Candidate	Threshold	Compact	N
All		22.7%	22.5%	54.8%	635
USG	31.6%	32.5% 44.4%	26.4% 36.4%	41.1% 23.3%	197
Counterpart Government	56.9%	19.5% 49.3%	14.8% 37.8%	65.7% 68.7%	364
Civil Society/Business	5.3%	23.5% 5.6%	23.5% 5.6%	53.1% 5.2%	34
Contracting/ Implementing Agencies	6.3%	2.5% 0.7%	72.5% 13.3%	25.0% 2.9%	40
N	640	144	143	348	635

Given this uneven distribution, use of raw, unweighted count data could also have led to many misleading conclusions. For example, counterpart government officials could have been falsely reported as having more positive views about MCC policies and programs than other stakeholder groups simply because they worked, on average, in more “successful” countries (i.e. those countries that achieved MCA eligibility or received MCC Compacts/Threshold programs) than other respondents.

To correct for this bias and ensure that we are able to accurately compare responses across stakeholder groups, we applied a weighting scheme to match the proportion of respondents from each MCA status category within stakeholder groups to those found through the entire sample.ⁱⁱ For a given question, then, a response from the counterpart government subgroup is just as likely to reflect the experience of an ‘MCA Compact’ respondent as is a response from any other subgroup. For nearly all of the attitudinal questions contained in this report, the distribution of responses within each stakeholder group reflects this weighting.ⁱⁱⁱ

A similar disproportionality was observed across MCA status categories. To correct for any additional bias, we applied a separate weighting scheme to match the proportion of respondents from each stakeholder group within each MCA status category to those found through the entire sample. This separate weighting scheme assured that identical probabilities of USG, counterpart government, civil society and business, and contractor and implementing agency respondents are reflected in question results compared across MCA status categories. For nearly all of the attitudinal questions found in this document, the distribution of responses described within each MCA status category reflects this second weighting scheme.

ⁱ We also included several open-ended questions on the inconsistency of external assessment influence, inter-organizational interaction, the sustainability of specific reforms, and revisions to MCC’s performance-based aid allocation model. Furthermore, we included space for respondents to provide feedback on the questionnaire and the MCA more generally. The information collected from these open-ended questions is not standardized and does not lend itself to being aggregated to the global level. For this reason and those of individual confidentiality, we have excluded the responses to these questions from this report. Answers to these questions may be used in country-level studies or to inform future research.

ⁱⁱ Within the counterpart government stakeholder group, for example, we gave the responses of Compact respondents a lower weight than otherwise found in the raw data.

ⁱⁱⁱ We present the weighted responses to nearly all attitudinal questions as aggregate percentages by subgroup. A separate weighting scheme was applied to the intertemporal analyses of responses to question 21.