MCC is a small U.S. Government agency with an innovative and tested approach to fighting global poverty. MCC forms bilateral partnerships with the world’s best-governed poor countries to reduce poverty through economic growth.

- Founded by the United States Congress in 2000, MCC empowers the poor through investing in projects that help people lift themselves out of poverty by giving them access to water and electricity.
- MCC’s partnerships are typically large, five-year grants focused on achieving economic growth and poverty reduction through sustainable improvements in key sectors, including agriculture, rural roads, and transportation.
- MCC has implemented more than 300 projects in some of the world’s poorest countries, focusing on economic growth, changing development paradigms, and poverty reduction.

### Economic Returns of Projects

- MCC partners with countries to develop competitive solutions for MCC’s projects, which aim to leverage partner-country resources and attract additional funding.
- The economic returns of MCC’s projects are assessed before, during, and after investment to ensure a sustainable impact.
- Throughout MCC’s history, projects have consistently demonstrated identified economic benefits.
- MCC has conducted predetermined ex ante evaluations (provided in the ex ante evaluation document) to determine the economic rate of return (ERR) of each project.

### Key Observations and Conclusions

- **Project Costs**
  - Estimated total costs include the cost of rehabilitating existing roads, including amounts disbursed, total length of roads built, and years of each compact: investment.

- **Traffic, Vehicle Operating Costs, and Travel Time**
  - Improved access to transportation networks and markets (i.e., road construction and rehabilitation projects) can lead to increased incomes for road users.
  - MCC’s road investments typically aim to address transportation sector constraints, such as increased speed and reliability, and improved traffic flow.

- **Incomes and Economic Activity**
  - Expected high-level outcomes, particularly increased incomes for road beneficiaries, proved challenging to detect.
  - Increased incomes have been observed in several of MCC’s road investments, particularly in transport and rural areas.

- **Impacts of Road Investments**
  - Benefits such as increased incomes and increased access to goods and services are often difficult to measure and require rigorous evaluation.
  - MCC has attempted rigorous evaluations of road projects using methods such as VOCTTS (Vehicle Operating Costs and Travel Time Studies) and IRR (Internal Rate of Return).

- **Evaluation**
  - MCC’s road investments have generated several lessons in designing, implementing, and evaluating projects to achieve high economic returns.

#### Key Observations and Conclusions

- **The specific problem a road investment is aiming to resolve must be clearly understood and should inform project development.**
  - For instance, if the primary goal is to improve access to economic growth, the type of design chosen to address transportation projects can often make an economic growth or poverty reduction impact.

- **MCC’s road investments generally aim to address transportation sector constraints such as increased speed and reliability, and improved traffic flow.**
  - MCC’s road programs are designed to focus on a combination of projects in each compact, including investments in rural roads.

- **MCC has attempted rigorous evaluations of road projects using methods such as VOCTTS (Vehicle Operating Costs and Travel Time Studies), but these evaluations have not been conclusive in all cases.**
  - Evaluations have produced inconclusive results, with some prices increasing and others decreasing, indicating the need for further research.

- **Increased availability and lower costs for consumer goods.**
  - Increased project costs per kilometer led to decreased ERRs.
  - Evaluations confirmed reductions in vehicle operating costs (VOC) and increased project costs per kilometer led to decreased ERRs.

#### Selected References

- Greg Morosiuk. HDM and Traffic, Vehicle Operating Costs and Travel Time: Exposure period: at least 12 months.
- Chang Li, and M. Marceau. An empirical study on the evaluation of road projects using VOCTTS.
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