



PUBLIC COMMENT ON THE MILLENNIUM CHALLENGE ACCOUNT FY 2007 SELECTION CRITERIA AND METHODOLOGY

October 6, 2006

As the largest alliance of U.S.-based nongovernmental organizations working towards poverty reduction, InterAction has been supportive, and greatly interested in the success, of the Millennium Challenge Account (MCA) since the Millennium Challenge Corporation (MCC) was established in 2004. Throughout this period, the InterAction MCA Working Group, a committee comprised of representatives of some 40 InterAction member agencies and like-minded organizations, has worked with MCC staff and congressional offices to ensure that:

- Civil society representatives in MCA eligible countries are engaged actively in the planning and implementation of MCA compacts.
- Qualifying countries receive multi-year aid that is focused on the reduction of extreme poverty.
- Consideration of gender and gender equity is mainstreamed throughout MCA processes.

We have been pleased with the progress that the MCC has made to date in developing this innovative mechanism for delivering foreign aid; and we applaud their transparency, ongoing openness to meeting with us, and comprehensive consultation on the natural resource management indicator.

We are submitting this public comment at this time, however, to raise three concerns regarding the new indicators that the MCC proposes to add. Our concerns are:

1. The decision to combine IFAD's "Access to Land" indicator with two measures from the IFC's "Doing Business Survey" to form the Land Rights and Access Index was made after less than desirable public consultation, particularly with civil society groups.
2. While we agree with the MCC that the IFAD "Access to Land" indicator explicitly addresses the issue of gender inequality, the addition of the two IFC measures -- and the weighting given to them by the MCC -- substantially reduces the "Land Rights and Access" indicator's value *overall* as a measure of a government's commitment to investing in women.
3. Placement of both new indicators in the "Investing in People" basket is inappropriate. We agree that the Natural Resources Management Index is logically located in "Investing in People." Land, however, is an *economic* asset. Having secure title to land means that it can be either used directly for productive purposes or pledged as collateral. We, therefore, support adding the "Land Rights and Access" indicator to the "Economic Freedom" basket.

The Center for Global Development (CGD), in a new paper entitled *Adding Natural Resource Indicators: An Opportunity to Strengthen the MCA Eligibility Process*, has offered a number of innovative solutions for this and other issues. We ask that MCC staff examine CGD's recommendations fully and request that they provide us a written response on their assessment of CGD's proposal.