

Fiscal Year 2026 Congressional Budget Justification



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

MAY 2025

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Executive Summary

(in millions of \$)	FY 2024 Enacted	FY 2025 Annualized CR	FY 2026 Request
Total Appropriation/Request	930.0	930.0	224.0
Total Compact Assistance	650.0	650.0	-
Threshold Programs	41.0	31.0	-
Compact Development/Oversight:	91.5	101.5	91.5
<i>Compact Development Funding</i>	<i>15.3</i>	<i>24.0</i>	<i>20.0</i>
<i>Due Diligence</i>	<i>76.2</i>	<i>77.5</i>	<i>71.5</i>
Administrative Expenses	143.0	143.0	128.0
Office of the Inspector General	4.5	4.5	4.5
Cancellation of Prior Year Balances			(1,215.0)

Overview

The Millennium Challenge Corporation (MCC) requests \$224 million for fiscal year (FY) 2026 to promote American prosperity through economic growth in partner countries. The Budget also includes a cancellation of \$1.2 billion in prior year MCC unobligated balances, demonstrating a commitment to fiscal discipline and efficiency.

For more than two decades, MCC has invested in partner countries to create new opportunities for U.S. investment, trade, and jobs, opening valuable opportunities for American businesses while effectively countering the growing influence of China’s Belt and Road Initiative (BRI).

MCC makes America safer by helping the United States and its businesses gain reliable access to critical minerals in partner countries—strengthening U.S. supply chains and diminishing the strategic leverage of adversaries. MCC investments also address the root causes of illegal migration and violent extremism through strategic investments that promote stability and economic opportunity in vulnerable regions.

MCC makes America stronger by offering a transparent, high-quality alternative to China’s BRI, enabling partner countries to avoid debt-laden, low-standard projects. MCC-funded infrastructure and economic reforms align with American interests and compacts are subject to the agency’s strict eligibility criteria. MCC’s time-limited, five-year compacts are held to high standards and subject to suspension or termination if countries fail to advance American priorities.

MCC makes America more prosperous by reducing barriers to U.S. business investment overseas and creating new markets for American goods and services through targeted infrastructure and pro-growth policy reforms. MCC also works with partner governments to improve regulatory environments, paving the way for American firms to compete and invest, strengthening trade balances, and fostering growth. All MCC investments must have a concrete return on investment (“ROI”) for Americans, such as increased profits for American businesses.

Budget Justification

For FY 2026, MCC will maintain its rigorous oversight and administration of active compact and threshold programs, including program reviews, portfolio management, activity modifications, monitoring, audit and evaluations.

MCC Program Portfolio

Compacts

(in millions of \$)	FY 2024 Enacted	FY 2025 Annualized CR	FY 2026 Request
Total Appropriation/Request	930.0	930.0	224.0
Total Compacts	650.0	650.0	-

Compacts are five-year agreements between MCC and an eligible country to fund specific programs targeted at stimulating economic growth. MCC's unique model for the development of compact programs reflects the principle of country ownership, a belief that assistance is most effective when built on a partnership (or "compact") in which recipient countries assume greater responsibility for their own economic development.

At the time of the submission of this Congressional Budget Justification, the Administration is conducting a foreign assistance review.

Threshold Programs

(in millions of \$)	FY 2024 Enacted	FY 2025 Annualized CR	FY 2026 Request
Total Appropriation/Request	930.0	930.0	224.0
Threshold Programs	41.0	31.0	-

Threshold programs have proven to be an effective tool to incentivize improved performance on MCC's eligibility criteria in candidate countries and to support positive policy and institutional reforms to address binding constraints to economic growth in selected partner countries.

Compact Development & Oversight

(in millions of \$)	FY 2024 Enacted	FY 2025 Annualized CR	FY 2026 Request
Total Appropriation/Request	930.0	930.0	224.0
Compact Development/Oversight	91.5	101.5	91.5
<i>Compact Development Funding</i>	<i>15.3</i>	<i>24.0</i>	<i>20.0</i>
<i>Due Diligence</i>	<i>76.2</i>	<i>77.5</i>	<i>71.5</i>

Compact Development Funding

Compact development funding (CDF) allows MCC to grant 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. The CDF requested for FY 2026 will support any newly selected programs as they launch their development processes.

Due Diligence

MCC is the only foreign assistance agency worldwide that consistently uses cost-benefit analysis to inform decision making for its investments. Every stage of the program lifecycle is informed by MCC's evidence-based approach to developing projects and assessing impacts. Due diligence funds allow MCC to obtain information that is necessary to evaluate proposed projects during program development, to effectively oversee and monitor projects during implementation, and to independently evaluate the results after closeout. These funds are utilized to procure the technical expertise required throughout the program lifecycles and allow MCC to right-size contractor support requirements based on the relative size and diversity of its portfolio.

Administrative Expenses

(in millions of \$)	FY 2024 Enacted	FY 2025 Annualized CR	FY 2026 Request
Total Appropriation/Request	930	930	224
Total Administrative Expenses	139	143	128
Human Capital	81	87	71
Training	1	1	1
Overseas Operations	16	12	12
Contracted Services	13	10	17
Information Technology	22	15	17
Rent, Leasehold & Improvements	0	13	6
Travel	4	5	4
Other Administrative Expenses	0	-	-

MCC requests \$128 million in administrative expenses that support mission critical functions, such as 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 \$71 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 (or pay-for-performance) framework, which 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.

Overseas Operations

MCC's FY 2026 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 cost share of FY 2026 International Cooperative Administrative Support Services (ICASS) and Capital Security Cost Sharing expenses are projected to increase. Additional funding will also be required to closeout any programs in the portfolio that MCC's Board of Directors determines are not aligned with the Administration's priorities, from shipping, travel and temporary quarters for impacted direct-hire staff and final compensation and benefits for locally-engaged staff.

Information Technology (IT)

Within this request, \$17 million for information technology (IT) to support agency-wide operations, including providing process automation, delivering services for the publication of program data, enhancing analytical services, delivering communication and cloud-based collaboration tools, and providing ongoing improvements for reporting grant disbursements for MCC's partner countries. As cybersecurity threats keep evolving, and overall risk remains high, MCC continues to enhance its monitoring and behavior analytics capabilities and progress toward a zero-trust cybersecurity environment.

Rent

MCC requests \$6 million in FY 2026 for continuing costs for office space at MCC's headquarters inclusive of inflationary increases built into our 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. MCC reduced the agency's overall square footage by more than 25 percent (28,268 square feet) to improve utilization, capitalize on a soft commercial real estate market, and avoid significant moving costs.

Office of Inspector General

(in millions of \$)	FY 2024 Enacted	FY 2025 Annualized CR	FY 2026 Request
Total Appropriation/Request	930.0	930.0	224.0
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. The FY 2026 Budget assumes oversight functions previously managed by USAID will shift to the State Department OIG, following the merger of State and USAID.