Template Project Proposal for a Project in an MCC Compact Program
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A. Country Context [2-3 pages]

- **Country overview:** A broad overview of the main characteristics of the selected country, including its population, the size of its economy and its recent history of economic growth, its economic structure and most competitive industries, and the nature and extent of poverty and any significant social and gender inequalities, including geographical, ethnic or other disparities within the population.

- **Binding constraint(s):** A brief description of the binding constraint identified in the constraints analysis, as relevant to the project to be proposed.

- **Overview of relevant sector(s):** A brief assessment of the sector in which the proposed project will take place, including its structure and organization, the roles of public and private entities within the sector, its contribution to the overall economy, its impact on formal and informal employment, its supply and demand dynamics, its recent developments, its competitive positioning, and its future prospects. Where relevant, this section should provide an assessment of the major policy, legal, regulatory, institutional or other factors that shape or determine results.

This section should also describe the selected country’s strategy, sector development plan(s) or relevant master plan(s) and identify actions the country is undertaking to address existing issues, including key initiatives being led by other donors. If necessary, a more detailed overview of developments, trends and plans for the specific sector may be attached as Annex 1.

B. Rationale for Proposed Project [2-3 pages]

- **Problem statement:** A short recitation of the agreed problem statement that identifies a single, narrowly-defined core problem that the proposed project intends to resolve. If applicable, the problem statement should be refined and updated to reflect detailed discussions between the Compact Development Team and MCC following assessment of the selected country’s Concept Notes.

- **Objective statement:** A short recitation of the agreed primary objective that will be associated with the implementation of the proposed project, if successful. This outcome should result directly from the resolution of the core problem, should relate to changes in behavior among expected beneficiaries, and should contribute to reductions in cost, added value, or increases in incomes. If applicable, the objective statement should be refined and updated to reflect detailed discussions between the Compact Development Team and MCC following assessment of the selected country’s Concept Notes.

- **Project logic:** A detailed description of the underlying theory that explains why the proposed project will effectively address the root causes and resolve the agreed core problem, change behavior among expected beneficiaries, and achieve the primary objective. This description should carefully explain the chain of reasoning or the set of cause-and-effect relationships that links each component of the proposed project to a set of interim results, and links those interim results to the achievement of the project objective over the long term. To the
extent possible, the narrative should offer data, evidence or observations drawn from the implementation of other, similar projects to support its arguments. It should also offer evidence that social and gender issues, poverty reduction and benefit distribution have been integrated into the proposed components and note critical risks or assumptions that could affect the achievement the expected results. Where possible, the narrative should be reflected in a detailed project logic diagram and attached as Annex 2.

- **Indicators:** A brief explanation of the specific indicators, metrics or measures by which the selected country expects to assess the proposed project’s impact and its success over the short-term, medium-term and longer-term. Where possible, a current baseline for each indicator should be provided, along with targets for changes in future years. Where baselines and targets are not possible, a plan for defining them should be developed and described.

_C. Description of Proposed Project [8-10 pages]_

- **Proposed project components:** An overview of the structure or organization of the proposed project that identifies, enumerates and describes each separate component in as much detail as possible, and identifies and explains interrelationships and interdependencies between components. This section should note the current status of project development (including the completion of any alternatives assessment or scoping, pre-feasibility, or feasibility study), indicate the additional resources needed to fully develop the proposed project, and estimate the timeline for implementation of each proposed component.

- **Alternative approaches:** A summary of the main options considered for the approach, scope and design of the proposed project. The summary should briefly explain why the selected country selected the proposed approach and rejected other alternatives or why certain alternatives are no longer under consideration.

- **Geographic approach:** If the proposed project will focus activity, investment, and expected benefits in any specific portion of the country, this section should identify the geographic region, discuss its attributes, and describe how or why the selected country wishes to target it.

- **Physical and social setting:** A brief description of the physical setting, the people and the social and economic conditions that characterize the location(s) in which the proposed project will take place, to the extent known. The description should make particular note of human occupation in and around the proposed project area, including an estimate of the number of households that may incur a loss of land or income during implementation of the proposed project, if possible at this stage of development.

- **Expected beneficiaries:** Identification and description of the specific people or groups of people whose incomes, standards of living or well-being the proposed project aims to change, paying particular attention to the condition of women, the poor and other disadvantaged social groups. The description should estimate, where possible, the number of people or households or the size of the groups that are expected to benefit. It should also identify any people or groups who may be harmed or whose interests may be negatively impacted.

- **Expected benefits:** An overview of the benefits that the proposed project is expected to generate that identifies, enumerates and describes each benefit stream, with a clear focus on benefits that may decrease costs, increase economic activity, raise incomes or otherwise expand economic growth. Where possible, the explanation should suggest metrics for assessing each benefit stream, estimate the extent or magnitude of its expected benefits, and discuss the probable distribution among expected beneficiaries. It should present supporting data or evidence for these estimates, highlighting any uncertainties, critical
assumptions, or theories that will need to be tested.

The explanation should also discuss any explicit mechanisms through which the proposed project intends to address existing economic, social and gender inequalities, including mechanisms designed to direct a greater portion of the expected benefits toward the poor and other disadvantaged social groups.

- Indicative project costs: A preliminary estimate of the total costs of implementing the proposed project, including separate cost estimates for each of individual components. These costs should include indicative budgets for any technical assistance or policy, legal, regulatory and institutional reform programs that are proposed; any required mitigation of environmental or social issues; any physical or economic resettlement that may be required; and any project management or administration that may be needed for successful implementation.

D. Implementation Arrangements [2-4 pages]
- Policy and institutional reforms: A description of any reforms that the selected country has taken or expects to take prior to initiation of the proposed compact program in order to improve the viability and long-term sustainability of the proposed project or to extend, expand or enhance its expected benefits.
- Specific Implementation Arrangements for Regional Projects: Where applicable for programs with a regional or cross-border component, a notional description of the proposed governance structure, with particular emphasis on the proposed oversight and governance structures in neighboring countries that may be involved in the project.
- Implementing entities: A proposal for the public, quasi-public or other entities best positioned to lead, manage or oversee the implementation of the proposed project (whether with or without capacity building and technical assistance) on behalf of the selected country and assume responsibility for long-term sustainability of results. An illustrative organizational chart to accompany the description which identifies roles and responsibilities of various implementing entities is encouraged.
- Sustainability: Identification and explanation of the principal factors that may impact the financial, institutional, legal or policy, social or behavioral, or environmental sustainability of the proposed project beyond the end of the five-year compact term. Given these factors, this section should assess the expected lifespan of the primary outputs of the proposed project and the long-term sustainability of the expected benefits, and identify specific actions the selected country could undertake to extend the sustainability of project assets, outcomes and impacts over a longer term, including the proposed strategy for the treatment of recurrent costs, operations and maintenance (O&M) requirements, tariffs or user fees, where appropriate.

E. Risks and Other Special Considerations [5-8 pages]
- Technical issues: A discussion of the rationale for the technical approach or design of the proposed project, including an assessment of its conformance to best practices. The discussion should summarize any technical risks or issues that are evident at this stage and that must be further explored during project development. For regional projects, this section should also describe the process for harmonizing (i) technical standards across countries and donors and (ii) donor/lender legal, financial and procurement requirements, as may be needed.
- Economic issues: A discussion of the proposed methodology for assessing economic rates of return. Building upon earlier sections related to the potential benefits and costs associated
with the proposed project, this section should identify any additional data or other information that will be needed for a full cost-benefit analysis and note issues with data availability or collection. For regional projects, this section should also describe any concerns about the allocation of benefits across the participating countries.

- **Environmental issues:** A summary and discussion of potential impacts on natural resources and the environment, with particular emphasis on protected areas, sensitive natural habitats or migratory routes, water courses, or areas of increased natural hazards near the proposed project area. The discussion should note the potential for involuntary resettlement related to implementation of the proposed project. It should also define the selected country’s requirements for further assessing any potential environmental and social impacts and explain how the selected country will consult project affected parties and other stakeholders during the remainder of the compact development process and throughout the implementation of any agreed compact program.

- **Social and gender issues:** A summary and discussion of the potential impacts on social dynamics, including an explanation of potential social and gender considerations and risks that may arise during implementation, such as contradictory demands for inputs or critical resources, differential access to expected benefits, or potential disputes or conflicts, or any other adverse social impacts. The summary should also discuss significant inequalities between men and women, note potential impacts on disadvantaged or vulnerable groups, including ethnic minorities and indigenous people, and identify risks related to trafficking in persons, as well as the prevalence of major diseases, including HIV/AIDS. It should explain how the selected country will engage stakeholders in the further development, design and implementation of the project and explain opportunities to promote more equitable distribution of the benefits expected from the proposed project.

- **Institutional issues:** A brief discussion of limitations or constraints on the capacity of the public, quasi-public or other entities that have been proposed as implementing entities and are likely to be involved in implementing, managing or overseeing the proposed project or regulating its outputs and expected benefits. For regional projects, this section should also describe the proposed approach to align policy, regulatory and institutional reforms in the participating countries.

- **Business and private sector investment issues:** A brief discussion of specific impacts that the proposed project may have on private business activity, particularly in targeted geographies or among targeted beneficiary groups. The discussion should also identify opportunities to stimulate or attract private investment, whether within the proposed project (in the form of public-private partnerships, co-investments or parallel financing arrangements) or around the proposed projects through enhanced competitiveness and attractiveness.

- **Opportunity for Donor Partnerships:** Should describe any opportunities to collaborate and partner with other donors involved in the relevant sector to improve the viability or sustainability of the proposed project(s) or to extend, expand or enhance its benefits (e.g., co-investments or parallel financing arrangements, sharing of lessons learned, building on existing technical studies, etc.).

- **Special Considerations for Regional Projects:** A brief description of special considerations and potential risks related to the development and implementation of regional projects, namely: (i) the level of interest and commitment of the MCC-selected country and its relevant neighbors in pursuing the proposed regional investments; (ii) the proposed project operational structure (e.g., public private partnerships or “PPPs”); and (iii) the proposed financing structure across countries and donors (if known at this stage).