

PRIVATE SECTOR PEER LEARNING: MECHANISM PROFILES

Public-Private Partnership (P3) Platform, Millennium Challenge Corporation

Description: The Millennium Challenge Corporation's (MCC) [Public-Private Partnership \(P3\) Platform](#) creates investment and economic growth opportunities in partner countries by catalysing financing that advances its results-based programmes. The P3 Platform responds to constraints that prevent governments in developing countries from entering into partnerships with private companies.

Objectives: The P3 Platform builds on the MCC's focus on policy and institutional reforms to create the conditions for investment in projects that meet international standards and reduce poverty through economic growth.

Partners: The P3 Platform is a partnership between the MCC, its partner countries and the private sector. The partner countries must demonstrate a capacity for economic growth and an openness to private sector investment and trade. Countries are scored on 20 indicators that measure democracy, good governance, and sound economic and social policies in the areas of ruling justly, economic freedom and investing in people. US companies can enter into partnerships with the P3 Platform through an open, competitive tendering process to provide goods and services for projects. Private sector partners must demonstrate an ability to reduce poverty by providing capital and infrastructure as well as supporting competitive markets and efficient labour services. The MCC manages day-to-day operations with partners. Over the next five years, the MCC will contribute USD 70 million in grants to the P3 Platform, which is expected to catalyse USD 1 billion in financing.

How it works: The P3 Platform offers two types of grants. Compacts are large grants that are awarded to projects in the MCC's partner countries. Small grants are awarded as an incentive for projects in Threshold Program countries – countries that fall slightly below the threshold to become a partner country, but demonstrate a commitment to improve their policy performances. Projects must be country-led, meet the MCC's sector-specific guidelines, and focus on improving market-supporting functions (e.g. property rights that improve the security of investments, infrastructure that reduces companies' costs and travel times, or health and education programmes that strengthen intellectual capital and labour productivity). Projects are only approved following a cost-benefit analysis, a forecasted rate of return of 10%, and a due diligence process that ensures projects adhere to international standards on technical feasibility and financial structuring as well as social and environmental guidelines. Once projects have been approved, countries lead the processes of soliciting and awarding procurement contracts through the MCC's website and, subsequently, the implementation of projects in partnership with the MCC and the private sector.

Private sector partners deepen the impacts of projects during the development and implementation stages by building capacities, adopting new technologies and development practices, providing advice on constraints on growth and opportunities for collaboration, and stimulating trade and investment opportunities to mobilise additional capital. The MCC serves as a hub for private sector activities that identifies partnership opportunities, tracks activities, provides technical leadership and explores pathways for investments. Since transparency and accountability are entrenched within the MCC, partner countries must complete projects within five years and funding will be revoked if the criteria for their selection are no longer met.

Monitoring and evaluation: The MCC commissions independent evaluations that review the impacts and performance of its projects and programmes. Evaluations track lower-level indicators – processes and outputs – during the development and implementation stages and high-level indicators – outcomes and impacts – upon project completion. The monitoring and evaluation process includes the production of open data, independent evaluations and the analysis of impacts on beneficiaries, constraints and economic rates of return.

Development Assistance Committee member: United States

Duration: 2015-20

Budget: USD 70 million

Geographic focus: Well-governed low- and lower-middle-income countries

Sectoral focus: Open

Offered: Grants for countries and procurement contracts for the private sector

Results: No results were found likely because the P3 Platform is a relatively new initiative.

Insights: The P3 Platform has been established as a dedicated platform to strategically engage the private sector. It is set to facilitate greater private sector engagement and leverage private sector finance, skills and technologies.

SOURCES:

MCC (n.d.a.), “MCC’s Public-Private Partnership Platform”, www.mcc.gov/initiatives/initiative/public-private-partnership-platform (accessed 1 July 2016).

MCC (n.d.b.), “Resources: Compact development guidance”, www.mcc.gov/resources/compact-development-guidance (accessed 1 July 2016).

MCC (n.d.c.), “Working with the private sector”, www.mcc.gov/work-with-us/private-sector (accessed 1 July 2016).