



Millennium Challenge Corporation (MCC): Challenges and Opportunities

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Abstract: MCC's approach to country ownership of the development process represents a challenge and an opportunity in building climate mitigation and adaptation into MCC's funding vehicle, the Compact. For some MCC countries, climate change has meant grappling with a new paradigm and rethinking resource availability for development. This is particularly true for countries that have not previously faced resource constraints such as water availability, but for which current climate models identify climate vulnerability such as reduced precipitation or increased variability in rain events. In such cases, the EIA process becomes a vehicle for learning, a dialogue on resource management and a process for coming to grips with the requirements for improved natural resource management. In other MCC countries, the awareness of climate change and its impacts is acute. Like many of us, though, countries struggle with how to best incorporate climate risks and mitigations into their planning and project design and how such climate adaptation and mitigation efforts enhance development outcomes in the present. These decisions are not without costs and trade-offs. For example, constructing more robust drainage capacity to address the increased frequency and intensity of storms does increase costs, which may be hard to justify if the risks are not clearly defined and articulated. However, assessing such risks and opportunities via EIA process creates an important opportunity for learning and dialogue at the project and national level regarding how best to address these risks in a climate change world. For MCC, country-ownership is a principle, but it is also a commitment to a partnership in solving these problems.

Summary: MCC's approach to country ownership presents a challenge and an opportunity for building climate mitigation and adaptation into MCC's funding vehicle, the Compact. It involves assisting some countries through the Environmental and Social Impact Assessment process in understanding the risks of climate change. In other cases, it involves assisting countries in identifying the opportunities to build climate mitigation and adaptation into their project design.