

Index

- absorptive capacity, 9, 125–43, 166
 - bottlenecks in delivery of services, 130–31
 - donor practices, 131, 132
 - institutional impact debated, 130
 - macroeconomic effects, 129–30
 - marginal rate of return, 136
 - MCA assistance summarized, aid as percentage of GDP, 142
 - monitoring and evaluation, 101
 - rates of return, 137
 - recipient countries, magnitudes compared, 126
- activities to fund, 91–97
 - agriculture, 94
 - Congress, 92, 97
 - donor harmonization, 106
 - education, 93–94
 - environment, 95
 - exiting the MCA, 155
 - four criteria, 92
 - funding priorities, 96
 - health, 93
 - other private-sector, 94–95
 - USAID scope, 159
- adjustment factor, governance indicators, 33*b*
- administrative burden, 18
- adults with no schooling, IDA graduates
 - compared, 152*f*
- Afghanistan
 - aid risks, 160
 - budget pressures, 160
 - ESF funds, 108
 - foreign aid, 15
 - indicator scorecard, 59*t*
 - post-conflict, 159
- Africa, country selection, 71–72
- Africa Growth and Opportunity Act, 161
- African Development Foundation, 107, 120
- aggregate ranking approach, 49–50
 - changing the list, 69–71
 - as double check on list of qualifiers, 74
 - hurdles approach compared, 50
 - list of qualifying countries, 70*t*
- agriculture
 - activities to fund, 94
 - food aid, 108
 - funding decrease, 94
 - private sector, 94
 - protectionism in US, 160–61
 - USAID, 94
 - US subsidies, 14
- Agriculture Department (USDA)
 - MCC staff, 113
 - assessing contracts, 84
- aid effectiveness, number of countries, 137–42
- aid flows
 - Marshall Plan countries and IDA graduates compared, 153*f*
 - related to commitments of aid, 147*n*
- aid pooling approach, 106
- AIDS. *See* HIV/AIDS initiative
- air pollution, 95
- Albania
 - aggregate ranking method, 70*t*
 - indicator scorecard, 59*t*

- Albania—*continued*
 possible aid flows, 127*t*
 possible year 1 country, 52*t*–53*t*, 54
- Algeria, indicator scorecard, 66*t*
- Alliance for Progress, 1
- Angola, indicator scorecard, 59*t*
- antiballistic missile (ABM) treaty, 17
- Armenia
 aggregate ranking method, 70*t*
 indicator scorecard, 59*t*
 possible aid flows, 127*t*
 possible year 1 country, 52*t*–53*t*, 54
 possible year 2 country, 56*t*–57*t*
- Asian Development Bank, funds disbursed and staff size, 114*t*
- Azerbaijan
 indicator scorecard, 59*t*
 possible aid flows, 127*t*
- Bangladesh
 indicator scorecard, 59*t*
 possible aid flows, 127*t*, 128
 possible year 1 country, 52*t*–53*t*
 possible year 2 country, 56*t*–57*t*, 58
 results-based approach, 126
- Belarus, indicator scorecard, 59*t*
- Belize
 indicator scorecard, 66*t*
 possible year 3 country, 64, 64*t*–65*t*
- benchmarks
 contract, 81
 missed, 147–48
 monitoring and evaluation, 101–02
 reaction to missed, 104
 responding to, 104–05
 results focus, 9
 strategic criteria, 119
- Benin
 aggregate ranking method, 70*t*
 indicator scorecard, 59*t*
 possible year 1 country, 52*t*–53*t*, 55
 possible year 2 country, 56*t*–57*t*, 58
- Bhutan
 aggregate ranking method, 70, 70*t*
 democracy, 68
 indicator scorecard, 59*t*
 possible year 1 country, 52*t*–53*t*, 54
 possible year 2 country, 56*t*–57*t*
- Bill and Melinda Gates Foundation, funds disbursed and staff size, 114*t*, 115
- biodiversity, 95
- board of directors, 10
- Bolivia
 aggregate ranking method, 70*t*
 indicator scorecard, 59*t*
 possible aid flows, 127*t*
 possible year 1 country, 52*t*–53*t*, 54
 possible year 2 country, 56*t*–57*t*
- Bono, 16
- Bosnia and Herzegovina
 aggregate ranking method, 70, 70*t*
 indicator scorecard, 59*t*, 71
- Botswana, 20
 duration of aid, 149
 economic growth, 149
 HIV/AIDS initiative, 93*n*
 IDA graduate, 150*n*
- Brazil, cotton farmers, 160–61
- budget
 changes later, 6
 IDA graduates compared, 151*f*
 proposed, 1
- budget deficit, 13
 changes proposed, 74
 grants and concessional loans, 42
 as indicator, 31*t*, 42–43
 measuring, 42
 US, and foreign aid, 16
- Bulgaria
 aggregate ranking method, 70, 70*t*
 indicator scorecard, 66*t*
 possible year 3 country, 64, 64*t*–65*t*
- bureaucratic costs, 10
- Burkina Faso
 indicator scorecard, 59*t*
 possible year 1 country, 52*t*–53*t*, 55
 possible year 2 country, 56*t*–57*t*, 58
- Burnside–Dollar index of fiscal, monetary, and trade policy, 136*n*
- Burundi, indicator scorecard, 59*t*
- Bush Administration
 education (domestic), 93
 foreign aid, 13–16
 four motivations, 14–16
 OPIC chair/vicechair nominations, 112
 proposed country selection, 22–25
 selection methodology, 19
- Bush, George W.
 Bono's influence, 16
 funding new programs, 160, 163
 MCA criteria, 1, 6
 MDGs, 85
 state of the union address, 13
- Cambodia, indicator scorecard, 59*t*
- Cameroon, indicator scorecard, 60*t*
- Canada, days to start a business, 44
- capacity constraints, 143
- Cape Verde
 aggregate ranking method, 70, 70*t*
 indicator scorecard, 60*t*
 possible year 1 country, 52*t*–53*t*, 54
 possible year 2 country, 56*t*–57*t*, 58
- capital costs, 99
- Caribbean Basin Initiative, 161
- Centers for Disease Control, 108, 113
- Central African Republic, indicator scorecard, 60*t*
- central governments, 86

- CEO for MCC, 108, 121
- Chad, indicator scorecard, 60*t*
- charity, as development aid, 12
- Chile, IDA graduate, 150*n*
- China, 5
 - aggregate ranking method, 70*t*
 - elimination, 58
 - IDA graduate, 150*n*
 - indicator scorecard, 60*t*
 - possible year 2 country, 56*t*–57*t*
- choice of countries, 5. *See also* country selection
- civil liberties
 - KK indicators, 30*t*, 35–36
 - political rights, 30*t*, 36
 - as weak indicator, 73
- climate change, 14, 161
- Clinton administration, 161
- Cold War, aid goals, 4
- Colombia, 5
 - IDA graduate, 150*n*
 - indicator scorecard, 66*t*
 - MCA inclusion, 5
 - year 3 country, 27
- Commerce Department, 108, 113
- commitments of aid, actual aid flows related, 147*n*
- Commitment to Development Index, 162
- Comoros
 - indicator scorecard, 60*t*
 - magnitude of aid flows, 126
- complex emergencies fund, 13
- conflict and other donor aid, 132, 133*f*
- conflicts
 - exiting from MCA, 146
 - funding loss, 155
- Congo, Democratic Republic, indicator scorecard, 60*t*
- Congo, Republic, indicator scorecard, 60*t*
- Congress
 - activities to fund, 92, 97
 - costs of aid, 106
 - multilateral aid, 18
 - project loans favored, 98
 - role in shaping MCA, 117
- consulting firms, international, 82–83
- contract
 - administration perspective, 81–82
 - benchmarks, 81, 82
 - compact vs., 80–81
 - length and renewability, 154–55
 - limits and issues, 81
 - recipient perspective, 81
 - use of term, 80–81
- contractors, external review, 103
- contract/proposal, 80–83
 - assessment and review, 83–84
- contracts
 - goals
 - administrative and institutional, 82
 - benchmarks, 82
 - substantive, 82
 - implementation strategies, 82
 - incentive clauses, 82
 - lengths, 82
 - nullifying, 82
 - ramp-down, 155
 - three-year, 155
- control and treatment groups, 104, 171
- corporation, government, 10
- corruption indicator
 - alternative approach, 73
 - concept of, 32
 - hard hurdle for, 45
 - hurdles approach, 48
 - Kaufmann–Kraay governance indicators, 32, 33*b*–34*b*, 34
 - large aid flows, 130
 - measures of, 32
 - probability of passing, 25*n*
 - qualifying score, 24
 - recommendations to modify, 167–68
 - reexamining approach, 73
 - Romania, 64*t*, 65
 - year 1 possibilities, 54–55
- Costa Rica, as IDA graduate, 150*n*
- costs
 - aid delivery, 18
 - bureaucratic, 106
 - MCA reducing, 165
 - bureaucratic, 10, 143
 - multilateral leveraging, 18
- cost sharing, 99
- Côte d’Ivoire
 - HIV/AIDS initiative, 93*n*
 - indicator scorecard, 60*t*
 - cotton subsidies (US), 160–61
- Country Coordinating Mechanisms, 86
- country credit ratings, 31*t*, 40–41
- country fixed effects, 150*n*
- Country Policy and Institutional Assessment (CPIA) rating, 136
 - hypothetical case, 138, 139*f*, 140–42, 140*f*
 - methodology, 136*n*
- country programming approach, 77–79
 - advantages, 78
 - design, 169
 - shortcomings, 78–79
- country selection, 17
 - Africa, 71–72
 - aggregating the indicators, 45–50
 - aid and country selectivity debate, 20–22
 - aid impacts, 21
 - danger of politicization, 166
 - data issues, 51–52
 - diplomatic and strategic partners, 18
 - drawbacks, 167
 - independent review panel, 166–67
 - list of qualifying countries, discussed, 73

- country selection—*continued*
 - methodology, 19–50
 - Bush administration proposal, 22–25
 - conceptual underpinnings, 20–22
 - income levels, 25–28
 - indicators, aggregating, 45–50
 - indicators, choosing, 28–45
 - multilateral approach, 18
 - possible qualifying, year 1, 52–55, 52*t*–53*t*
 - proposals, 89
 - refinements recommended, 166–68
 - regional breakdown, 71
 - subjectivity and discretion, 24
 - summarized, 71
 - transparency of process, 165
 - war on terrorism, 158
- country team, 83–84
- data issues
 - baseline data gathering, 102
 - corruption, 48
 - country selection, 51–52
 - hurdles approach, errors in data, 47–48
 - median scores, 58
 - missing data
 - aggregate ranking approach, 49
 - hurdles approach, 47
 - qualification requirements unmet, signals to send, 146–47
- days to start a business, 31*t*, 44
 - changes proposed, 74
 - Honduras, 71
- debt relief
 - demands for, 16
 - imperative, 161
 - MCA funding activities, 96
- Defense Department, 108
- deforestation, 95
- democracy
 - democracy-building efforts, 96
 - economic growth, 69
 - government proposals, 87
 - weighting of indicators, 68–69
- democratization, purpose of foreign assistance, 4
- demonstrations, sign of discomfort, 16
- Department for International Development (DFID) proposal, 119–20
- design of projects
 - administrative burden, 169
 - local participation, 165
 - recommendations, 168–69
 - reporting requirements, 169
 - USAID, 78–79
- developed economies, reconstruction aid, 149
- Development Assistance Committee (DAC),
 - defining aid and ODA, 12, 12*n*
- development goals, MCA coordination, 84–85
- development strategies
 - common pools, 2
 - project design, 78
- disaster assistance, aid impact, 21
- Djibouti, indicator scorecard, 60*t*
- Dominican Republic
 - IDA graduate, 150*n*
 - indicator scorecard, 66*t*
- donor funds, budget deficit, 42
- donor harmonization, 8
 - proposed MCA model, 105–06
 - advantages, 105–06
 - unilateral MCA, 18
- donor programs, assessed, 2
- donors
 - absorptive capacity problems, 131
 - coordination with MCA, 131–32
 - funding priorities, 96
 - funds disbursed and staff size, 114–15, 114*t*
 - MCA impact on, 18
 - Recurrent-cost problem, 99
 - reporting requirements, 106
- drugs, access to essential, 31*t*, 40
- duration of aid
 - implications for MCA contracts, 154–55
 - long- versus short-term, 154
 - low-income countries, 148–49
- Dutch Disease, 129*n*
- earmarking
 - cautions about, 97, 170
 - USAID compared, 117
- economic development, 2
 - aid and country selectivity, 20–22
 - purpose of foreign assistance, 4
- economic freedom, 40–44
 - budget deficit, 31*t*, 42–43
 - characteristics, 31*t*
 - country credit ratings, 31*t*, 40–41
 - days to start a business, 31*t*, 44
 - inflation, 31*t*, 41
 - microeconomic foundations for indicators, 73
 - regulatory policies, 41–42, 41*t*
 - trade policy, 31*t*, 43–44
- economic growth, 4
 - aid related, 134
 - studies, 21–22, 135*t*
- Botswana, 149
- causes and effects, 68
- criteria for activities to fund, 92
- democracy, 69
- education aid, 93–94
- factors driving, 6
- Economic Support Funds (ESF) (State Department), 5
 - Jordan, 65
 - project loans favored, 98
 - role, 107–08
- Ecuador
 - aggregate ranking method, 70*t*
 - IDA graduate, 150*n*
 - indicator scorecard, 60*t*
 - possible year 2 country, 56*t*–57*t*, 58

- education
 - adults with no schooling, IDA graduates compared, 152*f*
 - primary education spending/GDP, 30*t*, 38
 - primary school completion rate, 30*t*, 37–38
 - primary school enrollment rates, 31*t*, 39–40
 - ratio of girls to boys in primary school, 31*t*, 39
- Education for All (EFA) initiative, 18, 93
- Education Department (US)
 - MCC staff, 113
 - assessing contracts, 84
- EFA. *See* Education for All initiative
- effectiveness of aid, 22
- Egypt, 4
 - ESF funds, 108
 - indicator scorecard, 66*t*
 - MCA inclusion, 5
 - year 3 country, 27
- electoral reforms, 96
- eligibility for MCA, duration of, 55, 58
- El Salvador
 - IDA graduate, 150*n*
 - indicator scorecard, 66*t*
- Energy Department, 108
- enrollment rates, 31*t*, 39–40
- enterprise funds, 95
- environment
 - activities to fund, 95
 - impact on poor countries, 161
 - recipient country priorities, 96
- Environmental Protection Agency (EPA)
 - MCC staff, 113
 - foreign aid, 108
- Equatorial Guinea, IDA graduate, 150*n*
- equity funds, 95
- Eritrea, indicator scorecard, 60*t*
- ESF. *See* Economic Support Funds (State Department)
- Ethiopia
 - HIV/AIDS initiative, 93*n*
 - indicator scorecard, 60*t*
- European Recovery Program, 149
- evaluation system
 - internal and external, 9
 - results focus, 9
- executive branch, 109
 - time frame for MCC, 122
- exiting from MCA, 145–55
 - graduating as incomes rise, 148–49
 - losing qualification status, 145–47
 - graduation of funding response, 147
 - poor performance on funded activities, 147–48
- exiting MCA programs, 9
- expectation of results, 17
- expert assessment and review, 83–84
- expertise, activities to fund, 92
- experts, academic, on MCC board, 112
- export credit, 43
- export processing zones, 43
- failed states
 - aid challenges, 159–60
 - foreign aid, 14
 - humanitarian assistance, 15
 - as nonqualifying countries, 159–60
- failing states, 15
- failures, 9
- family planning programs, 14, 161
- famine fund, 13
- Fiji, indicator scorecard, 66*t*
- financial accountability, 101
- foreign aid
 - advantage of new, 10
 - agencies (US) administering, 107–08
 - amounts anticipated, 13
 - bipartisan support, 163
 - criticisms of, 1
 - major programs, 10
 - MCA in broader context, 171–73
 - private sector funding, 94
 - restructuring, 119, 162–63
 - top-down approach, 77
 - US leadership role, 173
- foreign assistance, broad purposes, 4
- Foreign Assistance Act (1961), 110
 - rewriting, 163, 172
- foreign investment, year 3 countries, 26*t*, 27
- foundation approach, 8, 79–80, 107
- foundations, funds disbursed and staff size, 114–15, 114*t*
- Freedom House survey team, 36
- frontline states, foreign aid, 15
- The Gambia
 - indicator scorecard, 61*t*
 - possible aid flows, 127*t*
 - possible year 2 country, 56*t*–57*t*, 58
- GDP per capita, IDA graduates compared, 152*f*
- gender discrimination, 39
- Georgia
 - indicator scorecard, 61*t*
 - possible year 1 country, 52*t*–53*t*, 55
- Ghana
 - aggregate ranking method, 70*t*
 - debt relief, 161
 - Dutch Disease, 129*n*
 - indicator scorecard, 61*t*
 - possible aid flows, 127*t*
 - possible year 1 country, 52*t*–53*t*, 53
 - as possible year 2 country, 55, 56*t*–57*t*, 58
 - time to graduate, 171
- Global Fund to Fight AIDS, Tuberculosis, and Malaria (GFATM), 17
 - Country Coordinating Mechanisms, 86
 - lack of confidence, 162
 - outside experts, 84
 - time frame to launch, 120–21
 - Transitional Working Group, 121
- global gag rule, 14
- globalization, discomfort with, 16

- global warming, 161
 GNI. *See* gross national income
 governance indicators, KK indicators, 32, 33b-34b, 34
Government Financial Statistics, 42
 government proposals, 86, 87
 disadvantages, 87-88
 "graduation" from MCA, 148-49, 171
 Great Britain, 120
 Green Revolution, 2
 gross national income (GNI), US aid as share, 12
 Guatemala, indicator scorecard, 66t
 Guinea, indicator scorecard, 61t
 Guinea-Bissau, indicator scorecard, 61t
 Guyana
 aggregate ranking method, 70, 70t
 HIV/AIDS initiative, 93n
 indicator scorecard, 61t
 possible aid flows, 127t
 possible year 1 country, 52t-53t, 54
 possible year 2 country, 56t-57t, 58
- Haiti
 HIV/AIDS initiative, 93n
 indicator scorecard, 61t
- half-life of aid, 150, 154
 concept of, 150n
- Health and Human Services Department (HHS)
 MCC staff, 113
 assessing contracts, 84
 foreign aid, 108
- health policies
 activities to fund, 93
 essential drug access, 31t, 40
 immunization rates, 37
 Nicaragua, 71
 public health expenditure defined, 39
 public health expenditures/GDP, 30t, 39
- health policy, control and treatment groups, 104
- Heavily Indebted Poor Country (HIPC) initiative, 96, 161
- Helms, Jesse, 1-2
- Heritage Foundation/Wall Street Journal Index of Economic Freedom, 43
- HIPC. *See* Heavily Indebted Poor Country initiative
- HIV/AIDS initiative, 2
 administered outside, 162
 Bush strategy, 13-14
 countries included, 93n
 funding, 160
 health sector activities, 93
 image building, 14
 jurisdiction, 10
 leadership needed, 172-73
 low-income countries, 128
 new initiatives, 12
 RFPs, 103
 South Africa, 65
 as unilateral approach, 16-17
- Homeland Security Department, 120
- Honduras
 aggregate ranking method, 70, 70t
 days to start a business, 71
 indicator scorecard, 61t
 possible aid flows, 127t
 possible year 1 country, 52t-53t, 54
 possible year 2 country, 56t-57t
- House International Relations Committee, 162
- humanitarian aid, 4, 12
 aid impact, 21
 failed states, 15, 160
- hurdles approach, 24, 45-48
 absolute standards for hurdles, 47
 proposed, 72-73
 advantages, 45
 aggregate ranking approach compared, 50
 hard hurdle for corruption, 33b, 45
 median as hurdle, 46
 disadvantage, 46-47
 three concerns, 72-73
 requirements
 cessation of MCA funding, 146
 unmet, responding to, 146
- IDA graduates
 aid flow patterns compared, 155
 amounts of aid compared, 150
 development outcomes compared, 152f
 indicators, 151f
 Marshall Plan recipients compared, 150, 153f
 permanent (list), 150n
 use of term, 149-50
- IDA. *See* International Development Association
- immunization rate, 30t, 37
 year 3 countries, 64
- incentive clauses, contracts, 82
- incentives, performance benchmarks, 148
- income growth per capita
 as indicator, 29, 32
 regression method, 29n
- income (per capita) levels, 5
 achieving the income ceiling, 148-49, 155
 between \$1,435 and \$2,975, eligibility
 questioned, 72
 broad eligibility, 25-28
 Bush Administration proposal, 22-25
 eligible countries by group, 24
 IDA-eligibility, 22, 23b, 24
 initial eligibility, 148
 KK indicators, 33b
 new groups proposed, 72
- India
 aggregate ranking method, 70, 70t
 indicator scorecard, 61t
 magnitude of aid flows, 126
 possible aid flows, 127t, 128
 possible year 1 country, 52t-53t, 55
 possible year 2 country, 56t-57t, 58
 results-based approach, 126

- indicators
 - aggregating, 45–50
 - aggregate ranking approach, 49–50
 - hurdles approach, 45–48
 - Bush Administration, summarized, 24
 - changes proposed, 74
 - changing the weighting, 68–69
 - characteristics summarized, 30*t*–31*t*
 - reading correlations, 32
 - choosing, 28–32
 - economic freedom, 40–44
 - characteristics, 31*t*
 - ideal characteristics, 28*b*–29*b*
 - investing in people, 37–40
 - characteristics, 30*f*
 - median scores, 58
 - probability of passing, 25*n*
 - proposed system, 73
 - ruling justly, 32–36
 - characteristics, 30*t*
 - scorecard for 87 countries, 59*t*–63*t*
 - three MCA groups (medians), 26*t*
- Indonesia
 - foreign aid, 15
 - indicator scorecard, 61*t*
 - magnitude of aid flows, 126
- inequality
 - discomfort in West, 15–16
 - foreign aid, 14
 - US security, 15
- infant mortality
 - factors, 132, 134
 - IDA graduates compared, 152*f*
 - immunization rate, 37
- inflation
 - IDA graduates compared, 151*f*
 - as indicator, 31*t*, 41
 - inflation hurdle, 46
 - passing grade, 41
- innovation
 - country-program approach, 79
 - NGO proposals, 89
- institutional quality, IDA graduates compared, 151*f*
- institutional strengthening, 101
- intellectual property rights, 161
- Inter-American Development Bank, funds
 - disbursed and staff size, 114*t*, 115
- Inter-American Foundation, 107, 120
- International Criminal Court, 17
- International Development Association (IDA), 149–54
 - excluded countries, 22*n*
 - income levels, 22
- International Finance Corporation, 95, 114*t*
- International Monetary Fund (IMF), funds
 - disbursed and staff size, 114*t*, 115
- invasion of Iraq
 - image building, 14
 - rebuilding aid, 160
 - resentment of US, 15
- investing in people, 37–40
 - changes proposed, 74
 - characteristics, 30*t*
 - immunization rate, 30*t*, 37
 - primary education spending/GDP, 30*t*, 38
 - primary school completion rate, 30*t*, 37–38
 - public health expenditures/GDP, 30*t*, 39
 - public spending limits, 73–74
- Iran, indicator scorecard, 66*t*
- Iraq. *See* invasion of Iraq
- Israel, ESF funds, 108
- Jamaica
 - aggregate ranking method, 70*t*
 - indicator scorecard, 66*t*
- Jordan
 - aggregate ranking method, 70, 70*t*
 - ESF funds, 108
 - foreign aid, 15
 - IDA graduate, 150*n*
 - indicator scorecard, 66*t*
 - MCA inclusion, 5
 - possible year 3 country, 64, 64*t*–65*t*, 65
 - year 3 country, 27
 - judicial reforms, 96
- Kaufmann–Kraay governance indicators, 32, 33*b*–34*b*, 34
- Kazakhstan, indicator scorecard, 61*t*
- Kennedy, John F.
 - on aid maladies, 109–10
 - aid selectivity, 7
 - objectives conflicting, 5
- Kenya
 - HIV/AIDS initiative, 93*n*
 - indicator scorecard, 61*t*
- Kiribati
 - aggregate ranking method, 70*t*
 - indicator scorecard, 61*t*
- Korea, 20
- Korea (Republic of), IDA graduate, 150*n*
- Kyoto Protocol on Climate Change, 14, 17
 - resentment abroad, 161
- Kyrgyz Republic
 - indicator scorecard, 61*t*
 - possible aid flows, 127*t*
- Laos, indicator scorecard, 61*t*
- length of contract/proposal, 82
- Lesotho
 - aggregate ranking method, 70*t*
 - indicator scorecard, 61*t*
 - possible year 1 country, 52*t*–53*t*, 53
 - possible year 2 country, 56*t*–57*t*
- Liberia, 20
 - indicator scorecard, 61*t*
- life expectancy, immunization rate, 37
- low-income countries
 - climate change, 14
 - credit ratings, 40–41

- low-income countries—*continued*
- days to start a business, 44
 - defining, 25
 - duration of aid, 148–49
 - foreign aid role, 16
 - graduating from, 148–49
 - HIV/AIDS, 128
 - increasing number, 141–42
 - limiting MCA, 89
 - MCA aid, 6
 - potential size of flows, 126, 127*t*, 128
 - MDGs, 84–85
 - policy record, 14
 - selection process, 6–7
 - trade policy scores, 43–44
 - year 2, 25
- Macedonia, Former Yugoslav Republic of
- IDA graduate, 150*n*
 - indicator scorecard, 66*t*
- Madagascar
- aggregate ranking method, 70*t*
 - indicator scorecard, 61*t*
 - possible aid flows, 127*t*
- maintenance funding, 99
- Malawi
- absorptive capacity, 128
 - indicator scorecard, 61*t*
 - possible aid flows, 127*t*
 - possible year 1 country, 52*t*–53*t*, 54–55
 - possible year 2 country, 56*t*–57*t*, 58
- Maldives
- aggregate ranking method, 70*t*
 - indicator scorecard, 66*t*
 - possible year 3 country, 64*t*–65*t*, 65
- Mali
- indicator scorecard, 61*t*
 - possible year 1 country, 52*t*–53*t*, 55
 - possible year 2 country, 56*t*–57*t*, 58
- marginal rate of return, absorptive capacity, 136
- margins of error
- aggregate ranking approach, 49
 - aggregation methodology, 33*b*
 - hurdles approach, 47–48
- Marshall Islands, indicator scorecard, 66*t*
- Marshall Plan, 4–5
- aid flow patterns compared, 155
 - aid receipts compared to IDA graduates, 153*f*
 - amounts of aid compared, 150
 - countries listed, 153*f*
 - described, 149
 - IDA graduates compared, 150, 153*f*
- Mauritania
- aggregate ranking method, 70*t*
 - indicator scorecard, 61*t*
 - possible year 1 country, 52*t*–53*t*, 55
 - possible year 2 country, 56*t*–57*t*, 58
- Mauritius, IDA graduate, 150*n*
- MCA. *See* Millennium Challenge Account
- MCC. *See* Millennium Challenge Corporation
- MDGs. *See* Millennium Development Goals
- median as hurdle
- drawbacks, 167
 - three concerns, 72–73
- median scores, 58
- impact on selection process, 167
 - as passing, 167
 - true vs. observed, 47–48
- methodology, 19–50
- Mexico City amendment, 14, 161
- microfinance, 2, 94
- Micronesia, indicator scorecard, 67*t*
- Middle East peace, 4
- Millennium Development Goals (MDGs)
- agriculture, 94
 - concept of, 84–85
 - criteria for activities to fund, 92
 - education, 37
 - environmental sustainability, 95
 - gender equality, 39
 - health, 93
 - improved water sources, 40
 - US support for, 85*n*
- Millennium Challenge Account (MCA), 1
- aid levels, 10–13
 - Bush administration goals, 16
 - central idea, 6
 - frontline, weak, or failed states, 15, 16
 - funding, 160
 - funding cutbacks, 13
 - key differences, 3–6
 - leadership needed, 172–73
 - as model, 3
 - pace of progress, 173
 - pitfalls possible, 3
 - potential, 2–3, 165
 - results focus, 8–9
 - time frame to launch, 120–22
 - as unilateral approach, 16–17
- Millennium Challenge Corporation (MCC), 3, 107–18
- basic organization, 108
 - benefits, 122
 - board of directors, 108, 110–13, 122
 - additions proposed, 111–12
 - examples, 112–13
 - expertise issues, 111–12
 - five-person, 113
 - recommendations, 168, 170
 - seven-person, 113
 - CEO, 108, 121
 - outsourcing, 108
 - pitfalls, 166
 - public participation and transparency, 112
 - recommendations, 169–70
 - risks, 122
 - staffing, 113–17, 122, 166, 170
 - USAID compared, 109
- Moldova
- aggregate ranking method, 70*t*

- indicator scorecard, 61*t*
- possible aid flows, 127*t*
- possible year 1 country, 52*t*–53*t*, 54
- possible year 2 country, 56*t*–57*t*, 58
- Mongolia
 - absorptive capacity, 128
 - aggregate ranking method, 70*t*
 - indicator scorecard, 61*t*
 - possible aid flows, 127*t*
 - possible year 1 country, 52*t*–53*t*, 54
 - possible year 2 country, 56*t*–57*t*
- monitoring and evaluation, 6
 - absorptive capacity, 101, 131, 142
 - alternatives to address, 143
 - benchmarks, 101–02
 - core issues, 101
 - critical aspects
 - financial accountability, 101
 - institutional strengthening, 101
 - substantive goals, 101
 - exiting MCA programs, 9
 - external review, 103
 - greater effectiveness needed, 91
 - internal process, 103
 - MCA funding, 100–104
 - participation in process, 103
 - procedures, proposals for, 103
 - program funding, 99–100
 - proposals for funding, 89
 - ramp-down effectiveness, 155
 - rates of return, 137
 - recipient countries, 103
 - recommendations, 170–71
 - reporting requirements, 169
 - results focus, 9, 101
 - roles of, 102
- Morocco
 - aggregate ranking method, 70*t*
 - IDA graduate, 150*n*
 - indicator scorecard, 61*t*
 - possible year 2 country, 56*t*–57*t*, 58
- Mozambique
 - absorptive capacity, 126, 128
 - HIV/AIDS initiative, 93*n*
 - indicator scorecard, 62*t*
 - possible aid flows, 127*t*
 - possible year 1 country, 52*t*–53*t*, 54–55
- multilateral approach, advantages, 17–18
- multilateral institutions
 - Bush administration
 - major initiative, 17*n*
 - skepticism, 17
 - political pressures, 18
- Myanmar, indicator scorecard, 62*t*
- Namibia
 - aggregate ranking method, 70*t*
 - HIV/AIDS initiative, 93*n*
 - indicator scorecard, 67*t*
 - possible year 3 country, 64, 64*t*–65*t*
- National Institutes of Health, 108, 113
- national interest, poverty and inequality, 15
- national security, 2
 - development aid conflicting, 4–5
 - purpose of foreign assistance, 4
- national security or strategic goals
 - allocation of funds, 6
 - nonqualifying countries, 158
- National Security Strategy, 13
- Natsios, Andrew, 162
- Nepal
 - aggregate ranking method, 70*t*
 - indicator scorecard, 62*t*
 - possible year 1 country, 52*t*–53*t*, 54
- NGOs (nongovernmental organizations), MCC
 - board of directors, 112
- NGOs (nongovernmental organizations), 16
 - advantages of opening proposals, 89
 - defined, 86*n*
 - independence threatened, 87–88
 - project funding, 100
 - proposal process, 87
 - proposals, 86
 - umbrella projects, 87
 - USAID, 88
 - weaker governments, 159
 - who to fund, 87
- Nicaragua
 - absorptive capacity, 128
 - aggregate ranking method, 70*t*
 - health policies, 71
 - indicator scorecard, 62*t*
 - possible aid flows, 127*t*, 128
 - possible year 1 country, 52*t*–53*t*, 54
 - possible year 2 country, 56*t*–57*t*
- Niger, indicator scorecard, 62*t*
- Nigeria
 - Africa excluding, 71–72
 - Dutch Disease, 129*n*
 - HIV/AIDS initiative, 93*n*
 - indicator scorecard, 62*t*
 - magnitude of aid flows, 126
- non-MCA countries, 7
- nonqualifying countries, 157–62
 - debt relief, 161
 - failed states, 159–60
 - recommendations, 172
 - tier-II countries, 158–59
 - war on terrorism, 158
 - weaker governments, 159
- “notwithstanding” authority, 118
- no-year basis for funding, 117–18
- number of countries
 - adjusting, 143
 - aid effectiveness, 137–42
 - hypothetical experiment, 138, 139*f*, 140–42, 140*f*
- objectives (goals)
 - MCA, 4–5

- objectives (goals)—*continued*
 - monitoring and evaluation, 101
 - tension among, 4–5
- Office of Management and Budget (OMB), MCC
 - board, 108, 111
- Office of the US Trade Representative, 108
- official development assistance (ODA)
 - amount, 10, 11*f*, 12
 - as percent share of US GNP, 11*f*
 - by sector, 12
 - global levels, 12
 - OECD levels, 12
 - US levels compared, 12
- officials, former government, 112
- O'Neill, Paul, 16, 18
- Overseas Private Investment Corporation (OPIC)
 - MCC board of directors, 112–13
 - foreign aid, 108
 - MCA focus, 95
- ownership of aid-funded activities, 77, 78, 165
- Pakistan
 - aid increases, 12
 - ESF funds, 108
 - foreign aid, 15
 - indicator scorecard, 62*t*
- Papua New Guinea
 - IDA graduate, 150*n*
 - indicator scorecard, 62*t*
- Paraguay
 - IDA graduate, 150*n*
 - indicator scorecard, 62*t*
 - possible year 2 country, 56*t*–57*t*, 58
- PARIS21. *See* Partnership in Statistics for Development in the 21st Century
- Partnership in Statistics for Development in the 21st Century (PARIS21), 101–02
- Peace Corps
 - different aid model, 107
 - Kennedy era, 1
 - new department proposed, 120
 - staff limits, 114
- Penn World Tables, 138*n*
- performance benchmarks, results focus, 9
- Peru, indicator scorecard, 67*t*
- perverse incentives, 88, 117–18
- Philippines, 20
 - aggregate ranking method, 70*t*
 - foreign aid, 15
 - indicator scorecard, 62*t*
 - possible year 2 country, 55, 56*t*–57*t*
- policy reform, 2
- Polish Enterprise Fund, 95
- political and economic transitions, 4
- political mobilization, 96
- political pressures
 - MCC directors, 109, 110
 - State Department, 111, 163
 - year 3 countries, 27
- political rights, 30*t*, 36
 - concept of, 36
 - as weak indicator, 73
- political systems, open, 35
- population and family planning, 2
- poverty
 - discomfort in West, 15–16
 - foreign aid, 14
 - US initiative, 17
 - US security, 15
 - vulnerability, 15
- poverty reduction, 2, 4
- Poverty Reduction Strategy Papers (PRSPs), 8
 - debt relief, 84
 - described, 85
 - MCA proposals related, 85
- PPP. *See* purchasing power parity
- primary education spending/GDP, 30*t*, 38
- primary school completion rate, 30*t*, 37–38
 - year 3 countries, 64
- primary school enrollment rates, 31*t*, 39–40
- private corporations, funds disbursed and staff
 - size, 114–15, 114*t*
- private, for-profit companies, 86
- private sector
 - MCC board, 111–12
 - agriculture, 94
 - criteria for activities to fund, 92, 94–95
 - health investments low, 93
- private voluntary organizations (PVOs), 85, 86
- program funding
 - bureaucratic costs, 143
 - design recommendations, 168–69
 - donor harmonization, 105–06
 - MCA-eligible countries, 100
 - missed benchmarks, 147–48
 - monitoring and evaluation, 99–100
 - project funding vs., 98–100
- project funding
 - NGOs (nongovernmental organizations), 100
 - program funding vs., 98–100
 - shortcomings, 98–99
- proposals
 - country selection, 89
 - eligibility to submit, 85–89
 - list of organizations, 86
 - funding development of, 89
 - monitoring and evaluation, 89
 - opening up process, 168
 - request for proposals (RFP) process, 103
 - review process, 169
 - technical assistance, 89, 169
 - web posting, 169
- protectionism in US, 160–61
- PRSPs. *See* Poverty Reduction Strategy Papers
- public health expenditure, defined, 39
- public health expenditures/GDP, 30*t*, 39

- public-private partnerships, 86
- purchasing power parity (PPP)
 - CPIA scores, 136*n*
 - for per capita income comparison, 22*n*
- PVOs. *See* private voluntary organizations
- qualification status, unmet, 145-47
- quota coverage, indicators, 43
- randomized trials, 104
- recipient countries
 - administrative burden, 18
 - aid effectiveness, 22
 - aid flow patterns compared, 155
 - aid management strengthened, 165
 - aid as percentage of GDP, 142
 - bureaucracy size, 88
 - contracts, 81
 - costs of aid, 106
 - demands on, 89
 - development policies, 7
 - donor demands conflicting, 105
 - donor harmonization, 105-06
 - donor requirements, 105
 - funding priorities, 96
 - greater involvement, 7-8
 - monitoring and evaluation, 103
 - ownership of aid-funded activities, 77, 78
 - program design, 80, 89, 168-69
 - program design responsibility, 168
 - project cost sharing, 99
 - project design, 89
 - project funding shortcomings, 98-99
 - proposals for aid, 8
 - quantitative indicators, 7
 - responsibility of, 8, 80
 - selection, 6-7
 - technical assistance, 89
 - three-year contracts, 155
- recurrent-cost problem, 99
- regulatory policies, as indicator, 31*t*, 41-42
- request for proposals (RFP) process, 103
- results-based management, 2, 102
 - larger countries, 126
 - recommendations, 170-71
- results focus, 8-9, 165
 - measuring, 101
- review process for contracts, 83-84
- RFP. *See* request for proposals process
- risk, aid-funded projects, 148
- river blindness, 2
- Romania
 - aggregate ranking method, 70*t*
 - indicator scorecard, 67*t*
 - possible year 3 country, 64*t*-65*t*, 65
- Rome Statute, 17
- rule of law, 30*t*, 34-35
- ruling justly, 32-36
 - characteristics, 30*t*
 - civil liberties, 30*t*, 35-36
 - control of corruption, 30*t*, 32-34
 - KK indicators, 33*b*-34*b*
 - political rights, 30*t*, 36
 - quality and effectiveness of government
 - institutions, 30*t*, 35
 - rule of law, 30*t*, 34-35
 - voice and accountability, 30*t*, 35
- Russia
 - indicator scorecard, 67*t*
 - MCA inclusion, 5
 - year 3 country, 27
- Rwanda
 - HIV/AIDS initiative, 93*n*
 - indicator scorecard, 62*t*
- St. Kitts and Nevis, IDA graduate, 150*n*
- St. Vincent and the Grenadines
 - aggregate ranking method, 70, 70*t*
 - indicator scorecard, 67*t*
 - possible year 3 country, 64, 64*t*-65*t*
- Samoa
 - aggregate ranking method, 70*t*
 - indicator scorecard, 67*t*
- São Tomé and Príncipe
 - aggregate ranking method, 70*t*
 - indicator scorecard, 62*t*
 - magnitude of aid flows, 126
 - possible year 1 country, 52*t*-53*t*, 55
 - possible year 2 country, 56*t*-57*t*, 58
- saturation points, 132, 134-37
 - concept of, 134
 - implied, 134
 - implied (unweighted) average, 136
 - judging, 142
- savings rates, year 3 countries, 26*t*, 27
- school completion rate, 30*t*, 37-38
- second-tier countries. *See* tier-II countries
- secretary of state, MCC board, 108, 110
- secretary of the treasury, MCC board, 108, 111
- sector-specific strategies, 85
- sector team, 83-84
- security issues, poverty and inequality, 15
- selection process
 - debate over, 7
 - discretion pros and cons, 7
 - overview, 6-7
- Senate Foreign Relations Committee, 162
- Senegal
 - aggregate ranking method, 70*t*
 - indicator scorecard, 62*t*
 - possible aid flows, 127*t*
 - possible year 1 country, 52*t*-53*t*, 554
 - possible year 2 country, 56*t*-57*t*
- September 11 attacks, 14
- Sierra Leone, indicator scorecard, 62*t*
- small countries
 - aid flows, 126
 - bias and absorptive capacity, 142

- soft power, 14
 - war on terrorism, 14
- soil quality, 95
- Solomon Islands, indicator scorecard, 62*t*
- Somalia
 - aid risks, 160
 - indicator scorecard, 63*t*
- South Africa
 - aggregate ranking method, 70, 70*t*
 - delivery of funds, 88
 - HIV/AIDS, 65
 - HIV/AIDS initiative, 93*n*
 - indicator scorecard, 67*t*
 - possible year 3 country, 64, 64*t*–65*t*
- Special Message to Congress on Foreign Aid (1961), 109–10
- Sri Lanka
 - aggregate ranking method, 70*t*
 - indicator scorecard, 63*t*
 - possible aid flows, 127*t*
 - possible year 1 country, 52*t*–53*t*, 54
 - possible year 2 country, 56*t*–57*t*
- staffing the MCC, 113–17
 - core staff, 113–14
 - detailed from other agencies, 113
 - functions, 115–16
 - in-country, 116
 - interagency, 116
 - levels proposed, 117
 - outsourcing, 116
 - size, 114, 114*t*
 - recommended size, 170
 - size questioned, 116–17
 - understaffing danger, 166
- State Department
 - MCC staff, 113
 - assessing contracts, 84
 - debt policy, 108
 - Economic Support Funds (ESF), 5
 - expertise, 111
 - main mission, 118
 - placing MCA under, 118
 - political pressures, 111
 - four junctures, 118–19
 - role, 108
 - USAID, 5
- state ownership of productive assets, 74
- strategic aid, compared to total, 12
- strategic criteria
 - aid disbursed, 21
 - benchmarks, 119
 - board of directors discretion, 168
 - economic growth related, 21
 - State Department chair of board, 111
 - transparency of process, 165
 - war on terrorism, 158
 - weaker standards, 166
 - year 3 countries, 27
- subcontractors, 82–83
- Sudan, indicator scorecard, 63*t*
- Suriname, indicator scorecard, 67*t*
- Swaziland
 - aggregate ranking method, 70, 70*t*
 - democracy, 68
 - IDA graduate, 150*n*
 - indicator scorecard, 63*t*
 - possible year 2 country, 55, 56*t*–57*t*
- Syria
 - elimination, 58
 - IDA graduate, 150*n*
 - indicator scorecard, 63*t*
 - possible year 2 country, 56*t*–57*t*
- Tajikistan, indicator scorecard, 63*t*
- Tanzania
 - debt relief, 161
 - HIV/AIDS initiative, 93*n*
 - indicator scorecard, 63*t*
 - possible aid flows, 127*t*
 - tariff rates, indicators, 43, 74
- tax revenues, year 3 countries, 26*t*, 27
- technical assistance
 - large aid flows, 130
 - proposal stage, 89, 169
- terms-of-trade shocks, aid impact, 21
- Thailand
 - aggregate ranking method, 70*t*
 - IDA graduate, 150*n*
 - indicator scorecard, 67*t*
 - possible year 3 country, 64*t*–65*t*, 65
- tied aid
 - criticisms, 97–98
 - open markets vs., 98
 - recommendations, 170
 - USAID compared, 117
- “tier-II” countries, 7, 158–59
- time frame to launch MCA, 120–22
- Timor Leste, indicator scorecard, 63*t*
- Togo
 - indicator scorecard, 63*t*
 - possible year 1 country, 52*t*–53*t*, 55
- Tonga, indicator scorecard, 67*t*
- top-down approach to foreign aid, 77
- Trade and Development Agency, 108, 114*t*
- trade openness, IDA graduates compared, 151*f*
- trade policy, 31*t*, 43–44
 - changes proposed, 74
 - changing weights of indicators, 68
 - indicators lacking, 68
 - protectionism in US, 160–61
 - recommendations, 172
 - US cotton subsidies, 160–61
 - as weakest indicator, 73
- Trade-Related Aspects of Intellectual Property Rights (TRIPS), 161
- Transitional Working Group for GFATM, 121
- transnational problems, 4
- Transparency International, 34

- Treasury Department
 - MCC staff, 113
 - assessing contracts, 84
 - debt policy, 108
- Tunisia
 - IDA graduate, 150*n*
 - indicator scorecard, 67*t*
 - possible year 3 country, 64*t*–65*t*, 65
 - USAID, graduate, 68
- Turkey
 - ESF funds, 108
 - foreign aid, 15
 - IDA graduate, 150*n*
 - indicator scorecard, 67*t*
 - MCA inclusion, 5
 - year 3 country, 27
- Turkmenistan, indicator scorecard, 63*t*
- Turner Foundation, funds disbursed and staff size, 114*t*, 115
- Uganda
 - absorptive capacity, 129
 - aggregate ranking method, 70*t*
 - debt relief, 161
 - donor coordination, 105
 - HIV/AIDS initiative, 93*n*
 - indicator scorecard, 63*t*
- Ukraine
 - aggregate ranking method, 70*t*
 - indicator scorecard, 63*t*
 - possible year 2 country, 56*t*–57*t*, 58
- unilateral approaches, 16–18
 - reasons for, 17
- UN International Conference on Financing for Development (Monterrey, Mexico)
 - political expediency, 13–14
 - unilateral nature, 17
- United Nations
 - back payments, 10, 12
 - immunization rates, 37
 - MDGs, 84–85
- US Agency for International Development (USAID), 1
 - accomplishments, 2
 - activities funded, 92
 - administrator on MCC board, 111, 122
 - agriculture, 94
 - aid selectivity, 7
 - avoiding burdens of, 123
 - coordination, 123
 - criticisms of, 1–2
 - defining different approaches, 162
 - democracy-building efforts, 96
 - ESF programs, 108
 - expertise, 92
 - focus blurred, 5
 - funding focus, 92
 - funds disbursed and staff size, 114*t*
 - health projects, 93
 - Kennedy view, 110
 - largest agency, 107
 - legislation differing from MCA, 117–18
 - MCA impact, 3
 - MCC impact, 10
 - MCC compared, 109
 - narrower scope of activities, 159, 163, 172
 - NGOs, 88
 - placing MCA under, 119
 - project design, 78–79
 - purpose, 5
 - restructuring, 162–63
 - RFP process, 103
 - State Department supervising, 5
 - tied aid, 97
 - tier-II countries, 159
 - top-down approach, 77
 - year 3 countries, 27
- USAID. *See* US Agency for International Development
- US Export-Import (Ex-Im) Bank
 - MCC board of directors, 112
 - foreign aid, 108
 - funds disbursed and staff size, 114*t*, 115
 - MCA focus, 95
- US Foreign Assistance Act of 1961, 2
- Uzbekistan, indicator scorecard, 63*t*
- Vanuatu
 - aggregate ranking method, 70*t*
 - indicator scorecard, 63*t*
- Vietnam
 - aggregate ranking method, 70, 70*t*
 - democracy, 68
 - indicator scorecard, 63*t*
 - magnitude of aid flows, 126
 - possible year 1 country, 52*t*–53*t*, 54
 - possible year 2 country, 56*t*–57*t*
 - voice and accountability, 30*t*, 35
- war on terrorism
 - expanding categories (proposal), 158
 - foreign aid, 14
 - MCA, 157
 - selection criteria, 158
- water and air pollution, 95
- water sources, improved access, 31*t*, 40
- weak states, 15
 - as nonqualifying countries, 159
 - recommendations, 172
- West Bank, indicator scorecard, 63*t*
- World Bank
 - aid selectivity, 7
 - Country Policy and Institutional Assessment (CPIA) rating, 136
 - country selection, 17, 21
 - funds disbursed and staff size, 114*t*
 - grants increased, 17*n*
 - World Development Indicators*, 42

World Health Organization (WHO),
immunization rates, 37

year 1 countries, possible qualifying, 52-55, 52*t*-53*t*

year 2 countries, 25, 26*t*

possible qualifying, 55, 56*t*-57*t*, 58

year 3 countries, 25-27, 26*t*

funds allocation, 27-28

possible qualifying, 64-65, 64*t*-65*t*, 68

recommendation to drop, 168

Yemen, Republic, indicator scorecard, 63*t*

Yugoslavia, Federal Republic, indicator scorecard,
63*t*

Zambia

HIV/AIDS initiative, 93*n*

indicator scorecard, 63*t*

Zimbabwe

conflicts, 146

indicator scorecard, 63*t*