

Report on the Selection of Eligible Countries for Fiscal Year 2026



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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 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 and invest in shared prosperity. 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) 2026 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 2026, 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 report fulfills the requirements under the third of the above-described reports by MCC for FY 2026. It identifies countries determined by the Board to be eligible under section 607 of the Act (22 U.S.C. 7706) for FY 2026 with which MCC will initially seek to enter into compacts under section 609 of the Act (22 U.S.C. 7708), as well as the justification for such decisions. This 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).

ELIGIBLE COUNTRIES

On December 17, 2025, the Board selected those eligible countries with which the United States, through MCC, will initially seek to enter into a Millennium Challenge Compact pursuant to section 607 of the Act (22 U.S.C. 7706). The Board selected **Ecuador** as eligible for such assistance for FY 2026. Ecuador is invited by MCC to develop a potential compact.

CRITERIA

In accordance with the Act and the “Selection Criteria and Methodology Report for Fiscal Year 2026” formally submitted to Congress on October 3, 2025, selection was based 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 policy areas. The Board compared countries’ performance on the indicators relative to their income-level peers. Those income peer groups in Fiscal Year 2026 are countries with a GNI per capita equal to or less than \$2,155, a GNI per capita between \$2,156 and \$4,495, or a GNI per capita between \$4,496 and \$7,855.

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 2026](#)”¹ Scorecards reflecting each country’s performance on the indicators are available on MCC’s website at <https://www.mcc.gov/who-we-select/scorecards>.

Beyond the scorecard, the Board considered additional quantitative and qualitative supplemental information, including the investment climate and opportunities to strengthen market fundamentals, countries’ commitment to undertake reforms, the ability to advance U.S. investments and objectives in the country, the likelihood that MCC investments will be maintained and deliver long-term results, and the opportunity to reduce poverty and advance shared prosperity. The Board also considered the availability of appropriated funds.

The Board sees selection decisions as an opportunity to determine where MCC funds can be most effectively deployed. The Board carefully considers the appropriate nature of each country partnership on a case-by-case basis.

MCC’s engagement with its partner countries is not open-ended, but rather time-limited and based on a data-driven constraints analysis, and the Board is deliberate when selecting countries for follow-on partnerships, particularly regarding the higher bar applicable to subsequent and concurrent compact countries. The Board considered—in addition to the criteria outlined above—a country’s performance implementing any prior programs, 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 a prior program in accordance with MCC’s core policies and standards.

¹ Available at <https://www.mcc.gov/resources/doc/report-selection-criteria-methodology-fy26/>

COUNTRY NEWLY SELECTED AS ELIGIBLE FOR A COMPACT

Using the criteria described above, **Ecuador**, a 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). Ecuador is invited by MCC to develop a potential compact.

Ecuador: Ecuador has demonstrated a commitment to undertaking significant reforms to make progress toward fiscal stability. The country has suffered anemic growth and low foreign direct investment in recent years, presenting a key opportunity to leverage MCC's expertise to address key barriers for the private sector and economic growth. An MCC program can also demonstrate the U.S. Government's commitment to strengthening partnerships in the Western Hemisphere. With Ecuador's strong performance on the MCC scorecard and willingness to implement necessary reforms, an MCC program has the potential to make a lasting impact, drive shared prosperity, and generate clear benefits to both the United States and a key partner in the region.

COUNTRIES NEWLY SELECTED TO DEVELOP POTENTIAL THRESHOLD PROGRAMS

The Board selected **Bolivia** and **Guatemala** to develop potential threshold programs.

Bolivia: The recently elected government of Bolivia faces a daunting task to address an immediate macroeconomic and foreign exchange crisis and longer-term structural economic challenges. As a country experiencing a significant transition, an MCC threshold program can provide an agile mechanism for supporting the Bolivian government's efforts to pursue reforms to lay the groundwork for private sector-led growth. Such a program also offers an opportunity to build the bilateral relationship and generate shared prosperity for Bolivia and the United States.

Guatemala: A former threshold program partner, Guatemala is an important anchor of the U.S. relationship with Central America and has demonstrated a clear commitment to shared prosperity while pursuing needed reforms to strengthen its business environment to attract private investment. An MCC threshold program could support these types of efforts, creating a safer, stronger, and more prosperous future for both Guatemala and the United States.

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*](#).²

² Available at <https://www.mcc.gov/who-we-select/suspension-or-termination>

