

A photograph of a construction site for a bridge. Several large concrete piers are visible, with the one in the foreground being the most prominent. It is surrounded by a complex network of blue metal scaffolding. The ground is dirt and gravel. In the background, other bridge piers and a dirt road are visible under a clear sky.

# Fiscal Year 2027 Congressional Budget Justification

April 2026



MILLENNIUM  
CHALLENGE CORPORATION  
UNITED STATES OF AMERICA



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*The Millennium Challenge Corporation is an independent U.S. Government agency focused on unlocking growth through results-driven foreign assistance. MCC grants support large-scale infrastructure, strategic reforms, and economic modernization. MCC advances America's economic and strategic interests by delivering measurable returns to both recipients and U.S. taxpayers—expanding commercial opportunities for U.S. businesses, reducing the influence of competitors, and reinforcing global environments aligned with American values.*

Cover photo: Jake Lyell for MCC.



## EXECUTIVE SUMMARY

(in millions of \$)	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request
Total Appropriation/Request	930.0	830.0	609.0
Total Compact Assistance	650.0	550.0	329.0
Threshold Programs	31.0	35.0	35.0
Compact Development/Oversight:	101.5	95.5	103.5
<i>Compact Development Funding</i>	24.0	20.0	24.0
<i>Due Diligence</i>	77.5	75.5	79.5
Administrative Expenses	143.0	145.0	137.0
Office of the Inspector General	4.5	4.5	4.5
Rescission/Cancellation of Prior Year Balances		(661.3)	(385.0)
<b>Net Budget Authority by Fiscal Year</b>	<b>930.0</b>	<b>168.7</b>	<b>224.0</b>

The Millennium Challenge Corporation (MCC) requests \$609 million for fiscal year (FY) 2027 to promote American prosperity by unlocking economic growth in partner countries. The Budget also includes a cancellation of \$385 million in prior year MCC unobligated balances, thus demonstrating a commitment to fiscal discipline and efficiency.

For more than two decades, MCC has delivered results through large, multi-year compacts that drive economic growth while opening new markets, boosting U.S. trade, and creating opportunities for American businesses. MCC works only with countries that meet rigorous eligibility criteria and align with U.S. interests, ensuring accountability and a strong return on investment for the American people. By combining infrastructure investments with policy reforms, MCC creates new markets, builds preference for U.S. standards, services and products, strengthens U.S. influence, and demonstrates that America is the partner of choice.

The FY 2027 request supports the following programs and activities:

- **Program Development.** In FY 2027, MCC plans to continue development and begin pre-implementation work on compacts in Fiji and Ecuador and threshold programs in Tonga and Guatemala. FY 2027 funds also would support initial development costs of potential new compact and threshold program selections to be made by MCC's Board of Directors in 2026.
- **Oversight of Program Implementation.** MCC maintains a rigorous oversight model, projected to be across 14 implementing programs in FY 2027, including compact and threshold program reviews, portfolio management, and activity modifications.
- **Selection and Economic Analysis.** MCC administers a competitive selection process, whereby countries selected by MCC's Board of Directors as compact-eligible must demonstrate a clear commitment to MCC's statutorily mandated eligibility criteria in the areas of economic freedom, ruling justly, and investing in people. The agency has recently strengthened its country selection process by adding an America First lens to ensure MCC programs deliver the greatest impact for

partner countries and tangible benefits for the American people. Following country selection, the agency uses economic analysis to identify constraints to economic growth as an evidence-based way of prioritizing areas for investment, with renewed emphasis on strengthening U.S. private sector opportunities. In addition to relying on cost-benefit analysis of individual project investments, MCC will also assess returns for U.S. investors, exporters, and critical supply chains.

- **Evidence, Monitoring and Evaluation.** MCC takes an evidence-based approach to developing projects and assessing impacts, including publishing summaries of MCC evaluations. These reports consolidate critical programmatic information throughout the lifecycle of each compact and threshold program to draw on the lessons learned in areas such as performance, sustainability, and other best practices. MCC has consistently earned top rankings for the agency's commitment to transparency and evidence.

## ALIGNMENT WITH AMERICA FIRST PRIORITIES

### EXPANDING OPPORTUNITIES FOR U.S. BUSINESSES

MCC works to unlock U.S. private sector investment in fast-growing overseas markets by removing barriers to participation, which creates new openings for U.S. exports in high-demand sectors. MCC drives American prosperity by creating conditions that allow U.S. firms to compete and grow in emerging markets. Its investments in energy, transport, digital transformation, and regulatory reforms reduce barriers to private investment, increase market transparency, and generate demand for American goods and services. By leveraging blended finance and partnering with the U.S. International Development Finance Corporation (DFC) and other interagency partners, MCC amplifies the reach of its grants, unlocking commercial opportunities and helping U.S. companies establish a strong foothold in fast-growing economies.

### SECURING SUPPLY CHAINS AND CRITICAL MINERALS

MCC is increasingly focused on securing and diversifying U.S. critical mineral supply chains, including by de-risking private sector investments and expanding opportunities for U.S. firms, financing public sector infrastructure that makes the supply chains viable, and countering outside influence over strategic assets. Across its portfolio, MCC estimates that more than \$1.1 billion of the agency's investments directly and indirectly contribute to U.S. critical minerals objectives, primarily through infrastructure in the energy, transport, coastal, and port sectors that enable mineral extraction, processing, and export in countries with significant reserves. By pairing infrastructure investments with policy and regulatory reforms in challenging operating environments, MCC strengthens U.S.-linked value chains, improves access to strategically important minerals, and advances U.S. national security and economic interests.

### COUNTERING GEOPOLITICAL RIVAL INFLUENCE

MCC is unique in its ability to deliver large-scale infrastructure to key allies. By funding high-quality infrastructure like road and port infrastructure and energy initiatives—coupled with policy reforms and know-how that assure their maximum effect—MCC provides a transparent alternative to China's Belt and Road Initiative, which often leaves countries burdened with unsustainable debt and low-quality infrastructure. MCC is currently working with seven country partners in the Asia-Pacific region, including a compact program with Fiji and threshold programs with Solomon Islands, Tonga, and Kiribati. With growing Chinese interest in the Pacific islands, MCC's partnerships strengthen relations with these island nations and represent substantial U.S. Government presence in these countries. Similarly, MCC is currently working with four country partners in the Western Hemisphere, including developing a compact with Ecuador and threshold programs with Bolivia and Guatemala. MCC's work in Africa, with countries like Mozambique and Zambia, also demonstrate a clear alternative. In an era of intensifying competition, MCC programs are strategic assets that diminish the leverage of adversaries by providing transparent, sustainable financing that allows partner countries to strengthen their economies without becoming dependent on rivals.

## STRENGTHENING STRATEGIC U.S. TECHNOLOGY LEADERSHIP AND EXPORT

MCC advances key objectives of the U.S. National Security Strategy by strengthening America’s technology leadership, economic competitiveness, and exports, including in frontier areas such as artificial intelligence (AI), by investing in foundational digital infrastructure and efforts to increase favorability for secure U.S. technology standards, products and services in emerging economies. In alignment with Executive Order 14320 and U.S. national security strategies, MCC lays the groundwork for adoption of U.S. AI technology by integrating digital opportunities into program design and investing in trusted infrastructure, aligned data systems, and enabling regulatory frameworks. MCC’s digital investments focus on: (1) Improving the business environment to level the playing field for U.S. technology firms and promote U.S. standards on security, data sharing, privacy, and interoperability; (2) Building trusted digital and data infrastructure; and (3) Developing a digitally skilled workforce. This approach enhances MCC’s relevance and leverage, counters strategic competitors, and positions emerging economies to adopt U.S. technologies.

## COMPACTS

(in millions of \$)	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request
Total Compacts	650.0	550.0	329.0

MCC’s FY 2027 request includes \$329 million in compact funding. Compacts are five-year agreements between MCC and an eligible country to fund specific programs to stimulate economic growth. During compact development, MCC collects data to inform decisions; identifies clear, measurable objectives; incorporates lessons learned; builds monitoring and evaluation approaches into the design of each project; and assesses likely impacts. MCC’s unique program development model reflects the principle of country ownership—the belief that assistance is most effective when built on a partnership (or “compact”) where countries assume significant responsibility for their own economic development. All MCC programs should support partner country economic growth while advancing American interests.

### FIJI

MCC’s Board selected Fiji as eligible to develop a compact in August 2025. Fiji serves as a regional hub for transportation, business, healthcare, and workforce development in the Pacific. MCC worked with the Government of Fiji, private sector and civil society stakeholders to identify constraints to economic growth in the country, a process that will inform the design of the compact. In February 2026, Deputy Secretary of State Christopher Landau traveled to Fiji to discuss the results of the constraints analysis and sign the Compact Development Funding Agreement. MCC plans to submit the compact program to the Board for approval in late FY 2027.

### ECUADOR

Following the MCC Board’s selection of Ecuador as eligible to develop a compact in December 2025, MCC staff traveled to Ecuador and met with Vice President Maria José Pinto and other senior Government of Ecuador officials to provide clarity on the MCC model, outline the compact development process, and review next steps. The visit also included extensive engagement with U.S. companies and private sector representatives, civil society organizations, and international financial institutions.



## THRESHOLD PROGRAMS

(in millions of \$)	FY 2025	FY 2026	FY 2027
	Enacted	Enacted	Request
Threshold Programs	31.0	35.0	35.0

MCC is requesting \$35 million for threshold program assistance in FY 2027 to support potential new country selections in 2026.

Threshold programs are a powerful tool to incentivize policy and institutional reforms that address binding constraints to economic growth and encourage improved performance on MCC’s eligibility criteria. By focusing on policy reforms and strengthening institutions in critical sectors, threshold programs complement the “MCC Effect” created by MCC’s statutory eligibility criteria and scorecard, whereby countries make difficult policy changes to qualify for MCC assistance.

Threshold programs also allow partner countries to demonstrate, and MCC to assess, whether a potential future compact would be impactful and cost-effective. Because MCC uses the same rigorous, evidence-based approach in threshold programs as it does in compacts, these programs are designed to maximize potential systemic impact and lay the foundation for larger investments. While countries selected for threshold program assistance are not guaranteed compact eligibility, successful engagement in the development and implementation of a threshold program can yield significant advantages for a potential future compact. If a country does not become compact eligible, a threshold program can help create the conditions for additional investment from the private sector or by other donors.

### BOLIVIA

In December 2025, MCC’s Board selected Bolivia to develop a threshold program. MCC conducted its initial engagement mission in February 2026 to meet with senior Bolivian officials and the private sector to validate MCC’s analysis of constraints to economic growth. MCC is undertaking an accelerated program development process through FY 2026, anticipating a program that will focus on attracting private sector investment into the country and on improving transport and logistics infrastructure.

### GUATEMALA

In December 2025, MCC’s Board selected Guatemala to develop a threshold program. MCC conducted its initial engagement mission in February 2026 to meet with senior Guatemalan officials, private sector actors, and civil society representatives to validate MCC’s analysis of constraints to economic growth, which will inform the root cause analysis and project design. MCC expects to complete program development in the first half of FY 2027.

### PHILIPPINES

MCC’s Board selected the Philippines to develop a threshold program in December 2023. MCC’s Board elected to continue the Philippines program in November 2025. The Government of the Philippines

and MCC are in the final stages of designing the threshold program, which will focus on enhancing energy security and reducing barriers to investment in energy. The program will be presented to the Board for consideration in June 2026.

## TONGA

MCC's Board selected Tonga to develop a threshold program in August 2025. MCC completed the constraints analysis in January 2026, and in February, MCC and the Government of Tonga agreed to focus the threshold program on energy and digital technology. With respect to digital technology, this program could strengthen Tonga's capacity to leverage the digital economy while putting in place trusted digital equipment and U.S.-aligned technology standards consistent with the objectives of the U.S. National Security Strategy and the Executive Order 14320 on AI exports. Assisting the Tongan government to reform and better regulate the energy sector has the potential to incentivize American competition to enter the supply and storage markets. MCC will present the program to the Board in FY 2027.

## FUTURE PROGRAMS

The FY 2027 funding request will support programs with countries that may be selected by MCC's Board in December 2026. The average program size for threshold programs is approximately \$35 million, and the requested funding will support potential threshold programs should promising candidates emerge in the annual selection process.

## COMPACT DEVELOPMENT & OVERSIGHT

(in millions of \$)	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request
Compact Development/Oversight	101.5	95.5	103.5
Compact Development Funding	24.0	20.0	24.0
Due Diligence	77.5	75.5	79.5

Compact development and oversight funding comprise both compact development funding (CDF) as authorized under Section 609(g) of the Millennium Challenge Act of 2003, as amended, and due diligence funding. These funds support pre-compact planning and assessment, oversight activities during implementation, and post-compact evaluations. These activities are critical to the success of MCC programs and ensure that the agency and partner countries can take advantage of the learning opportunities inherent in MCC programs.

For FY 2027, the request includes \$103.5 million for compact development and oversight, further broken down with \$24 million planned toward compact development funding and \$79.5 million for due diligence to support monitoring, programmatic oversight, and data collection and evaluation.

### COMPACT DEVELOPMENT FUNDING

CDF allows MCC to provide funding for eligible countries for the purposes of facilitating the development of a compact, as noted in section 609(g) of MCC's authorizing statute. Laying the groundwork for compact programs helps MCC improve the quality of compacts and the ability of partner countries to implement the programs successfully. Such groundwork includes project design studies, feasibility studies, environmental and social impact assessments, engineering and geotechnical designs, economic baseline surveys, technical assessments of financial management and procurement capabilities, and other specialized analyses. These help partner countries fully prepare projects that achieve substantial results for compact programs and can be implemented within the fixed five-year timeframe and budget.

The CDF requested for FY 2027 will support the programs to be potentially selected in December 2026 as they launch their development processes.

### DUE DILIGENCE

MCC utilizes due diligence funds at every stage of the compact and threshold program lifecycle.

MCC utilizes due diligence funds after program closure to conduct independent impact and performance evaluations that use rigorous statistical methods to measure results related to MCC activities. In addition to offering valuable lessons on how MCC programs can improve, independent evaluations provide critical information about program successes and ensure MCC projects have their intended impact. Each of these independent evaluation packages is fully available to the public on the [MCC Evidence Platform](#), an interactive web-platform designed to encourage the use of MCC's data and analysis.

Due diligence funds also support accessing the data and technical expertise needed for calculating economic rates of return for compact projects. Through pre-compact economic modeling of expected economic rates of return, MCC can determine which projects are most likely to generate benefits and then refine program design to optimize results.

Due diligence funds allow MCC to obtain the information necessary to evaluate proposed projects during compact and threshold development, to effectively oversee and monitor projects during implementation, and to evaluate the results after closure. MCC utilizes these funds to procure the technical expertise required throughout the compact and threshold lifecycles.

## LIBERIA

MCC is using due diligence funds to assess whether programming with Liberia, subject to the Board's consideration, would generate American returns by supporting the critical minerals sector, especially ones that align with energy priorities. This analysis remains at nascent stages with due diligence and administrative expense funding dedicated to the effort. MCC is engaging with government, civil society, and the private sector in assessing possibilities for mutually beneficial investments.

## ADMINISTRATIVE EXPENSES

(in millions of \$)	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request
Total Administrative Expenses	143	145	137
Human Capital	89	85	85
Training	1	1	1
Overseas Operations	16	15	12
Contracted Services	11	17	14
Information Technology	14	16	15
Rent, Leasehold & Improvements	10	7	6
Travel	2	4	4
Other Administrative Expenses	-	-	-

For FY 2027, MCC requests \$137 million in administrative expenses to support mission critical functions, including overseas operational support, human capital, human resources, domestic and international security, financial management and oversight, contracts and grants acquisition, shared service provider support, travel and travel support, audit and risk management, facilities management, rent, information technology, and cybersecurity.

### HUMAN CAPITAL

The budget includes \$85 million toward human capital expenses, reflecting MCC's commitment to retaining and recruiting high-caliber staff with specialized skills to provide quality program oversight.

MCC uses a merit pay framework that provides staff with pay raises based on their performance ratings. Like the GS pay scale, MCC also includes comparable increases to the established pay bands. Both adjustments are in line with standard inflationary increases for full-time equivalent (FTE) civil servants. This budget also includes funding in support of MCC's transition to the U.S. Office of Personnel Management's consolidated Core Human Capital Management (Core HCM) system, which will consolidate outdated and inefficient human resources systems into a single, modern Core HCM platform. This single, modern platform will encompass personnel action processing, employee system of record, position management, and workforce analytics, among other human resource functions.

### OVERSEAS OPERATIONS

MCC's FY 2027 budget includes \$12 million to continue supporting overseas administrative operations, including locally-engaged staff salaries and benefits and resident country management team costs, including rent, residential allowances, relocation expenses, travel related to resident country mission, shipping, office and residential furniture, IT equipment, and official vehicles. MCC's overseas presence is projected to decrease by the end of FY 2026, but MCC's cost share of FY 2027 International Cooperative Administrative Support Services (ICASS) and Capital Security Cost Sharing expenses is projected to increase. MCC continuously reviews the costs related to overseas operations to maximize the use of funding

while providing adequate support toward the relatively small overseas presence (typically two FTE per compact and one per threshold program). This request factors in global inflationary increases impacting the cost of doing business in partner countries, such as ICASS, security, travel, shipping, and deployment.

## INFORMATION TECHNOLOGY (IT)

Cybersecurity threats keep evolving and overall risk remains high. MCC continues to enhance its monitoring and behavior analytics capabilities and is integrating them with its Security Operations Center. MCC remains focused on supporting the agency's move to a zero-trust architecture consistent with best practice, the principles in Executive Order 14028 on Improving the Nation's Cybersecurity and subsequent guidance on zero-trust from the Cybersecurity & Infrastructure Security Agency, and OMB memo M-22-09.

MCC continues to upgrade infrastructure and systems through incremental deployments and uses a multi-year approach to address its technology backlog and refresh aging equipment. Demand for digital services remains high, playing a central role in supporting MCC's mission-focused systems and data-driven decision making. MCC continues to demonstrate its commitment to open data and will continue investing in leveraging data as a strategic asset and participating in open data and transparency initiatives.

MCC has initiated planning for the evaluation and implementation of enterprise-level AI productivity tools for agency-wide use. This effort will prioritize solutions that streamline internal processes, enhance knowledge management, and strengthen MCC's ability to deliver evidence-based foreign assistance—while safeguarding sensitive data and maintaining transparency in line with U.S. Government standards. MCC will ramp up staff training to identify AI opportunities and use cases that can help increase efficiency while promoting innovation and accountability in adopting emerging technologies. MCC will assess the viability of advanced AI solutions, including customized MCC domain AI, scaled AI-assisted automation, and enhanced program design and partner support tools.

## RENT

MCC anticipates \$6 million being needed in FY 2027 for known, continuing rent costs for office space at MCC's headquarters inclusive of inflationary increases built into the lease agreement. The award of a new lease, negotiated and awarded at the end of 2024, resulted in overall cost savings for the agency and reduced the agency's overall space footprint. In early FY 2026, MCC finalized a major reduction of its lease space of more than 25 percent (28,268 square feet).

**OFFICE OF INSPECTOR GENERAL**

<b>(in millions of \$)</b>	<b>FY 2025 Enacted</b>	<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>
Office of the Inspector General	4.5	4.5	4.5

The estimates for the funding level of the Office of Inspector General (OIG) in this submission are based on previously requested levels and the not-to-exceed amount authorized in the Millennium Challenge Act of 2003, as amended, for this purpose. MCC and OIG establish an interagency agreement on an annual basis in support of oversight of MCC's programs.







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