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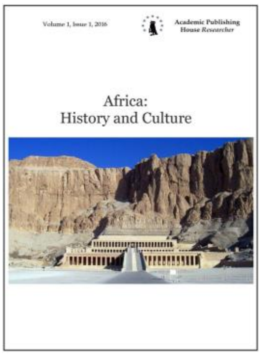

The Millennium Challenge Corporation: A Backward Mapping Approach to Implementation of Foreign Aid

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Abstract

The United States Agency for International Development (USAID) is the main U.S. agency for development aid programs; just like other poverty-reduction programs in developing countries, it faces policy implementation issues. In 2004 President Bush created the Millennium Challenge Corporation (MCC) as an alternate agency to provide aid based on a set criteria and indicators for high-performing governments. The MCC changes the way the US provides aid for development. Policy implementation is a major issue in developing nations. This paper explores the implementation of the Millennium Challenge Corporation and attempts to link it to the "backward mapping" implementation framework of Elmore.

Keywords: developing countries, foreign aid, millennium challenge corporation, policy, poverty-reduction programs.

1. Introduction

"Foreign aid" is a broad term and a controversial topic; it is often thought to be either too much or a waste of taxpayer dollars from developed countries by corrupted governments in developing countries. Oxfam America (2014) reports that there are several reasons aid is provided to countries by the US government such as to protect national security, to promote economic interests and to foster US values of goodwill. Thus, US foreign aid includes the International Affairs Budget or "150 Account", Foreign Aid or Foreign Assistance and Poverty-Focused Development Aid. The 150 Account covers US activities overseas, USAID programs, Department of State diplomatic expenditures, interests of businesses and US citizens abroad, the Peace Corps and contributions to international organizations such as the United Nations among others (Oxfam America, 2014). Foreign Aid or Foreign assistance is mostly used for strategic purposes such as defense and aid to political allies. Poverty-Focused Development Aid is the specific type of aid provided for "improving livelihoods and promoting economic growth, providing much-needed services, such as health care and schooling, and creating lasting solutions to poverty" (Oxfam America, 2014).

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The United States Agency for International Development (USAID) is the main agency responsible for development aid; just like other poverty-reduction programs in developing countries, it faces policy implementation issues. In 2004 President Bush created the Millennium Challenge Corporation (MCC) as an alternate agency to provide aid based on a set criteria and indicators for high-performing governments. The MCC changes the way the US provides aid for development. Policy implementation is a major issue in developing nations. This paper explores the implementation of the Millennium Challenge Corporation and attempts to link it to the "backward mapping" implementation framework of Elmore.

2. Discussion

Issues of Policy Implementation in Developing Countries

Policy implementation is one of the stages of the policy process resulting from the passage of a legislative act, the issuing of an executive order or the promulgation of a regulatory rule (Makinde, 2005). Most of the policy implementation frameworks reflect western models, in particular the United States where policy process and implementation are linked to political governance (Paudel, 2009). Analysis of policy in countries with developing economies cannot always be applied to western frameworks as there are various characteristics that are particular to these environments (Paudel, 2009). Policy implementation in developing nations is a challenging process as well as it is in developed nations but the process is more difficult however in environments that are mined by poverty, political instability, corruption, violation of human rights and so on (Paudel, 2009).

Poverty is a barrier to successful translation of policy in developing countries. UNDP (2002) define poverty as "a state of economic, social and psychological deprivation occurring among people of countries lacking sufficient ownership, control or access to resources to maintain minimal acceptable standards of living". Policy implementation in developing nations is related to the economy and the political environment (Paudel, 2009). Political stability matters for economic development. Lane argues that poor economy can result in political instability, which in turn can just increase poverty. There are four factors critical to effective policy implementation (Makinde, 2005). They are: communication, resources disposition or attitudes, and bureaucratic structures; and these factors interact simultaneously. Despite the design of clear goals and objectives of a policy, if resources are not in place, implementation is deemed to fail (Makinde, 2005).

Culture is another factor that affects policy implementation and it varies according to countries. Studies in the past had identified four culture values that affect proper implementation: power distance between policy makers and implementers, uncertainty avoidance, individualism versus collectivism, and masculinity versus feminist (Hofstede, Hofstede, 2005; Paudel, 2009). A case study on Nigeria Education Policy and the Better Life Programme found that factors that influence implementation failure included faulty planning process, political and financial constraints, and statistical deficiency; inadequate provision of manpower, inadequate maintenance of equipment and lack of monitoring of programs. Lack of continuity of programs due to changes in government is also an issue (Makinde, 2005).

Paudel (2009) argues that the assumption that policy implementers are involved in the policy process is not always applicable to developing countries. Policymaking most of the time is centralized within high level policymakers (Paudel 2009). In order to reduce poverty in developing countries, effective implementation of policies is necessary. However, policies cannot yield successful results if a country is economically poor, politically unstable and has corrupted institutions. Political instability and uncertainty, along with all other difficulties such as lack or resources, low participation in the policy process and weak institutions just make policymaking and implementation inefficient (Paudel, 2009).

The Millennium Challenge Corporation

A brief history of US foreign aid as described by Oxfam America began in the 1910/1920s when the US sent food assistance to Belgium and Russia. In the 1940s the Marshall Plan was created as the first major foreign aid program that was oriented in rebuilding Europe's economy after WWII. The 1960s saw the creation of USAID through the Foreign Assistance Act passed by Congress. Funding for foreign aid started declining in the 1980s; by the 1990s USAID started managing grants and contracts instead of direct technical assistance due cuts in funding. In 2003, the President's

Emergency Plan for AIDS Relief (PEPFAR) was created; the same year President Bush wrote a letter to Congress to support the creation of the Millennium Challenge Corporation (MCC).

The letter states that the MCC is,

"a new approach to providing and delivering development assistance. This new compact for development breaks with the past by tying increased assistance to performance and creating new accountability for all nations. ... To be eligible for this new assistance, countries must demonstrate commitment to three standards -- ruling justly, investing in their people, and encouraging economic freedom. ...The goal of the Millennium Challenge Account initiative is to reduce poverty by significantly increasing economic growth in recipient countries through a variety of targeted investments" (U.S. Congress, 2003).

The MCC was thus established with the authorization of Congress in 2004 as an independent government entity separate from the Departments of State and the Treasury and from USAID. The MCC is different from other types of U.S. foreign aids in the sense that it is characterized by competitive selection, poverty reduction through economic growth, country-owned implementation, and emphasis on civil society involvement, monitoring and transparency. For better implementation and accountability purposes MCC makes sure the qualifying countries have good policies or are committed to suitable policies for economic growth.

As of year 2015 since its establishment, the MCC has approved 28 grant agreements also called compacts to "Madagascar (2005), Honduras, (2005), Cape Verde (2005), Nicaragua (2005), Georgia (2005), Benin (2006), Vanuatu (2006), Armenia (2006), Ghana (2006), Mali (2006), El Salvador (2006), Mozambique (2007), Lesotho (2007), Morocco (2007), Mongolia (2007), Tanzania (2007), Burkina Faso (2008), Namibia (2008), Senegal (2009), Moldova (2009), Philippines (2010), Jordan (2010), Malawi (2011), Indonesia (2011), Cape Verde II (2011), Zambia (2012), Georgia II (2013), and El Salvador II (2013, not yet signed)" (Tarnoff, 2014).

The MCC selection process for eligible countries is based on three major criteria

1. Ruling justly—promoting good governance, fighting corruption, respecting human rights, and adhering to the rule of law;
2. Investing in people—providing adequate health care, education, and other opportunities promoting an educated and healthy population;
3. Economic freedom—fostering enterprise and entrepreneurship and promoting open markets and sustainable budgets (Tarnoff, 2014).

The MCC has a board of directors that selects countries that are eligible for the MCC assistance. There is a lot of transparency regarding the process and the criteria that govern selection of the country partners, and also inform the board's eventual decisions which is a hallmark of the MCC model. For a country to be selected for MCC it has to show a commitment to just and democratic governance, investments in its people, and economic freedom as measured by different policy indicators. The MCC came up with four steps to select the countries for the aid:

1. Identify candidate countries;
2. Publish selection criteria and methodology for the country selection and accept public comment;
3. Issue the candidate country scorecards;
4. Select countries eligible for MCC program assistance.

A country is considered eligible for a full grant when it has score 17 on the indicators. All the indicators are put together by a third party who has no connection whatsoever with MCC as the previous ones were pledged by political considerations. The MCC signs either a compact or a threshold agreement with a partner country. A compact reward is awarded if the country scores highly on the selection criteria indicators. If the country scores poorly but has a positive upward trend on the selection criteria it still qualifies for a smaller grant, called a threshold program. The Millennium Challenge Act is country driven; participating country officials must come up with a design and submit project proposal based on the national development objectives. The proposal is negotiated with the MCC board and approved before being funded.

Implementation Research

Implementation is worth studying precisely because it is a struggle over the realization of ideas. It is the analytical equivalent of original sin: there is no escape from implementation and its attendant responsibilities" (Pressman, Wildavsky, 1973). In management and organization top-down and bottom-up approaches of Implementation are used in decision making. A top-down approach is where an executive body makes the decision with a clear objective and specifics steps to be followed to achieve the objective. The top authorities use their power to make decision for the lower levels in the hierarchy, those who will be implementing the steps related to the authority's decision.

Pressman and Wildavsky (1973) came forth with three models of implementation: Implementation as control, implementation as evolution and implementation as interaction. Their model is a top-down approach whereby initial planning and implementation are on the same level and, policymakers' direct agencies to follow a set of instructions in a manner that is rational. It applies to the top-down approach where the policy has goals that are clear and a plan that is detailed on how to achieve the goals. The authors concluded that the implementation process is never complete because in the end it comes back to the stages of revision and evaluation. They both agree that implementation is a continuous process, however when multiple actors are involved in the decision-making process, failure is likely.

Van Meyer and Van Horn (1977) studied the effects of the top-down approach on the delegation stage of the implementation process and particularly with compliance with the decisions. The implementers have great power and this also increases the level of implementers' compliance with the decision. When the methods and procedures for policy implementation are not specific; the implementers have the authority over how they can implement the decision and they use the high level of discretion for an undesired interpretation. When the ex-ante control is strict, the implementers have less room for interpretation, hence, comply with decisions; the scholars in this approach look at how the various features affect the process of implementation (Chun, Rainey, 2005; Huber, Shipan, 2002; Van Meter, Van Horn, 1977). One of the factors is policy conflict: where there are policy conflicts in regards to the preferred decision of an implementer and the decision from the guidelines.

Bardach (1977) suggests that implementation is like a game where the goal of the parties involved is to win by influencing the process. It involves legislators, administrators and intergovernmental groups through bargaining and persuasion to fulfill their own needs and agenda. It is important therefore to understand the behavioral system of groups and individuals involved in the policy process. Sabatier and Mazmanian (1980) put forth one of the most comprehensive implementation frameworks giving sight into the process as a whole. They laid out a framework which consists of two parts of the implementation process. They characterized policies according to the policy itself, the actors and the systems. They looked at all the characteristics that may influence the process of policy implementation and how much power every influence holds. They looked at implementation as the hierarchical execution of policy intentions that are centrally defined. They suggest getting feedback from the difficulties encountered during implementation to modify policy accordingly.

The bottom-up approach works from the grassroots whereby a group of people work together and cause a decision to arise as a result of their joint involvement for instance an implementation decision made from group discussions with classroom teachers. The involvement of everybody in decision making enables efficiency and a good perception of the higher levels of decision making. This is unlike the top-down approach whereby it appears like the decision is imposed making it hard for lower levels to accept the decisions (Pereira et al., 1993). According to Dubois (2002), the bottom up system is more experimental and caters for the needs of everyone in the organization.

Lipsky (1980) describes how the street-level bureaucrats get their policies implemented from above. He coined the term street-level bureaucrats in his book: Street-level Bureaucracy: Dilemmas of the Individual in Public Services published in 1980. He brought out a case on how power and roles influence policy making and implementation. Street-level bureaucrats are considered as public service workers and they interact with citizens in their jobs and have discretion when executing their work. The bureaucrats have power in determining the goals and the success of these goals. Their actions reflect what the government delivers. This is where most people come face to face with the government. This therefore gives power to the street-level bureaucrats. So the workers play the same role as the elected leaders in decision making and policy implementation. Hjern and Hull (1982) also belongs to the bottom up idea. They emphasized the fact that implementation consists of problem-solving strategies that occur on a continuous basis through a network of interactions. Barrett and Fudge (1981) suggest that the implementation process occurs through compromises between internal and external parties; initial policies are not supposed to be static but should evolve as changes in the environment occur.

There is a third generation of implementation where the researchers tried to bridge the gap between top-down and bottom-up approaches by putting ideas from both approaches together. Their other goal was to be more scientific than the two previous approaches in regards to implementation (Goggin et al., 1990). They focus on coming up with clear and specific hypotheses and also finding proper operations that will produce adequate observations to test the hypotheses (O'Toole, 2000). Both approaches exaggerate respective positions and this leads to oversimplification of the once complex implementation process. Elmore (1979) and Sabatier (1986) tried to synthesize both approaches and the model presented also contained information from both sides to avoid weakening of the approaches. Other contributors blended several aspects of both perspectives into their theories to form the hybrid theories (Ripley, Franklin, 1982). They came with the idea of forward mapping and back mapping. Forward mapping is whereby policy makers put a consideration of the policy instruments and the resources available for policy change. Back mapping is whereby they should identify the incentive structure and the target group. This approach is most likely going to work because both the implementation structures and policy makers are taken into consideration (Agranoff, 2017; Townsley, 2003).

Backward Mapping Approach to the MCC Implementation

Backward Mapping as forward mapping is policy implementation framework that intends to affect directly the implementation process and the outcomes of the policy decisions. It is a little different because it questions the assumptions that the policymakers ought to or do, they have a determinant influence over the implementation process. The backward mapping framework also questions the assumption that explicit policy directives, which are clear statements of the administrative responsibilities and well-defined outcome will necessarily increase the likelihood that policies will be successfully implemented (Goggin et al., 1990; Townsley, 2003).

Backward mapping, Elmore (1979) suggests that policy implementation should begin at the street level and move up to the original problem. Backward mapping does not begin at the top of implementation process but begins at the last possible stage, the point at which the administrative actions intersect private choices. It does not begin with a statement of purpose, but it begins with the statement of the problem/behavior at the lowest level of implementation process and this is what generates a need for a policy. After the problem is described that is when they go ahead and set the objective. The objectives are stated as a set of organizational operations and then later as a set of effects or outcomes; all this results from the organizational operations. After the target has been established at the lowest level of the system, an analysis is done back through the structure of the implementing agencies. In the final stage of the analysis the policy makers and the analyst make a description of a policy that directs resources at the organizational units likely to have the greatest effect. The backward mapping helps the policy makers and the analysts to design sound policies other than giving a research strategy and also making a contribution towards theory development. Most of the policies that take the forward mapping approach to implementation have failed at point and this has led them to taking the backward mapping strategy and the bottom up policy design and implementation.

Backward mapping is important in the implementation process because it brings the affected stakeholders into the process of designing and implementing the reforms; it also leads to an increased consensus for change, which leads to proposals that allow greater discretion and flexibility at the ground level. This becomes the direction that almost all the critic's advice should be taking in regards to policy implementation. According to Hill and Hupe (2002), it is very interesting to note that the backward mapping has been seen by others not only as a methodology for analysis but also as something that can be recommended for policy development in practice. One of Elmore's (1979) justifications for the backward mapping is that most of the policy areas are given a chance to make choices within programs that conflict or have a relation with each other. If compared with the top down theory methodology, this approach is relatively free of predetermining assumptions. The top-down approaches to policymaking are prescriptive, whereas the bottom-up approaches are descriptive of the implementation process difficulties for feedback that can result in better policies.

These policies according to Sabatier (1986) should be analyzed in a ten-year cycle to allow time for policy learning. Top-down approaches facilitate the identification of different parameters within which policies are operationalized such as socioeconomic conditions, legal instruments, and the basic government structure that seldom change; policy actions occur within these structures. Sabatier (1986) therefore suggest to pay attention to advocacy coalitions which are groups of public and private entities with the same beliefs and goals who can advocate for what is needed to optimize policymaking and implementation. According to Tarnoff (2014), when the MCC was established in 2004 it faced a lot of frustration with the foreign aids that existed before but later on when they embedded the backward mapping strategy there was a noticeable change with the way the United States gave its economic assistance. Their basis is economic development that succeeds best when linked to free market economic and democratic principles and policies, and also the governments are committed to implementing reform measures in order to achieve the goals that are set. They came up with a competitive process that rewarded countries for the commitment that they had to free market economic and democratic policies as measured by the objectives which are the performance indicators, its major goal become to seek poverty reduction through economic growth but not to overload with multiple sector objectives.

3. Conclusion

The establishment of the Millennium Challenge Corporation has drastically changed the way the U.S provides development aid. The major focus of the MCC is to promote economic growth in the countries that receive the grant. The program puts its emphasis on good economic policies such free market and minimal corruption. Elmore's backward mapping approach is really relevant in anticipating implementation issues, especially in the implementation of foreign aid in developing countries.

4. Conflicts of Interest

The author declares the work has no conflicts of interest.

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