

# **Selection Criteria and Methodology Report for Fiscal Year 2026**

October 3, 2025



## **Millennium Challenge Corporation**

### **Selection Criteria and Methodology Report for Fiscal Year 2026**

This document explains how the Board of Directors (the Board) of the Millennium Challenge Corporation (MCC) will identify, evaluate, and select eligible countries for fiscal year (FY) 2026. The document discusses the following:

- (I) Which countries MCC will evaluate
- (II) How the Board evaluates those countries
  - A. Overall evaluation
  - B. For selection of a country for a first compact
  - C. For selection of a country for a subsequent compact
  - D. For selection of a country for a concurrent compact
  - E. For threshold program assistance
  - F. A note on potential transition out of MCC's candidate pool after initial selection

This report is provided in accordance with section 608(b) of the Millennium Challenge Act of 2003, as amended (the Act), as more fully described in Appendix A.

#### **(I) Which countries are evaluated?**

MCC evaluates the policy performance of all candidate countries and statutorily-prohibited countries by dividing them into separate income categories for the purposes of creating “scorecards”, which utilize objective and quantitative data to measure countries’ policy performance on statutorily mandated criteria. These scorecard categories are used to account for the income bias that occurs when countries with more per capita resources perform better than countries with fewer. Appendix B lists all candidate countries and statutorily-prohibited countries for scorecard evaluation purposes and their income category. In FY 2026, those scorecard evaluation income categories<sup>1</sup> are:

- Countries with gross national income (GNI) per capita of \$2,155 or less;
- Countries with GNI per capita between \$2,156 and \$4,495; and
- Countries with GNI per capita between \$4,496 and \$7,855

#### **(II) How does the Board evaluate these countries?**

##### ***A. Overall evaluation***

By statute, when evaluating candidate countries for compact eligibility, the Board assesses (1) performance on a set of statutorily mandated eligibility criteria, (2) the opportunity to invest in shared prosperity and promote economic growth, and (3) the availability of MCC funds.

##### **(1) Policy Performance on Statutorily Mandated Eligibility Criteria**

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<sup>1</sup> The first two income groups align with the definition of low income and lower middle countries using the historical International Development Association (IDA) threshold published by the World Bank. The third category was added in FY 2025 by the passage of the Millennium Challenge Corporation Candidate Country Reform Act and includes a subset of upper middle income countries.

By statute, the Board relies, to the maximum extent possible, upon the best-available objective and quantifiable policy performance indicators. These indicators evaluate country policy performance in a comparable, cross-country fashion. Comprised of 22 third-party indicators in the statutory categories of ruling justly, encouraging economic freedom, and investing in people, MCC scorecards are created for all candidate countries and statutorily-prohibited countries. Appendix C lists the 22 indicators that comprise the MCC scorecards and their relationship to the statutory criteria. MCC also routinely conducts reviews of its indicators to ensure that current indicators remain relevant, effective, and transparent in measuring the statutorily mandated eligibility criteria. This includes the conduct of rigorous reviews to ensure MCC is employing the best data available. MCC is committed to continue updating and revising data annually to ensure continued alignment with statutory principles and administration priorities. To “pass” most indicators on the scorecard, a country’s score on each indicator must be above the median score *in its income group* (as defined above for scorecard evaluation purposes). For the inflation, government accountability, and personal freedom indicators, however, MCC has established minimum or maximum scores for “passing.” In particular, the Board considers whether a country:

- passes at least 11 of the 22 indicators,
- passes the Personal Freedom indicator; and
- passes either the Control of Corruption indicator or Government Accountability indicator.

While satisfaction of all three aspects means a country is termed to have “passed” the scorecard, the Board also considers whether the country performs “substantially worse” in any one policy category than it does on the scorecard overall.

The mandatory passing of the Personal Freedom indicator is called the Personal Freedom “hard hurdle” on the scorecard, while the mandatory passing of either the Control of Corruption or Government Accountability indicator is called the Control of Corruption and Accountability “hard hurdle.” Not passing *either* “hard hurdle” results in not passing the scorecard overall, regardless of whether at least 11 of the 22 total indicators are passed.

- **Personal Freedom “hard hurdle:”** This hurdle sets a minimum bar for personal freedom below which the Board will not consider a country for compact eligibility. This indicator creates an incentive for countries to undertake reform, recognizes the relationship between freedom and prosperity, and holds MCC to the high standard of working with the best governed countries.
- **Control of Corruption and Accountability “hard hurdle:”** Corruption in any country is an unacceptable tax on economic growth and an obstacle to private sector investment. The Control of Corruption and Accountability “hard hurdle” helps ensure that MCC works with countries committed to combatting corruption and strengthening transparent and accountable governance. When a candidate country only passes one of the two indicators comprising the hurdle (instead of both), the Board closely examines the reason it is not passing one of the indicators to understand the broader governance environment and trajectory of the country. This includes consultation with U.S. Embassy officials, interagency partners, and other experts.

A country’s scorecard performance is a key factor the Board uses to select countries for an MCC program. The Board, however, also recognizes that even the best-available data have inherent challenges. Data gaps, real-time events versus data lags, the absence of narratives and nuanced detail, and other data

features affect each indicator. As a result, the Board uses its judgment to interpret policy performance as measured by the scorecards. The Board also consults other sources of information to enhance its understanding of country context (e.g., specific policy issues related to trade, U.S. business opportunities, other U.S. engagement with the country, financial sector performance, and security/foreign policy concerns). The Board uses its judgement on how best to weigh such information in assessing overall policy performance and making a final determination.

## (2) The Opportunity to Advance America First Priorities and Invest in Shared Prosperity

Beyond the scorecards, the Board considers a range of information sources depending on the country. Examples include sources that provide a better understanding of:

- a country's economy and business enabling environment;
- market fundamentals, trade dynamics, critical supply chains, and opportunities to facilitate U.S. business investments;
- the potential for the private sector to lead investment and growth; and
- the control of corruption and rule of law.

Where applicable, the Board also considers MCC's own experience and ability to work with a country to promote investments that advance our shared prosperity, including by considering MCC's core areas of expertise and skills versus a country's needs, and MCC's capacity to work with a country.

This information provides greater clarity regarding the opportunity for MCC investments to make America safer, stronger, and more prosperous.

## (3) The Availability of MCC Funds

The Board considers the availability of funds when evaluating countries. This includes consideration of MCC's pipeline of countries in program development, implementation, and closure. Consequently, the Board factors in MCC's overall portfolio when making its selection decisions given current and projected funding availability.

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The following subsections describe how the Board applies each of these three statutorily-mandated factors to: selection of countries for compacts, selection of countries for subsequent compacts, selection of countries for the threshold program, and selection of countries for concurrent compacts. A note follows on considerations for countries that might transition out of MCC's candidate pool after initial selection.

### ***B. Evaluation for selection of a country for a first compact***

When selecting countries for a compact, the Board looks at the statutorily-mandated aspects described in the previous section, including a country's performance on the MCC scorecard, evidence of a country's commitment to ensuring a positive enabling environment for economic growth and private sector investment, including for U.S. businesses, and the availability of funding.

At a minimum, the Board considers whether a country passes its scorecard. The Board also examines supporting evidence that a country's commitment to good governance, economic freedom, and investing in its people is on a sound footing and performance is on a positive trajectory (especially on the "hard

hurdles” of Personal Freedom and Control of Corruption and Accountability), and that MCC will have the funds to support a meaningful compact with that country. Where applicable, previous threshold program information is also considered. For those countries currently developing or implementing a threshold program, the Board examines the progress the country has made toward substantial implementation.

### ***C. Evaluation for selection of a country for a subsequent compact***

Section 609(1) of the Act authorizes MCC to enter into “one or more subsequent Compacts.” MCC does not consider the eligibility of a country for a subsequent compact before the country has completed its compact or is within 18 months of compact end date. Selection for a subsequent compact is not automatic and is intended for countries that (1) exhibit successful performance on their previous compact(s); (2) exhibit improved policy performance on the eligibility criteria assessed by the scorecard during the partnership; and (3) exhibit a commitment to further sector reform.

#### **(1) Successful implementation of the previous compact(s)**

To evaluate any previous compact’s success, the Board examines whether the compact succeeded within its budget and time limits, in particular by looking at three aspects of each compact program:

- *The degree to which there is evidence of strong political will and management capacity;*
- *The degree to which the country has exhibited commitment and capacity to achieve program results; and*
- *The degree to which the country has implemented the compact in accordance with MCC’s core policies and standards.*

Appendix D provides details regarding the information types examined and sources used.

#### **(2) Improved policy performance**

The Board also expects the country to improve its overall policy performance on the eligibility criteria assessed by the scorecard during the partnership and to pass the scorecard in the year of selection for the subsequent compact. The Board considers the trajectory of a country’s overall policy performance on key indicators over time.

While the Board expects the country to be passing its scorecard, the Board also examines other sources of information to understand the nuance and reasons behind scorecard performance over time. The Board also consults other information sources to look at policy performance over time in areas not covered by the scorecard, but that the Board deems to be important (such as trade, U.S. business opportunities, critical supply chains, and foreign policy concerns).

#### **(3) A commitment to further sector reform**

The Board expects subsequent compacts to endeavor to tackle policy reforms necessary to unlock an identified constraint to economic growth. Consequently, the Board considers MCC’s own experience during the previous compact in considering how committed the country is to advancing investments in shared prosperity and economic growth. This includes assessing:

- The country’s delivery of policy reform during the previous compact (as described above);

- Expectations of the country’s ability and willingness to continue sector policy reform in a subsequent compact;
- The opportunity to invest in shared prosperity and advance America First priorities (as outlined in A.2 above);
- The prior compact’s relative success overall (as discussed above), and how well future funding can be leveraged for impact, given the country’s experience in the previous compact.

#### ***D. Evaluation for concurrent compacts***

Section 609(k) of the Act authorizes MCC to enter into one additional concurrent compact with a country if one or both of the compacts with the country is for the purpose of regional economic integration, increased regional trade, or cross-border collaborations.

The fundamental criteria and process for the selection of countries for such compacts remains the same as those for the selection of countries for non-concurrent compacts: countries continue to be evaluated and selected individually, as described in sections II.A, II.B, II.C, and II.F.

Section 609(k) also requires as a precondition for a concurrent compact that the Board determine that the country is making “considerable and demonstrable progress in implementing the terms of the existing Compact and supplementary agreements thereto.” This statutory requirement is consistent with prior Board practice regarding the selection of a country for a non-concurrent compact. For a country where a concurrent compact is contemplated, the Board will take into account whether there is clear evidence of success, as relevant to the phase of the current compact. Among other information, the Board will examine the evaluation criteria described in Section II.C.1 above.

In addition to providing information to the Board so it can make its determination regarding the country’s progress in implementing its current compact, MCC provides the Board with additional information relating to the potential for regional economic integration, increased regional trade, or cross-border collaborations for any country being considered for a concurrent compact. This information may include items such as:

- The current state of a country’s regional integration, such as common financial and political dialogue frameworks, integration of productive value chains, and cross-border flows of people, goods, and services.
- The current and potential level of trade between a country and its neighbors, including analysis of trade flows and unexploited potential for trade, and an assessment of the extent and significance of tariff and non-tariff barriers, including information regarding the patterns of trade.
- The potential gains from cross-border cooperation between a country and its neighbors to alleviate bilateral and regional bottlenecks to economic growth and poverty reduction, such as through physical infrastructure or coordinated policy and institutional reforms.

#### ***E. Evaluation for threshold program assistance***

The Board also evaluates countries for participation in the threshold program. Threshold programs provide assistance to candidate countries exhibiting a significant commitment to meeting the criteria described in the previous subsections but failing to meet such requirements. Specifically, in examining a candidate country’s policy performance, the opportunity to advance shared prosperity and generate economic growth, and available funds, the Board will consider whether a country appears to be on a trajectory to becoming viable for compact eligibility in the medium or short term.

#### ***F. A note on potential transition out of MCC's candidate pool after initial selection***

Some candidate countries may have a high per capita income or a high growth rate that implies there is a chance they could transition out of MCC's candidate pool during the life of an MCC partnership. It is not possible to accurately predict if or when such a transition may occur.

Nonetheless, such countries may have more resources at their disposal for funding their own growth. As a result, in addition to using the regular selection criteria described in the previous sections, the Board will use its discretion to assess both the need and the opportunity presented by partnering with such a country, in order to ensure that MCC's scarce grant funds are directed appropriately.

Accordingly, if a candidate country with a high probability of transitioning out of MCC's candidate pool is under consideration for selection, the Board will examine additional data and information related to:

- Whether the country faces significant challenges accessing other sources of development financing (such as international capital, domestic resources, and other donor assistance) and, if so, whether MCC grant financing would be an appropriate tool;
- Whether there is a clear and strategic opportunity for MCC to assist the country through investments that spur economic growth and shared prosperity;
- Whether the country demonstrates particularly strong policy performance; and
- Whether MCC can reasonably expect that the country would contribute a significant amount of funding to the compact.

Should a country eventually transition out of MCC's candidate pool during compact development, continuing compact development beyond that point would then be at the Board's discretion.

## **Appendix A: Statutory Basis for this Report**

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

Section 605 (22 U.S.C. §7704) of the Act authorizes the provision of assistance to countries that enter into a Millennium Challenge Compact with the United States to support policies and programs that advance the progress of such countries in achieving lasting economic growth and poverty reduction. The Act requires MCC to take a number of steps in selecting countries for compact assistance for FY 2026 based on the countries' demonstrated commitment to just and democratic governance, economic freedom, and investing in their people, MCC's opportunity to reduce poverty and generate economic growth in the country, and the availability of funds. These steps include the submission of reports to the congressional committees specified in the Act and publication of information in the *Federal Register* that identify:

- (1) The countries that are "candidate countries" for assistance for FY 2026 based on per capita income levels and 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 MCC's Board of Directors (Board) will use to measure and evaluate policy performance of the candidate countries consistent with the requirements of subsections (a) and (b) of section 607 of the Act (22 U.S.C. §7706) 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 those eligible countries with which MCC will seek to enter into compacts (section 608(d) of the Act; 22 U.S.C. §7707(d)).

This report satisfies item 2 above.



## Appendix B: Lists of all Candidate Countries and Statutorily-Prohibited Countries for Evaluation Purposes

### *Income Groups for Scorecards*

Since MCC was created, it has relied on the *World Bank's gross national income (GNI) per capita income data* (Atlas method) and the historical ceiling for eligibility as set by the World Bank's International Development Association (IDA) to divide countries into separate income categories for purposes of creating scorecards. These categories are used to account for the income bias that occurs when countries with more per capita resources perform better than countries with fewer. Using the historical IDA eligibility ceiling for the scorecard evaluation groups ensures that the poorest countries compete with their income level peers and are not compared against countries with more resources to mobilize. Following the passage of the Millennium Challenge Corporation Candidate Country Reform Act in FY 2025, MCC began grouping the countries newly added into the income pool by this legislation (countries with GNI per capita above the World Bank's lower middle income / upper middle income country threshold but below the threshold for initiating the International Bank for Reconstruction and Development (IBRD) graduation process) in a third group to maintain this principle of countries competing with their income peers.

In FY 2026, MCC will continue to use the historical IDA classifications for eligibility and the lower middle income / upper middle income country threshold to categorize countries in groups for purposes of FY 2026 scorecard comparisons:

- Countries with GNI per capita equal to or less than IDA's historical ceiling for eligibility (*i.e.*, \$2,155 for FY 2026);
- Countries with GNI per capita above IDA's historical ceiling for eligibility but below the World Bank's lower middle income / upper middle income country threshold (*i.e.*, \$2,156 and \$4,495 for FY 2026); and
- Countries with GNI per capita above the World Bank's lower middle income / upper middle income country threshold but below the threshold for initiating the IBRD graduation process (*i.e.*, \$4,496 and \$7,855 for FY 2026).

The list of countries for FY 2026 scorecard assessments is set forth below:

#### **Countries with GNI per capita of \$2,155 or less**

- |                             |                     |
|-----------------------------|---------------------|
| 1. Afghanistan              | 13. Guinea          |
| 2. Benin                    | 14. Guinea-Bissau   |
| 3. Burkina Faso             | 15. Haiti           |
| 4. Burundi                  | 16. Kenya           |
| 5. Cameroon                 | 17. Kyrgyz Republic |
| 6. Central African Republic | 18. Lao PDR         |
| 7. Chad                     | 19. Lesotho         |
| 8. Comoros                  | 20. Liberia         |
| 9. Congo, Dem. Rep.         | 21. Madagascar      |
| 10. Eritrea                 | 22. Malawi          |
| 11. Ethiopia                | 23. Mali            |
| 12. Gambia, The             | 24. Mauritania      |
|                             | 25. Mozambique      |
|                             | 26. Myanmar         |

27. Nepal
28. Niger
29. Nigeria
30. North Korea
31. Pakistan
32. Rwanda
33. Senegal
34. Sierra Leone
35. Solomon Islands
36. Somalia
37. South Sudan
38. Sudan
39. Syrian Arab Republic
40. Tajikistan
41. Tanzania
42. Timor-Leste
43. Togo
44. Uganda
45. Yemen, Rep.
46. Zambia

**Countries with GNI per capita between \$2,156 and \$4,495**

1. Angola
2. Bangladesh
3. Bhutan
4. Bolivia
5. Cambodia
6. Congo, Rep.
7. Cote d'Ivoire
8. Djibouti
9. Egypt, Arab Rep.
10. Eswatini
11. Ghana
12. Honduras
13. India
14. Jordan
15. Kiribati
16. Lebanon
17. Micronesia, Fed. States
18. Morocco
19. Namibia
20. Nicaragua

21. Papua New Guinea
22. Philippines
23. Sao Tome and Principe
24. Sri Lanka
25. Tunisia
26. Uzbekistan
27. Vanuatu
28. Venezuela
29. Vietnam
30. Zimbabwe

**Countries with GNI per capita between \$4,495 and \$7,855**

1. Algeria
2. Armenia
3. Azerbaijan<sup>3</sup>
4. Belize
5. Botswana
6. Cabo Verde
7. Colombia
8. Ecuador
9. El Salvador
10. Equatorial Guinea
11. Fiji
12. Gabon
13. Guatemala
14. Indonesia
15. Iran, Islamic Rep.
16. Iraq
17. Jamaica
18. Kosovo
19. Libya
20. Moldova
21. Mongolia
22. Paraguay
23. Peru
24. Samoa
25. South Africa
26. Suriname
27. Thailand
28. Tonga
29. Ukraine

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<sup>3</sup> Following the issuance of the FY 2026 Candidate Country Report, President Trump waived the United States Freedom Support Act Section 907 restriction on Azerbaijan so it is no longer prohibited from receiving foreign assistance and is an MCC candidate country in FY 2026.

## **Statutorily-Prohibited Countries**

1. Burkina Faso
2. Burma
3. Eritrea
4. Ghana
5. Guinea
6. Haiti
7. Iran
8. Mali
9. Nicaragua
10. Niger
11. North Korea
12. South Sudan
13. Sri Lanka
14. Sudan
15. Syria
16. Venezuela
17. Zimbabwe

## Appendix C: Indicator Definitions

The following indicators will be used to measure candidate countries' demonstrated commitment to the criteria found in section 607(b) of the Act. The indicators are intended to assess the degree to which the political and economic conditions in a country serve to promote broad-based sustainable economic growth and reduction of poverty and thus provide a sound environment for the use of MCC funds. The indicators are not goals in themselves; rather, they are proxy measures of policies that are linked to broad-based sustainable economic growth. The indicators were selected based on (i) their relationship to economic growth and poverty reduction; (ii) the number of countries they cover; (iii) transparency and availability; and (iv) relative soundness and objectivity. Where possible, the indicators are developed by independent sources.

### ***Ruling Justly***

1. *Control of Corruption*: An index of surveys and expert assessments that rate countries on: “grand corruption” in the political arena; the frequency of petty corruption; the effects of corruption on the business environment; and the tendency of elites to engage in “state capture,” among other things. Pass: Score must be above the median score for the income group.
2. *Government Accountability*: Independent experts rate countries on the prevalence of free and fair electoral processes; political pluralism and participation of all stakeholders; government accountability and transparency; freedom from domination by the military, foreign powers, totalitarian parties, religious hierarchies and economic oligarchies; and the political rights of all groups, among other things. Pass: Score must be above the minimum score of 17 out of 40.
3. *Personal Freedom*: Independent experts rate countries on their freedom of expression and belief; association and organizational rights; rule of law and human rights; and personal autonomy and economic rights, among other things. Pass: Score must be above the minimum score of 25 out of 60.
4. *Freedom of Information*: Measures the legal and practical steps taken by a government to enable or allow information to move freely through society; this includes measures of press freedom, national freedom of information laws, and freedom of speech as measured by the extent to which a county is shutting down social media or the internet. Pass: Score must be above the median score for the income group.
5. *Government Effectiveness*: An index of surveys and expert assessments that rate countries on the quality of public service provision; civil servants' competency and independence from political pressures; and the government's ability to plan and implement sound policies, among other things. Pass: Score must be above the median score for the income group.
6. *Rule of Law*: An index of surveys and expert assessments that rate countries on the extent to which the public has confidence in and abides by the rules of society; the incidence and impact of violent and nonviolent crime; the effectiveness, independence, and predictability of the judiciary; the protection of property rights; and the enforceability of contracts, among other things. Pass: Score must be above the median score for the income group.

### ***Encouraging Economic Freedom***

1. *Business Start-Up*: An index that rates countries on the time and cost of complying with all procedures officially required for an entrepreneur to start up and formally operate an industrial or commercial business as well as the overall business environment in a country. Pass: Score must be above the median score for the income group.

2. *Inflation*: The most recent average annual change in consumer prices. Pass: Score must be 15 percent or less.
3. *Regulatory Quality*: An index of surveys and expert assessments that rate countries on the burden of regulations on business; price controls; the government's role in the economy; and foreign investment regulation, among other areas. Pass: Score must be above the median score for the income group.
4. *Trade Policy*: A measure of a country's openness to international trade based on weighted average tariff rates and non-tariff barriers to trade. Pass: Score must be above the median score for the income group.
5. *Women in the Economy*: An index that measures the extent to which laws provide men and women equal capacity to generate income or participate in the economy, including factors such as the capacity to access institutions, get a job, register a business, sign a contract, open a bank account, choose where to live, to travel freely, property rights protections, and protections against domestic violence, among others. Pass: Score must be above the median score for the income group.
6. *Property and Land Rights*: An index that rates countries on the extent to which the institutional, legal, and market framework provides secure land tenure and access to land in rural areas and the extent to which all individuals have the right to private property in practice and in law, including measures of intellectual property rights, risk of expropriation, and the quality of contract enforcement. Pass: Score must be above the median score for the income group.
7. *Access to Credit*: An index that ranks countries based on access and use of formal and informal financial services as measured by the number of bank branches and ATMs per 100,000 adults and the share of adults that have an account at a formal or informal financial institution. Pass: Score must be above the median score for the income group.
8. *Employment Opportunity*: Measures the rights of people to work. Pass: Score must be above the median score for the income group.
9. *International Market Access*: Measures a country government's commitment to the free movement of capital, citizen access to international capital markets, and the barriers to global market access through import or export controls. Pass: Score must be above the median score for the income group.
10. *Market Competitiveness*: Measures a country government's commitment to strengthening market forces in the economy by promoting a business environment that allows for innovation and open competition while limiting expropriation, and monopolies. Pass: Score must be above the median score for the income group.

### ***Investing in People***

1. *Health Expenditures*: Total current expenditures on health by government (excluding funding sourced from external donors) at all levels divided by GDP. Pass: Score must be above the median score for the income group.
2. *Chronic Disease*: An indicator measuring the prevalence of chronic diseases. Measures the likelihood of dying between ages 30 and 70 due to cardiovascular disease, cancer, diabetes, or chronic respiratory disease. Pass: Score must be below the median score for the income group.
3. *Child Health*: An index made up of three indicators: (i) access to improved water, (ii) access to improved sanitation, and (iii) child (ages 1-4) mortality. Pass: Score must be above the median score for the income group.
4. *Natural Resource Protection*: Assesses a country government's commitment to preserving biodiversity and natural habitats, responsibly managing ecosystems and fisheries, and engaging in sustainable agriculture. Pass: Score must be above the median score for the income group.

5. *Workforce Development*: An indicator measuring education within the workforce. This indicator measures the proportion of youth and adults enrolled in training, non-formal education, and formal education in the last 12 months. Pass: Score must be above the median score for the income group.
6. *Girls' Education*:
  - a. *Girls' Primary Completion Rate*: The number of female students enrolled in the last grade of primary education minus repeaters divided by the population in the relevant age cohort (gross intake ratio in the last grade of primary). Countries with a GNI/capita of \$2,155 or less are assessed on this indicator. Pass: Score must be above the median score for the income group.
  - b. *Girls' Lower Secondary Completion Rate*: Countries with a GNI/capita between \$2,156 and \$4,495 are assessed on the number of female pupils that have completed the last grade of lower secondary education divided by the population within three to five years of the intended age of completion, expressed as a percentage of the total population of females in the same age group. Pass: Score must be above the median score for the income group.
  - c. *Girls' Upper Secondary Completion Rate*: Countries with a GNI/capita of between \$4,496 and \$7,895 are assessed on the number of female pupils that have completed the last grade of upper secondary education divided by the population within three to five years of the intended age of completion, expressed as a percentage of the total population of females in the same age group. Pass: Score must be above the median score for the income group.

### **Relationship to Statutory Criteria**

Within each policy category, the Act sets out a number of specific selection criteria. A set of objective and quantifiable policy indicators is used to inform eligibility decisions for assistance and to measure the relative performance by candidate countries against these criteria. Performance against each of these criteria is assessed by at least one of the objective indicators. Most are addressed by multiple indicators. The specific indicators appear in parentheses next to the corresponding criterion set out in the Act.

### **Section 607(b)(1): Just and democratic governance, including a demonstrated commitment to --**

- (A) promote political pluralism, equality and the rule of law (*Government Accountability, Personal Freedom, Rule of Law, and Women in the Economy*);
- (B) respect human and civil rights, including the rights of people with disabilities (*Government Accountability, Personal Freedom, Employment Opportunity, and Freedom of Information*);
- (C) protect private property rights (*Personal Freedom, Regulatory Quality, Rule of Law, and Property and Land Rights*);
- (D) encourage transparency and accountability of government (*Government Accountability, Personal Freedom, Freedom of Information, Control of Corruption, Rule of Law, Government Effectiveness, and Employment Opportunity*);
- (E) combat corruption (*Control of Corruption, Government Accountability, Personal Freedom, Rule of Law, and Freedom of Information*); and
- (F) the quality of civil society enabling environment (*Personal Freedom, Freedom of Information, Employment Opportunity, and Rule of Law*).

### **Section 607(b)(2): Economic freedom, including a demonstrated commitment to economic policies that --**

- (A) encourage citizens and firms to participate in global trade and international capital markets (*International Market Access, Inflation, Trade Policy, and Regulatory Quality*);

- (B) promote private sector growth (*Market Competitiveness, Inflation, Business Start-Up, Property and Land Rights, Access to Credit, Women in the Economy, and Regulatory Quality*);
- (C) strengthen market forces in the economy (*Market Competitiveness, Business Start-Up, Inflation, Trade Policy, Property and Land Rights, Access to Credit, and Regulatory Quality*); and
- (D) respect worker rights, including the right to form labor unions (*Employment Opportunity, Personal Freedom, and Women in the Economy*).

**Section 607(b)(3): Investments in the people of such country, particularly women and children, including programs that --**

- (A) promote broad-based primary education (*Girls' Primary Education Completion Rate, Girls' Lower Secondary Education Completion Rate, Workforce Development, and Employment Opportunity*);
- (B) strengthen and build capacity to provide quality public health and reduce child mortality (*Chronic Disease, Health Expenditures, and Child Health*); and
- (C) promote the protection of biodiversity and the transparent and sustainable management and use of natural resources (*Natural Resource Protection*).

## Appendix D: Subsequent and Concurrent Compact Considerations

MCC reporting and data in the following chart are used to assess threshold program performance, compact performance of MCC compact countries nearing the end of compact implementation (*i.e.*, within 18 months of compact end date), or for current MCC compact countries under consideration for a concurrent compact, where appropriate. Some reporting used for assessment may contain sensitive information and adversely affect implementation or MCC-partner country relations. This information is for MCC's internal use and is not made public. However, key implementation information is summarized in compact status and results reports that are published quarterly on MCC's website under MCC country programs ([www.mcc.gov/where-we-work](http://www.mcc.gov/where-we-work)) and monitoring and evaluation ([www.mcc.gov/our-impact/m-and-e](http://www.mcc.gov/our-impact/m-and-e)) webpages.

For completed compacts, additional information is used to assess compact performance and is found in a country's "Star Report." The Star Report captures key information to provide a framework for results and improve the ability to disseminate learning and evidence throughout the lifecycle of an MCC investment from selection to final evaluation. For each compact and threshold program, evidence is collected on performance indicators, evaluation results, partnerships, sustainability efforts, and learning, among other elements.

In addition to the Star Reports, MCC also surveys staff on topics related to the quality of the partnership during design and implementation of programs, progress toward program results, a partner country's commitment to undertaking policy and institutional reforms, and compliance with MCC standards. Additional information on the survey can be found in the Guide to the Program Surveys: <https://www.mcc.gov/resources/doc/guide-to-the-program-surveys/>.

Topic	MCC Reporting/ Data Source	Published Documents
<b>COUNTRY PARTNERSHIP</b> <b>Political Will</b> <ul style="list-style-type: none"> <li>• Status of major conditions precedent</li> <li>• Program oversight/ implementation <ul style="list-style-type: none"> <li>◦ project restructures</li> <li>◦ partner response to accountable entity capacity issues</li> </ul> </li> <li>• Political independence of the accountable entity</li> </ul> <b>Management Capacity</b> <ul style="list-style-type: none"> <li>• Project management capacity</li> <li>• Project performance</li> <li>• Level of MCC intervention/oversight</li> <li>• Relative level of resources required</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Quarterly implementation reporting</i></li> <li>• <i>Quarterly results reporting</i></li> <li>• <i>MCC Star Reports</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Quarterly results published as "Table of Key Performance Indicators" (available by country): <a href="https://www.mcc.gov/itt">https://www.mcc.gov/itt</a></i></li> <li>• <i>Star Reports (available by country): <a href="https://www.mcc.gov/starreport/">https://www.mcc.gov/starreport/</a></i></li> </ul>



Topic	MCC Reporting/ Data Source	Published Documents
<b>PROGRAM RESULTS</b> <b>Financial Results</b> <ul style="list-style-type: none"> <li>• Commitments – including contributions to compact and threshold funding</li> <li>• Disbursements</li> </ul> <b>Project Results</b> <ul style="list-style-type: none"> <li>• Output, outcome, objective targets</li> <li>• Accountable entity commitment to ‘focus on results’</li> <li>• Accountable entity cooperation on impact evaluation</li> <li>• Percent complete for process/outputs</li> <li>• Relevant outcome data</li> <li>• Details behind target delays</li> </ul> <b>Target Achievements</b>	<ul style="list-style-type: none"> <li>• <i>Indicator tracking tables</i></li> <li>• <i>Quarterly financial reporting</i></li> <li>• <i>Quarterly implementation reporting</i></li> <li>• <i>Quarterly results reporting</i></li> <li>• <i>Impact evaluations</i></li> <li>• <i>MCC Star Reports</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Monitoring and Evaluation Plans (available by country):</i> <a href="https://www.mcc.gov/meplan/">https://www.mcc.gov/meplan/</a></li> <li>• <i>Quarterly results published as “Table of Key Performance Indicators” (available by country):</i> <a href="https://www.mcc.gov/itt">https://www.mcc.gov/itt</a></li> <li>• <i>Star Reports (available by country):</i> <a href="https://www.mcc.gov/starreport/">https://www.mcc.gov/starreport/</a></li> </ul>
<b>ADHERENCE TO STANDARDS</b> <ul style="list-style-type: none"> <li>• Fraud and corruption</li> <li>• Procurement</li> <li>• Program closure</li> <li>• IFC Performance Standards</li> <li>• Monitoring and evaluation</li> <li>• All other legal provisions</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Audits (GAO and OIG)</i></li> <li>• <i>Quarterly implementation reporting</i></li> <li>• <i>MCC Star Reports</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Published <a href="#">OIG</a> and <a href="#">GAO</a> audits</i></li> <li>• <i>Star Reports (available by country):</i> <a href="https://www.mcc.gov/starreport/">https://www.mcc.gov/starreport/</a></li> </ul>
<b>COUNTRY SPECIFIC</b> <b>Sustainability</b> <ul style="list-style-type: none"> <li>• Implementation entity</li> <li>• MCC investments</li> </ul> <b>Role of private sector or other donors</b> <ul style="list-style-type: none"> <li>• Trajectory of private sector involvement going forward</li> <li>• Other relevant investors / investments</li> <li>• Other donors / programming</li> <li>• Status of related reforms</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Quarterly implementation reporting</i></li> <li>• <i>Quarterly results reporting</i></li> <li>• <i>MCC Star Reports</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Quarterly results published as “Table of Key Performance Indicators” (available by country):</i> <a href="https://www.mcc.gov/itt">https://www.mcc.gov/itt</a></li> <li>• <i>Star Reports (available by country):</i> <a href="https://www.mcc.gov/starreport/">https://www.mcc.gov/starreport/</a></li> </ul>