

Report on the Selection of Eligible Countries for Fiscal Year 2025



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

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SUMMARY

This report is provided in accordance with section 608(d)(1) of the Millennium Challenge Act of 2003, as amended (the Act) (22 U.S.C. 7707(d)(1)).

The Act authorizes the provision of assistance under section 605 of the Act (22 U.S.C. 7704) to countries that enter into compacts with the United States to support policies and programs that advance the progress of such countries in achieving lasting poverty reduction through economic growth and are in furtherance of the Act. The Act requires the Millennium Challenge Corporation (MCC) to determine the countries that will be eligible to receive assistance for the fiscal year, based on their demonstrated commitment to just and democratic governance, economic freedom, and investing in their people, as well as on the opportunity to reduce poverty through economic growth in the country. The Act also requires the submission of reports to appropriate congressional committees and the publication of notices in the *Federal Register* that identify, among other things:

1. The countries that are “candidate countries” for assistance for fiscal year (FY) 2025 based on their per-capita income levels and their eligibility to receive assistance under U.S. law, and countries that would be candidate countries, but for specified legal prohibitions on assistance (section 608(a) of the Act (22 U.S.C. 7707(a)));
2. The criteria and methodology that the Board of Directors of MCC (the Board) used to measure and evaluate the policy performance of the “candidate countries” consistent with the requirements of section 607 of the Act in order to determine “eligible countries” from among the “candidate countries” (section 608(b) of the Act (22 U.S.C. 7707(b))); and
3. The list of countries determined by the Board to be “eligible countries” for FY 2025, with justification for eligibility determination and selection for compact negotiation, including with which of the eligible countries the Board will seek to enter into compacts (section 608(d) of the Act (22 U.S.C. 7707(d))).

This is the third of the above-described reports by MCC for FY 2025. It identifies countries determined by the Board to be eligible under section 607 of the Act (22 U.S.C. 7706) for FY 2025 with which MCC seeks to enter into compacts under section 609 of the Act (22 U.S.C. 7708), as well as the justification for such decisions. The report also identifies countries selected by the Board to receive assistance under MCC’s threshold program pursuant to section 616 of the Act (22 U.S.C. 7715).

Following the passage of the MCC Candidate Country Reform Act, as part of the National Defense Authorization Act on December 18, 2024, MCC’s Board of Directors is considering additional countries for MCC assistance for FY 2025. Should the Board select another eligible country, MCC will submit a report notifying Congress of such selection(s).

ELIGIBLE COUNTRIES

The Board met on December 18, 2024, to select those eligible countries with which the United States, through MCC, will seek to enter into a Millennium Challenge Compact pursuant to section 607 of the Act (22 U.S.C. 7706). The Board selected the following eligible country for such assistance for FY 2025: Liberia. Liberia is invited by MCC to develop a compact. The Board also selected the following previously selected countries for compact assistance for FY 2025: Cabo Verde, Senegal, and The Gambia. The Board did not vote on the selection of Togo, a country previously selected for compact assistance.

CRITERIA

In accordance with the Act and with the “Selection Criteria and Methodology Report for Fiscal Year 2025” formally submitted to Congress on September 20, 2024, selection was based primarily on a country’s overall performance in three broad policy categories: *Ruling Justly*, *Encouraging Economic Freedom*, and *Investing in People*. The Board relied, to the fullest extent possible, upon transparent and independent indicators to assess countries’ policy performance and demonstrated commitment in these three broad policy areas. The Board compared countries’ performance on the indicators relative to their income-level peers, evaluating them in comparison to either the group of countries with a GNI per capita equal to or less than \$2,165, or the group with a GNI per capita between \$2,166 and \$4,515.

The criteria and methodology used to assess countries, including the methodology for the annual scorecards, are outlined in the “[Selection Criteria and Methodology Report for Fiscal Year 2025](#).” Scorecards reflecting each country’s performance on the indicators are available on MCC’s website at <https://www.mcc.gov/who-we-select/scorecards>.

The Board also considered whether any adjustments should be made for data gaps, data lags, or recent events since the indicators were published, as well as strengths or weaknesses in particular indicators. Where appropriate, the Board considered additional quantitative and qualitative information, such as evidence of a country’s commitment to fighting corruption, investments in human development outcomes, or poverty rates. MCC has a [Guide to Supplemental Information](#)² available on its website to increase transparency about the type of supplemental information the Board uses to assess a country’s policy performance. In keeping with statutory requirements, the Board also considered the opportunity to reduce poverty and promote economic growth in a country, as well as the availability of appropriated funds.

The Board sees the selection decision as an annual opportunity to determine where MCC funds can be most effectively used to support poverty reduction through economic growth in well-governed countries with demonstrated development need. The Board carefully considers the appropriate nature of each country partnership—on a case-by-case basis—based on factors related to poverty reduction through economic growth, the sustainability of MCC’s investments, and the country’s ability to attract and leverage public and private resources in support of development.

¹ Available at <https://www.mcc.gov/resources/doc/report-selection-criteria-methodology-fy25>

² Available at <https://www.mcc.gov/resources/doc/guide-to-supplemental-information>

This was the seventh year the Board considered the eligibility of countries for concurrent compacts, as permitted under section 609(k) of the Act. In addition to the considerations for compact eligibility detailed above, the Board considered whether a country being considered for a concurrent compact is making considerable and demonstrable progress in implementing the terms of its existing compact.

This was the sixteenth year the Board considered the eligibility of countries for subsequent compacts, as permitted under section 609(l) of the Act. MCC's engagement with partner countries is not open-ended, and the Board is deliberate when selecting countries for follow-on partnerships, particularly regarding the higher bar applicable to subsequent compact countries. The Board considered—in addition to the criteria outlined above—a country's performance implementing its prior compact, including the nature of the country's partnership with MCC, the degree to which the country has demonstrated a commitment and capacity to achieve program results, and the degree to which the country implemented the compact in accordance with MCC's core policies and standards. To the greatest extent possible, these factors are assessed using pre-existing monitoring and evaluation targets and regular quarterly reporting. This information is supplemented with direct surveys and consultation with MCC staff responsible for compact implementation, monitoring, and evaluation. MCC has a [Guide to the Program Surveys](#)³ available on its website regarding the information collected and assessed for any country with an existing or prior compact or threshold program to ensure transparency about the type of information the Board considers regarding a country's performance on MCC programs, as relevant. The Board also considered a country's commitment to further sector reform, as well as evidence of improved scorecard policy performance.

COUNTRIES NEWLY SELECTED FOR COMPACT ASSISTANCE

Using the criteria described above, one candidate country under section 606(a) of the Act (22 U.S.C. 7705(a)) was newly selected as eligible for assistance under section 607 of the Act (22 U.S.C. 7706): **Liberia**. Liberia is invited by MCC to develop a compact.

Liberia: A prior compact partner, Liberia passes the scorecard for the third consecutive year in FY 2025. One of the world's poorest countries, Liberia is a politically stable democracy that has seen two decades of peace since the second civil war ended in 2003. General elections held in late 2023 were free, fair, competitive, and peaceful, and the new government has committed to prioritize reforms to boost the economy, advance national reconciliation efforts, and strengthen the fight against corruption. MCC's Board selected Liberia as eligible to develop a subsequent compact in recognition of the progress the country has made to strengthen its scorecard performance and pursue economic and democratic governance reforms. The selection provides MCC the opportunity to develop a program that could significantly impact the lives of the Liberian people through a committed and engaged former MCC partner.

COUNTRIES SELECTED TO CONTINUE COMPACT DEVELOPMENT

Three of the countries selected as eligible for compact assistance for FY 2025 were previously selected for FY 2024. **Cabo Verde** (regional), **Senegal** (regional), and **The Gambia** were selected to continue developing compacts. Selection of these countries for FY 2025 was based on an assessment of their policy performance since their prior selection and their progress in developing programs with MCC. The Board

³ Available at <https://www.mcc.gov/resources/doc/guide-to-the-program-surveys/>

deferred a vote on the selection of **Togo** to continue developing a compact to provide the Government of Togo additional time to strengthen the protection of democratic rights and fundamental freedoms as it implements its new constitution and transitions to a new system of government next year. In making its decision to defer a vote, the Board discussed the importance of the Government of Togo taking meaningful action to address MCC's concerns regarding the country's constitutional change process and restrictions on fundamental freedoms. The Board may revisit its decision over the course of 2025 as more information becomes available.

COUNTRY SELECTED TO RECEIVE THRESHOLD PROGRAM ASSISTANCE

The Board did not newly select any countries to receive threshold program assistance for FY 2025.

COUNTRIES SELECTED TO CONTINUE DEVELOPING THRESHOLD PROGRAMS

The Board selected **Philippines** and **Tanzania** to continue developing threshold programs.

Selection of Philippines for FY 2025 was based on its commitment to strengthening its policy performance, protections for human rights and fundamental freedoms, and anti-corruption efforts since its prior selection and its progress developing its threshold program.

Selection of Tanzania for FY 2025 recognized the progress that has been made in developing a threshold program. However, in making the selection the Board expressed concern that the November 27 local elections were a missed opportunity to open political space and advance democratic reforms. The Board also noted with concern reports of disappearances, political violence, and restrictions on peaceful assembly and press freedoms and urges the Government of Tanzania to protect democratic freedoms as the country prepares for national elections in 2025.

ONGOING REVIEW OF PARTNER COUNTRIES' POLICY PERFORMANCE

The Board emphasized the need for all partner countries to maintain or improve their policy performance. If it is determined during program implementation that a country has demonstrated a significant policy reversal, MCC can hold it accountable by applying [*MCC's Suspension and Termination Policy*](#).⁴

⁴ Available at <https://www.mcc.gov/who-we-select/suspension-or-termination>

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