MCA Monitor

Which Countries Will the MCC Board Likely Select as Eligible in FY2012?

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Summary

This year marks the ninth round in which the Millennium Challenge Corporation (MCC) board of directors will select which countries are eligible to receive assistance. Since its inception in 2003, the MCC has provided results-oriented assistance to lower income countries that exhibit strong policy performance. But this year is unique: the MCC has adopted a new selection system to judge countries' policy performance. The new system features an expanded set of indicators, new thresholds for passing selected indicators, and a new democratic rights hard hurdle to accompany the MCC's control of corruption hard hurdle.

This analysis draws upon MCC reports and country indicator performance to predict which countries will be made eligible to apply for FY2012 compact or threshold assistance. We offer a forecast of potential FY2012 eligible countries; it is not an official list of the countries that will be selected.

Center for Global Development

The MCA Monitor provides rigorous policy analysis and research on the operations and effectiveness of the Millennium Challenge Corporation. It is part of CGD's Rethinking U.S. Foreign Assistance program that tracks efforts to reform aid programs and improve aid effectiveness.

Which Countries Will the MCC Board Likely Select as Eligible in FY2012?

This year marks the ninth round in which the Millennium Challenge Corporation (MCC) board of directors will select which countries are eligible to receive assistance. Since its inception in 2003, the MCC has provided results-oriented assistance to lower income countries that exhibit strong policy performance. But this year is unique: the MCC has adopted a new selection system to judge countries' policy performance. The new system features an expanded set of indicators, new thresholds for passing selected indicators, and a new democratic rights hard hurdle to accompany the MCC's control of corruption hard hurdle.

Eligibility for second compacts will also be a significant factor in FY2012 selection. Seven countries have now completed their first MCC compacts, and three more are expected to close out in the following year. This expanded portfolio of potential second compacts means that the MCC board will have to closely evaluate how well countries implemented their first compact in addition to their demonstrated policy performance. Another dynamic at play in this year's selection is the newly revamped threshold program. New threshold programs will be determined by constraints-to-growth analysis and will support targeted policy and institutional reforms in countries on the threshold of passing the indicators test.[1] The MCC board should select eligible countries for the threshold program as well as for compact assistance this year.

The annual selection process begins each fiscal year with the publication of two MCC reports. The first, MCC's *Report on Countries That Are Candidates for MCA Eligibility*, establishes low income and lower middle income candidate country groups and determines which countries would be candidates but for legal prohibitions.[2] The second, MCC's *Report on Criteria and Methodology for*

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[1] In years past, threshold programs only focused on increasing scores in specific indicators to help countries pass the indicators test and thus reach compact eligibility.

[2] MCC's revised *Report on Countries That Are Candidates for Millennium Challenge Account Eligibility for Fiscal Year 2012 and Countries That Would Be Candidates but for Legal Prohibitions*, October 2011. This revised report reflects President Obama's sanction determinations on Trafficking in Persons Tier III countries. As a result, six low income countries and two lower middle income countries that were statutorily prohibited in the original August 2011 report no longer are: Central African Republic, the Democratic Republic of the Congo, Guinea-Bissau, Mauritania, Micronesia, Papua New Guinea, Turkmenistan, and Yemen. None of these countries pass the old or new indicators test.

Determining Eligibility, sets out the criteria that the MCC board will use to evaluate the policy performance of candidate countries.[3] These reports offer the parameters within which the MCC board will make its annual eligibility selections for FY2012 assistance.

This analysis draws upon the above reports and country indicator performance to predict which countries will be made eligible to apply for FY2012 compact or threshold assistance. We offer a forecast of potential FY2012 eligible countries; it is not an official list of the countries that will be selected.

The MCC board of directors bases its eligibility selections on several factors including the following:

1. A country's overall policy performance in three broad policy categories: Ruling Justly, Investing in People, and Encouraging Economic Freedom.

2. The MCC's opportunity to reduce poverty and generate economic growth in a given country.

3. A country's compact implementation record (in the case of second compact consideration).

4. The availability of funds to the MCC.

The above factors, as well as supplemental information that provides further context on a country's current policy performance, have gone into the board's eligibility decision-making process for the past eight selection rounds. However, this year's selection round will be unique as the board will consider a new indicators system in tandem with the old selection system that has been utilized in years past.

The MCC adopted this new selection system in September 2011 and will produce—and consider—countries' policy performance scores on *both* the old and new systems.[4] In both systems, countries will be measured in relation to their

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[3] MCC's *Report on the Criteria and Methodology for Determining the Eligibility of Candidate Countries for Millennium Challenge Account Assistance in Fiscal Year 2012*, September 2011.

[4] The MCC is using both the old and new systems in this year of transition to provide countries with a stable set of policy criteria to meet in order to create effective incentives for reform. The MCC board will consider the results from both systems equally. In cases with conflicting results, the board will use its discretion to adjudicate the results and

income-level peers on independent, third-party indicators as in years past. In the old system, countries are assessed on 17 indicators in three policy categories: ruling justly, investing in people, and economic freedom. To pass the indicators test, countries must pass at least three indicators in each category and the control of corruption hard hurdle. In the new system, countries are evaluated on 20 indicators in the same three policy categories. To pass the indicators test, countries must pass half of the indicators overall, one indicator in each category, the control of corruption hard hurdle, and a new "democratic rights" hard hurdle.

The new indicators test incorporates three additional indicators, bringing the total number of indicators to 20. In the ruling justly category, a new freedom of information indicator replaces the voice and accountability indicator. This indicator measures the legal and practical steps taken by a government to enable information to move freely through society. In the investing in people category, the natural resources management (NRM) indicator is split into two new indicators: a child health indicator and a natural resource protection indicator. The natural resource protection indicator is the former NRM component called eco-region protection, which measures the proportion of a country's biomes that are legally protected. The child health indicator is the simple average of the other three NRM sub-indicators: child mortality, access to improved water, and access to improved sanitation.The encouraging economic freedom category incorporates two additional indicators: an access to credit indicator and a gender in the economy indicator. The access to credit indicator is an index that rates countries on rules affecting the coverage, scope, and accessibility of credit information and legal rights to access credit. The gender in the economy indicator is an index that measures the extent to which men and women have equal legal rights to participate in the economy.[5]

The new indicators test also incorporates several changes applicable only to lower middle income countries (LMICs). A new girls' secondary school enrollment indicator replaces the girls' primary education completion rate indicator. Many LMICs reported high primary completion rates, and this new indicator encourages LMICs to focus on the next level of girls' education. Additionally, the

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decide on eligibility at the December 2011 board meeting. In future years, the MCC will rely on only the new indicators system.

[5] The freedom of information indicator is compiled from Freedom House, FRINGE Special, and the Open Net Initiative. Both the access to credit and gender in the economy indicators are produced by the International Finance Corporation.

immunization rate indicator is now judged on an absolute threshold of 90 percent coverage for LMICs only.[6]

In addition to changes to the individual indicators, the new selection system is governed by an expanded set of rules. Countries are still required to pass a control of corruption hard hurdle but must also pass a new democratic rights hard hurdle. To pass the democratic rights hard hurdle, a country must score above 17 on the political rights indicator or above 25 on the civil liberties indicator. Both of these indicators, compiled by Freedom House, are judged according to absolute thresholds rather than median thresholds under the new system.[7]

Under the new system, a country must now pass half of the indicators overall (10 out of 20) and at least one indicator in each of the three policy categories. The MCC has stated that a country's policy performance on both the old and new selection systems will be considered this year.

FY2012 Country Indicator Performance by the Numbers

- Eleven low income countries (LICs) pass *both* the old and new indicators test. Fourteen LICs pass the old indicators test, and eighteen candidate LICs pass the new indicators test.[8]

- Seven lower middle income countries (LMICs) pass *both* the old and new indicators test. The same seven LMICs pass the old indicators test, and twelve LMICs pass the new indicators test.

- Four countries graduate from LIC to LMIC status: Guyana, Kiribati, the Philippines, and the Republic of the Congo.

- One country moves from LMIC to LIC status: Timor-Leste.

- Six countries graduate from LMIC to upper middle income country (UMIC) status: China, Ecuador, Jordan, Maldives, Thailand, and Tunisia.

- One country moves from UMIC to LMIC status: Fiji.

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[6] The 90 percent immunization rate absolute threshold is derived from a World Health Organization recommendation.

[7] The absolute values are based on the recommendation of Freedom House.

[8] Madagascar also passes the new indicators test, but we do not include it in this or other counts throughout the paper since it is statutorily prohibited from receiving MCC funds.

- Two of sixteen countries in compact implementation *fail* both the old and new indicators test: Indonesia and the Philippines.[9] Indonesia fails the indicators test for the third year in a row. El Salvador, Mali, Morocco, and Mozambique pass the new indicators test but fail the old indicators test. This is the fifth year in a row that El Salvador, Mali, and Mozambique fail the old indicators test, and the sixth year that Morocco fails the old indicators test.

- Three of seven countries that have completed five-year MCC compacts fail both the old and new indicators test: Armenia, Honduras, and Nicaragua. This is the third year in a row that Honduras fails the indicator test, and the fifth year that Armenia fails the indicators test. Benin and Vanuatu fail under the old indicators test only this year.

- Three countries are on track to complete an MCC compact in a year or less: Ghana (February 16, 2012), Mali (September 17, 2012), and El Salvador (September 20, 2012).

MCA Monitor Selection Guiding Principles

Each year, the MCA Monitor puts forth a set of principles to guide eligibility selection. Many principles from years past apply to this year's selection decisions, including a recognition that the indicators are not the only guide to policy performance and that budget austerity demands greater selectivity. The MCA Monitor's long-standing call to prioritize the democracy indicators has now been institutionalized in a new democratic rights hard hurdle and is thus no longer a guiding principle. When making its selection decisions, the MCC board should be transparent about the criteria it uses to choose compact- and threshold-eligible countries. This year, the MCA Monitor recommends the following principles guide the MCC board's selection decisions:

1. *The indicators are the initial—not the only—guide to a country's policy performance.* This is an established principle by which the MCA Monitor evaluates eligibility selection and continues to be of paramount

[9] Jordan and Namibia, both compact countries, have UMIC status. This status means that they are no longer official MCC candidates and do not get a scorecard. However, each country's performance on the hard hurdles can be judged according to LMIC thresholds. Namibia would pass both the control of corruption and democratic rights hard hurdles. Jordan would pass the corruption hard hurdle but fail the democratic rights hard hurdle. See CGD's *Which Countries Pass the FY12 Selection Hard Hurdles? A Preview into Round 9 of the MCC's Country Selection*, November 2011, for more information.

importance. The scorecards are invaluable because they are able to convey a country's policy performance clearly, cleanly, and simply. But this simplicity masks many other factors, often outside a country's control, that go into a country's indicator scores. For example, a country's transition between the LIC and LMIC income groups, or underlying data revisions, can change a country's score even with no associated change in policy performance.

Fortunately, the new selection system addresses this issue by reducing the ability of an individual indicator to affect a country's overall indicators test outcome. However the system does retain two hard hurdles which, as designed, emphasize individual indicators. The democratic rights hard hurdle incorporates two indicators, making eligibility requirements somewhat more flexible. But the corruption hard hurdle relies on performance on a single indicator, the control of corruption indicator, to determine whether a country passes or fails the indicators test. Governance as a concept is inevitably measured with great uncertainty; setting strict thresholds for control of corruption can have negative unintended consequences.[10]

How this uncertainty affects corruption indicator scores is depicted below. Figure 1 shows control of corruption indicator scores for 12 LIC countries around the median threshold of zero. A green point indicates a country's passing score and a red point indicates a failing score. Also displayed are 90 percent confidence intervals, the Worldwide Governance Indicator standard used to judge "significant" changes in governance.[11] Overlapping confidence intervals indicate statistically insignificant differences: even the highest scoring country displayed, Mongolia, is within the confidence interval of the lowest scoring country displayed, Togo. With such wide confidence intervals, the strict threshold of passing control of corruption assumes a degree of certainty that is indefensible. While it is certainly important to ensure U.S. taxpayer money is not wasted through corruption, a hard hurdle has the potential to disqualify otherwise able partners that have the misfortune of landing on the wrong side of the line.

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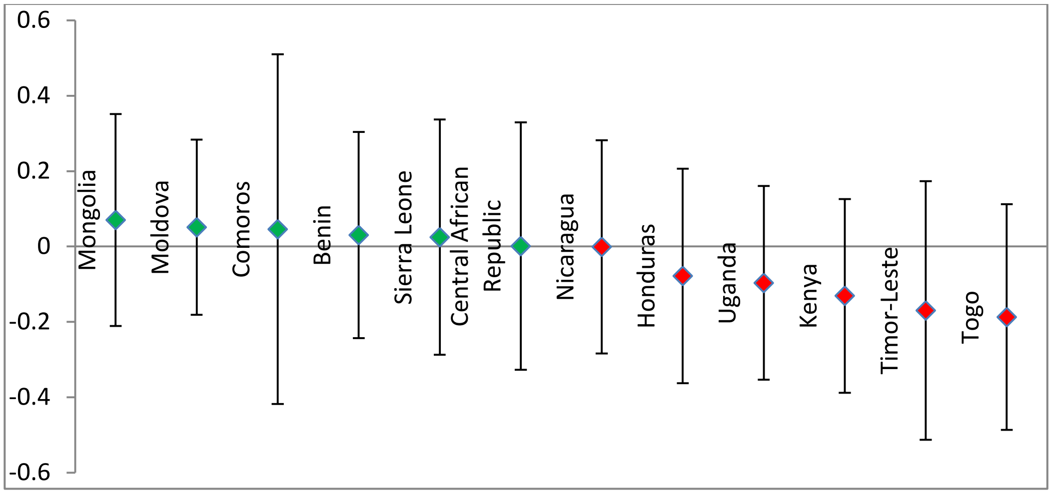
[10] See CGD's *Fine-Tuning the MCC Selection Process and Indicators, July 2011, and Which Countries Pass the FY2012 Selection Hard Hurdles? A Preview into Round 9 of the Millennium Challenge Corporation's Country Selection*, November 2011.

[11] Daniel Kaufmann, Aart Kraay, Massimo Mastruzzi, "The Worldwide Governance Indicators: Methodology and Analytical Issues," World Bank Policy Research Working Paper No. 5430, September 2010.

Figure 1. Control of Corruption Scores and Confidence Intervals, FY2012 Low Income Countries



2. *In cases of second compact eligibility, a country must have demonstrated solid results in its first compact implementation.* More than ever before, MCC has a full roster of countries seeking second compact eligibility. Seven countries have now completed five-year compacts, and three more are due to close in the next year.[12] Second compact eligibility should be even more difficult to secure than first compact eligibility because performance on the first is an added factor.

   How does one determine successful first compact implementation? Timeline and disbursement data show whether a compact's projects were completed on time, on budget, and as originally scoped. Achieved outputs also offer a good measure of compact implementation. All of these publicly available output indicators are crucial in evaluating compact implementation, but just as important is the role of the partner government throughout implementation. Did the partner country implement key policy reforms to ensure the success and sustainability of MCC investments? Was it a capable and determined partner, committing all areas of the government to ensure a successful compact? Did the partner government fully utilize the MCC model from compact development through implementation to capitalize on MCC funds? Answers to these questions

[12] Honduras, Cape Verde, Georgia, Vanuatu, Nicaragua, Armenia, and Benin have all completed five-year compacts. Compacts in Ghana, Mali, and El Salvador are scheduled to be completed in the following year.

are more difficult to come by but should be carefully considered by the MCC board as it makes second compact eligibility decisions.

3. *In this time of budget austerity, the MCC must be especially selective*. This year, the entire international affairs budget is under close scrutiny for cuts, and the MCC is no exception. In a rare point of agreement, both Senate and House appropriators have set the MCC funding level at $898 million in their respective FY2012 State, Foreign Operations bills. This level is roughly $325 million below the president's FY2012 request and far below President Bush's originally envisioned $5 billion annual MCC appropriation.

   Scarce resources mean the MCC board should be highly selective in which countries it makes compact and threshold eligible. The MCC board should only consider countries in which the MCC has a *unique* opportunity to reduce poverty and generate economic growth. The MCC model is designed to deliver results-oriented aid, and MCC compacts should only go to those countries with environments that can expand upon MCC's innovative processes.

   Likewise, MCC assistance should only go to those countries with a great opportunity to reduce poverty. The MCC board should avoid selecting countries with a low number of people living below the poverty line.[13] It should also refrain from selecting countries with ample resources at their disposal. In practice, this will mean avoiding selecting small island nations and countries with large capital inflows such as India. The austere budget climate demands that the MCC strive to get the highest impact from each MCC dollar.

4. *Now is the time to use the newly revamped threshold program*. Last year, the MCC unveiled a revised threshold program that focuses on a country's constraints to growth rather than moving the needle on individual indicator scores. The selection criteria remain the same for the threshold program; that is, countries that are close to passing the indicators test will be considered for threshold eligibility. But, once eligible, a country's threshold program will be determined by a constraints-to-growth analysis. The MCC will also now use threshold programs to assess a country's

[13] See Table 7 for a list of poverty statistics for selected countries.

capability to be a MCC partner. In effect, the threshold program is now a "mini-compact" program.[14]

The threshold program has a solid focus and purpose, and now is the time to use the new model. Tunisia was recently selected as the first threshold-eligible country under the new program, but the MCC board should select one or two more countries as threshold eligible this year. The new threshold program has great potential to be an innovation incubator, and the MCC board should select countries with this in mind.

MCC Eligibility for Low Income Countries

There are 60 countries in the FY2012 low income country group, defined as countries with a gross national income (GNI) per capita of $1,915 or less. Of these 60 countries, 7 are statutorily prohibited from receiving MCC funds but are included in median calculations for the LIC category.

Countries That Pass the Old and New Indicators Test

Eighteen candidate LICs pass the new FY2012 indicators test. Countries in **bold** pass both the new and old indicators test.

- Twelve from Africa: Benin, **Burkina Faso**, **Ghana**, **Lesotho**, **Malawi**, Mali, Mozambique, Niger, São Tomé and Principe, **Senegal**, **Tanzania**, and **Zambia.**

- One from Latin America: **Bolivia**.

- Five from Europe, Asia, and the Pacific: India, **Moldova**, **Mongolia**, **Nepal**, and Solomon Islands.

Three countries pass under the old indicators test but fail the new indicators test: The Gambia, Rwanda, and Vietnam.

[14] Though the two programs will likely utilize similar diagnostic tools, an important difference between compact and threshold programs remains. A compact is defined by capital investments whereas a threshold program focuses strictly on the policy aspects around a country's constraints to growth.

Low Income Countries That Pass Both Indicators Test	Low Income Countries That Pass the New Indicators Test	Low Income Countries That Pass the Old Indicators Test
1. Bolivia	1. Benin	1. Bolivia
2. Burkina Faso	2. Bolivia	2. Burkina Faso
3. Ghana	3. Burkina Faso	3. The Gambia
4. Lesotho	4. Ghana	4. Ghana
5. Malawi	5. India	5. Lesotho
6. Moldova	6. Lesotho	6. Malawi
7. Mongolia	7. Malawi	7. Moldova
8. Nepal	8. Mali	8. Mongolia
9. Senegal	9. Moldova	9. Nepal
10. Tanzania	10. Mongolia	10. Rwanda
11. Zambia	11. Mozambique	11. Senegal
	12. Nepal	12. Tanzania
	13. Niger	13. Vietnam
	14. São Tomé and Principe	14. Zambia
	15. Senegal	
	16. Solomon Islands	
	17. Tanzania	
	18. Zambia	

At the end of this analysis, Table 1 provides detailed lists of passing countries, as well as information on LIC eligibility. Tables 2 and 3 provide detail on individual indicator scores for the old and new indicator systems, respectively.

The MCC board of directors selected one new LIC—Ghana—as eligible for compact assistance in FY2011. It also reselected Malawi and Zambia to continue developing compacts. Malawi signed a compact on April 7, 2011.[15] Both Ghana and Zambia will need to be reselected as compact eligible in FY2012 to continue compact development. All three countries passed the indicators test in FY2011 and pass both the old and new tests in FY2012.

This year, 11 of 13 LICs that have signed compacts pass the new indicators test: Benin, Burkina Faso, Ghana, Lesotho, Malawi, Mali, Moldova, Mongolia,

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[15] However, in July 2011, the MCC placed an operational hold on the compact with Malawi because of political events inconsistent with MCC standards on good governance.

Mozambique, Senegal, and Tanzania. Benin, Mali, and Mozambique all fail the old indicators test by passing only one indicator in the investing in people category. Honduras and Nicaragua fail the indicators test by failing the control of corruption indicator. However, those scores are measured with sufficient uncertainty so as to be statistically indistinguishable from that of a passing country. Both countries would have easily passed both the old and new indicators test if not for falling just below the median on control of corruption.

Four countries pass the FY2012 old indicators test that also passed in FY2011 but were not selected last year: Bolivia, The Gambia, Rwanda, and Vietnam. The Gambia, Rwanda, and Vietnam are all eliminated under the new indicators test because they fail the democratic rights hard hurdle. Bolivia passes both the old and new indicators test in FY2012.

Countries Most Likely to be Selected as Compact Eligible

Benin successfully completed its five-year, $307 million compact in October 2011. The compact focused on improving access to markets through the modernization of the Port of Cotonou, strengthening property and land tenure rights, improving the efficiency of the judicial system, and increasing access to financial services. Benin passes the new indicators test but fails the old indicators test by failing the investing in people category. By all accounts, Benin was a solid implementing partner. Assuming it also made good on behind-the-scenes policy reforms, it should be selected as eligible for a second compact.

Selected as second-compact eligible in FY2011, **Ghana** should be a straightforward choice for reselection this year. Ghana is due to complete its first compact in February 2012. The five-year, $547 million compact is designed to raise farmers' incomes through integrated agriculture, transportation, and rural development projects. Ghana easily passes both the new and old indicators test and should be selected as eligible to continue development of its second compact. Ghana's second compact is expected to fall in the $350–400 million range.[16] Ghana is also one of four countries under the Partnership for Growth initiative. This initiative is designed to bring all U.S. government development resources, including the MCC, together to focus on addressing identified constraints to growth.

Honduras should be selected as eligible to begin developing a second compact this year. Honduras was the first country to successfully complete a five-year compact in September 2010. The $205 million compact focused on increasing the productivity of the agriculture sector and reducing transportation costs. In the

[16] MCC's *Congressional Budget Justification, Fiscal Year 2012*, p. 6.

more than 14 months since compact closure, MCC investments are not only being sustained but expanded upon, and the government of Honduras is applying the MCC model and processes to multiple areas of the government not originally involved in the compact.[17] Honduras fails the indicators test by falling in the 47th percentile on control of corruption. However, this score is statistically indistinguishable from a passing score just above the median, meaning Honduras is technically within the margin of passing the corruption hard hurdle. Additionally, Honduras's absolute score on corruption has been steadily improving. Honduras passes 16 out of 20 indicators in the new indicators test and would easily pass but for its rank on corruption. The MCC board should grant Honduras second compact eligibility and closely monitor the policy environment within the country to ensure that it maintains the upward trajectory on which it is currently moving.

Like Ghana, **Zambia** should be a straightforward choice for reselection this year. Zambia was originally made compact eligible in FY2009 after successfully completing a $23 million threshold program aimed at combating administrative corruption and reducing barriers to trade and investment. Zambia scores extremely well on the indicators tests, passing both the old and new systems easily. Its first compact is expected to total roughly $350 million and focus on promoting eco-tourism and improving the Lusaka water, sewerage, sanitation, and drainage system.

Countries Most Likely to be Selected as Threshold Eligible

Nepal would be an interesting choice for the MCC's new threshold program this year. It easily passes both the old and new indicators tests. Perhaps most important, it has made small but significant inroads into improving the policy environment for democratic rights. Nepal is both a Feed the Future and Global Health Initiative Plus country; an MCC threshold program determined by a rigorous constraints-to-growth analysis could further expand the potential of Nepal to generate economic growth and reduce poverty.

Countries That Pass the Indicators Test but Are Unlikely to be Chosen

For the seventh year in a row, **Bolivia** passes the indicators test (both the old and new). However, Bolivia is unlikely to be selected as MCC eligible because of weakened bilateral relations with the United States that have only recently begun to improve. The MCC should not select Bolivia on the grounds that the

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[17] For more on the compact results in Honduras, see *MCA Monitor Report from the Field: Honduras*, December 2011.

opportunity to generate economic growth and reduce poverty may not be as high in Bolivia as in other potential partner countries.

India, **São Tomé and Principe**, and the **Solomon Islands** all pass the new indicators test this year. The MCC board should avoid selecting any of these countries this year because it may not get the greatest return on its development dollar in these countries. As the world's most populous democracy and an emerging donor itself, India already enjoys high levels of foreign direct investment. Any MCC investment in India would undoubtedly have a comparatively small impact on the country's overall development. São Tomé and Principe and the Solomon Islands have small populations and thus a comparatively low number of people living below the poverty line while administrative costs associated with each MCC compact are relatively fixed, no matter the size.[18] The MCC should only select countries in which its assistance will have a major return on investment and large number of beneficiaries.

Mali and **Niger** both pass the new indicators test this year and are in the process of implementing MCC programs. Mali is in the fifth and final year of implementing its $460 million compact, but project expenditures are behind schedule in some compact projects. Niger is implementing a $23 million threshold program that was reinstated after a period of suspension due to an unconstitutional bid to maintain power by former president Mamadou Tandja. The new government of Niger should demonstrate its abilities as an MCC partner in its threshold program before it is made compact eligible. The MCC board should not select these countries this year but allow them to focus on successful completion of current MCC investments.

MCC Eligibility for Lower Middle Income Countries

There are 30 countries in the FY2012 lower middle income country group, defined by countries with a GNI per capita from $1916 to $3975. Of these 30 countries, one is statutorily prohibited from receiving MCC funds but is included in median calculations for the LMIC category.

Countries That Pass the Old and New Indicators Test

Twelve LMICs pass the new FY2012 indicators test. Countries in **bold** pass both the new and old indicators test.

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[18] As the MCC continues to expand its development model, regional compacts should be considered, especially in the case of small island nations.

- Two from Africa: **Cape Verde** and Morocco.
- Two from Latin America: **Belize** and El Salvador.
- Eight from Europe, Asia, and the Pacific: **Bhutan**, **Georgia**, Kiribati, Marshall Islands, **Samoa**, **Sri Lanka**, **Tonga**, and Vanuatu.

No countries pass under the old indicators test but fail the new indicators test.

Lower Middle Income Countries that Pass Both Indicators Test	Lower Middle Income Countries that Pass the New Indicators Test	Lower Middle Income Countries that Pass the Old Indicators Test
1. Belize	1. Belize	1. Belize
2. Bhutan	2. Bhutan	2. Bhutan
3. Cape Verde	3. Cape Verde	3. Cape Verde
4. Georgia	4. El Salvador	4. Georgia
5. Samoa	5. Georgia	5. Samoa
6. Sri Lanka	6. Kiribati	6. Sri Lanka
7. Tonga	7. Marshall Islands	7. Tonga
	8. Morocco	
	9. Samoa	
	10. Sri Lanka	
	11. Tonga	
	12. Vanuatu	

At the end of this analysis, Table 4 provides detailed lists of passing countries, as well as information on LMIC eligibility. Tables 5 and 6 provide detail on individual indicator scores for the old and new indicator systems.

The MCC board of directors selected one new LMIC—Georgia—as eligible for compact assistance in FY2011. It also reselected Indonesia and Cape Verde to continue developing first and second compacts, respectively. Indonesia signed a compact on November 18, 2011. Both Georgia and Cape Verde will need to be reselected as compact eligible in FY2012 to continue their second compact development. Cape Verde passed the indicators test in FY2011 and passes both the old and new tests in FY2012. Georgia missed passing the FY2011 indicators test by one indicator but passes both the old and new indicators tests in FY2012. Indonesia failed the FY2011 indicators test and badly fails both the old and new FY2012 indicators tests.

This year, five of eight LMICs that have signed compacts pass the new indicators test: Cape Verde, El Salvador, Georgia, Morocco, and Vanuatu. El Salvador, Morocco, and Vanuatu fail the old indicators test because they fail the investing in people category. (Vanuatu also fails the encouraging economic freedom category under the old indicators test.) Armenia, Indonesia, and the Philippines all fail both the old and new indicators test.

One country passes the FY2012 old and new indicators tests that also passed in FY2011 but was not selected last year: Sri Lanka.

Countries Most Likely to be Selected as Compact Eligible

Cape Verde was the first country to be made eligible for a second compact in FY2010 and should be reselected this year to continue developing its second compact. Cape Verde passes both the old and new indicators tests. Cape Verde's first compact, worth $110 million, focused on strengthening the financial sector and improving infrastructure and market access; it closed out in October 2010. Cape Verde's second compact will likely be $50–70 million and focus on water, sanitation, and hygiene and property rights as the key priorities.

El Salvador is in the fifth and final year of successfully implementing its $460 million compact focused on integrated poverty reduction in its Northern Zone. The compact is expected to close out in September 2012. El Salvador easily passes the new indicators test but fails the old indicators test by failing the investing in people category. Like Ghana, El Salvador is a Partnership for Growth initiative country. Considering its compact implementation record, performance on the indicators test, and potential to generate economic growth, the MCC board should select El Salvador as compact eligible this year.

In FY2011, the MCC board made **Georgia** eligible to apply for a second compact and it should reselect Georgia this year. Georgia successfully completed its first compact in April 2011. The $395 million compact focused on rehabilitating regional infrastructure and enterprise development. For the first time in four years, Georgia passes the indicators test, scoring high marks on both the old and new systems. Georgia is currently developing a second compact worth $100–150 million.

Countries That Pass the Indicators Test but Are Unlikely to be Chosen

Bhutan and **Sri Lanka** have been perennial indicators test passers and pass both the old and new indicators test this year. However, both countries' records on the democracy indicators in years past and the democratic rights indicators this year are lacking. Bhutan has long failed the three "democracy" indicators (political rights, civil liberties, and voice & accountability), and this year only passes the democratic rights indicators hard hurdle by scoring two points above the threshold on the political rights indicator. (It fails the civil liberties indicator.) Similarly, Sri Lanka passes the civil liberties indicator by only 3 points and fails the political rights indicator. More importantly, Sri Lanka's scores on the democracy indicators have shown a steady decline. The MCC should not select Bhutan or Sri Lanka as MCC eligible until they demonstrate further improvements in promoting democratic rights.

Belize, **Kiribati**, **Marshall Islands**, **Samoa**, **Tonga**, and **Vanuatu** all pass the new indicators test this year but should not be selected as compact eligible in the current fiscal environment in light of their small populations living below the poverty line and the fixed administrative costs of MCC compacts. The MCC should focus investments on areas with a potential for high impact in number of household incomes raised.

MCC Selection System with New Income Definitions

In 2010, the MCA Monitor proposed redefining the MCC income categories to allow for a fairer comparison of low income countries and preserve compliance with the legislated 25 percent LMIC spending cap. The change would redefine the LIC category as the 75 lowest income countries according to GNI per capita and the LMIC category as those countries from the 76th poorest to the existing LMIC upper income threshold (in FY2012, $3,975). This adjustment recognizes that performance on the majority of MCC indicators is strongly related to income.[19] This legislative change is still pending in Congress and would need to be enacted as a permanent modification to be effective. The table below offers an exploration of what the system would have looked like in FY2012 if it had been enacted with the new indicators test.

If the new income definitions are applied, 15 countries would switch from LMIC to LIC status.[20] Of these 15, five would have different results on their indicators tests. These countries are presented below along with their new result on the new indicators test. For LMICs that transition to LICs, the correct LIC data and passing thresholds are used.

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[19] See CGD's *From Challenge to Opportunity: A Proposal to Adjust the MCC's Candidacy Selection Method*, Sarah Jane Staats, Casey Dunning, and Paolo Abarcar, April 2010.

[20] New LICs would be Bhutan, Republic of Congo, Egypt, Georgia, Guatemala, Indonesia, Iraq, Kiribati, Micronesia, the Philippines, Sri Lanka, Swaziland, Syria, Tuvalu, and Vanuatu. (Tuvalu is not listed in the World Bank data but is estimated to have an income of $2,685.)

Country	Old Income Group	New Income Group	New Indicators Test Result	Number of Indicators Passed
Benin	LIC	LIC	Miss by one indicator	9
Guatemala	LMIC	LIC	Pass	17
Indonesia	LMIC	LIC	Pass	17
Kiribati	LMIC	LIC	Miss by one indicator	9
Micronesia	LMIC	LIC	Pass	10
Tuvalu	LMIC	LIC	Pass	10

The income redefinition effectively raises the upper bound of the lower income category and has the greatest effect on marginal, now former, LMICs. Guatemala, Indonesia, and Micronesia, failing under the current system, now benefit from being measured against lower median scores in the lower income cohort. Conversely, countries that remain in the LIC category in the redefinition have higher thresholds to reach, but the influx of higher-scoring LMICs does not seem to punish them greatly. Benin is the only formerly passing country that is narrowly pushed out under the new income definitions.

Conclusion

The MCC stands at a critical juncture in its history: it must simultaneously show significant impact as a result of its completed compact investments while forging ahead with new compacts that demonstrate the ingenuity and capacity of its unique assistance model. All of this must be done within the context of a very strict FY2012 budget environment, making matters even more difficult. With this in mind, the MCC board should be especially selective in both its compact- and threshold-eligible country choices. In practice, this means that the board should stick to selecting compact countries with a proven track record of implementation and not select any first-time compact-eligible countries. The place for first-time MCC countries is the newly revised threshold program. The MCC should select one or two new countries as threshold eligible to give the new program a chance to demonstrate its effectiveness and to allow new-to-the-MCC countries the chance to demonstrate their capabilities as an implementing partner. The MCC's projected $898 million FY2012 budget could plausibly fund compacts in Benin, El Salvador, and Honduras and a threshold program in Nepal, the MCA Monitor's recommendations for newly eligible countries this year.

The MCC board also has an exciting new evaluative tool at its disposal with the launch of the new selection system. The new indicators test gives the MCC board important policy information on new sectors while creating the space for further innovation in the field of development on the part of the MCC. At a technical level, the new system should also help to stabilize the indicator system and reduce volatility since the individual weight on each indicator is reduced. But, even with this new system, the MCC board must remember the limitations of any indicators test. The indicators have time lags, data volatility, and margins of error that must be considered. This is especially true for the control of corruption indicator on which there is a hard hurdle imposed: a country, like Honduras, that falls just below the median is statistically indistinguishable from a country, like Benin, which scores just above the median. The MCC board should consider the inherent control of corruption margin of error for countries around the median threshold.

In this ninth round of selection, the MCC board is tasked with the difficult job of choosing MCC-eligible countries that will produce great results under a greatly reduced budget. The board should be transparent on why countries are selected for compact or threshold eligibility and also on why countries that pass the indicators test are not chosen as eligible. With its new indicators system and expanded focus, this year's selection round should confirm the MCC's place at the vanguard of best development practice and foreign assistance delivery.

Table 1. Country Qualification Predictions for Low Income Candidate Countries

FY2011 Eligibility Results	FY2012 Old System Results	FY2012 New System Results	FY2012 Eligibility Predictions
Current eligible countries (selected in FY2011) 1. Ghana 2. Zambia	**Candidate countries that pass the FY2012 old indicators test** 1. Bolivia 2. Burkina Faso 3. The Gambia 4. Ghana 5. Lesotho 6. Malawi 7. Moldova 8. Mongolia 9. Nepal 10. Rwanda 11. Senegal 12. Tanzania 13. Vietnam 14. Zambia	**Candidate countries that pass the FY2012 new indicators test** 1. Benin 2. Bolivia 3. Burkina Faso 4. Ghana 5. India 6. Lesotho 7. Malawi 8. Mali 9. Moldova 10. Mongolia 11. Mozambique 12. Nepal 13. Niger 14. São Tomé and Principe 15. Senegal 16. Solomon Islands 17. Tanzania 18. Zambia	**Countries most likely to be selected as compact eligible** 1. Benin 2. Ghana 3. Honduras 4. Zambia
Countries that passed the FY2011 indicators but were not selected 1. Bolivia 2. The Gambia 3. Guyana 4. Rwanda 5. Vietnam	**Countries that would pass but for the control of corruption hard hurdle** 1. Honduras 2. Kenya 3. Nicaragua	**Countries that would pass but for the control of corruption hard hurdle** 1. Bangladesh 2. Honduras 3. Kenya 4. Nicaragua 5. Pakistan 6. Papua New Guinea 7. Uganda	**Countries most likely to be selected as threshold eligible** 1. Nepal
Compact countries that did not require selection in FY2011 1. Benin 2. Burkina Faso 3. Lesotho 4. Mali 5. Moldova 6. Mongolia 7. Mozambique 8. Nicaragua 9. The Philippines 10. Senegal 11. Tanzania		**Countries eliminated by the democratic rights hard hurdle** 1. Ethiopia 2. The Gambia 3. Rwanda 4. Vietnam	**Compact countries that do not require selection in FY2012** 1. Burkina Faso 2. Lesotho 3. Malawi 4. Moldova 5. Mongolia 6. Mozambique 7. Senegal 8. Tanzania
	Countries that miss by one indicator under the old system 1. Ethiopia 2. India 3. Niger 4. São Tomé and Principe	**Countries that miss by one indicator under the new system** 1. Comoros 2. Liberia	**Potential countries for second compact eligibility** 1. Benin 2. Ghana 3. Honduras 4. Mali 5. Nicaragua

Note: Once a country signs a compact agreement, it does not have to be reselected for eligibility. A compact country does have to be selected as eligible in the case of a second compact.

Table 2. MCC Low Income Countries and Their Indicator Scores on the Old System, FY2012

		Ruling Justly						Investing in People					Economic Freedom								
	Country	Political Rights	Civil Liberties	Control of Corruption	Government Effectiveness	Rule of Law	Voice & Accountability	Immunization Rate: DPT and Measles, %	Public Expenditure on Health, % of GDP	Public Primary Education Spending, % of GDP	Girls' Primary Education Completion Rate, %	Natural Resources Management	Regulatory Quality	Land Rights and Access	Business Startup	Trade Policy	Inflation, %	Fiscal Policy	Ruling Justly	Investing in People	Economic Freedom
		(0 to 40, 40=best)	(0 to 60, 60=best)	(-2.5 to +2.5, +2.5=best)								(0 to 100, 100=best)		(0 to 1, 1=best)		(0 to 100, 100=best)					
	Threshold	16.5	27.5	0.00	0.00	0.00	0.00	83.50	2.45	1.96	68.81	60.60	0.00	0.64	0.94	69.06	15.00	-2.71			
Countries that pass the indicators test																					
1	Bolivia	27	39	0.30	0.41	-0.14	0.72	79.5	3.3	3.2	95.2	74.3	-0.1	0.702	0.9	74.3	2.5	2.3	5	4	4
2	Burkina Faso	17	36	0.41	0.28	0.71	0.57	94.5	3.9	2.5	42.3	51.0	0.6	0.621	0.9	72.5	-0.6	-5.2	6	3	4
3	Gambia, The	15	23	0.23	0.19	0.42	-0.3	97.5	3.0	3.3	71.6	61.3	0.3	0.703	0.8	60.5	5.0	-2.9	3	5	3
4	Ghana	37	47	0.87	0.86	0.86	1.3	93.5	4.3	1.8	91.4	68.5	0.8	0.738	1.0	67.8	10.7	-7.2	6	4	4
5	Lesotho	29	41	0.97	0.49	0.63	0.63	84	5.6	4.7	78.9	46.2	0.1	0.620	0.9	69.1	3.4	0.1	6	4	4
6	Malawi	26	34	0.37	0.46	0.79	0.65	93	3.6	2.0	68.1	74.2	0.2	0.718	0.9	70.9	7.4	-3.1	6	3	4
7	Moldova	27	36	0.05	0.23	0.53	0.74	93.5	6.4	1.6	91.5	69.5	0.6	0.930	1.0	79.0	7.4	-3.3	6	4	5
8	Mongolia	35	50	0.07	0.25	0.5	0.81	96.5	4.0	1.5	105.2	75.0	0.5	0.716	1.0	79.8	10.2	-2.8	6	4	5
9	Nepal	20	28	0.10	0.09	-0.09	0.27	84	2.1	2.9	n/a	72.8	0.0	0.693	0.9	61.5	9.6	-1.9	5	3	4
10	Rwanda	8	19	1.27	0.81	0.62	-0.53	81	3.9	2.0	73.8	70.0	0.6	0.832	1.0	78.0	2.3	0.6	3	3	6
11	Senegal	28	43	0.10	0.35	0.52	0.49	65	3.1	2.2	60.6	70.7	0.5	0.519	0.9	72.2	1.2	-5.0	6	3	3
12	Tanzania	28	36	0.29	0.36	0.42	0.71	91.5	3.8	4.6	103.1	61.8	0.3	0.785	1.0	73.5	10.5	-3.9	6	5	5
13	Vietnam	2	18	0.20	0.55	0.44	-0.62	95.5	2.8	1.6	n/a	80.2	0.2	0.747	1.0	79.6	9.2	-5.3	3	3	5
14	Zambia	25	33	0.21	0.06	0.43	0.54	86.5	3.7	0.2	85.2	63.3	0.2	0.646	1.0	82.3	8.5	-2.4	6	4	6
Eliminated by corruption																					
1	Honduras	19	33	-0.08	0.19	0.06	0.33	98.5	3.4	3.1	101.6	86.1	0.5	0.668	0.9	77.1	4.7	-3.1	5	5	5
2	Kenya	21	35	-0.13	0.33	-0.08	0.58	84.5	1.5	2.8	n/a	60.8	0.6	0.750	0.9	66.7	4.1	-5.4	4	3	4
3	Nicaragua	20	34	0.00	-0.1	0.1	0.33	98.5	5.4	n/a	84.0	83.3	0.4	0.710	0.9	84.9	5.5	-1.1	4	4	5
Missed by one indicator																					
1	Ethiopia	8	13	0.08	0.51	0.17	-0.51	83.5	2.0	3.1	69.1	53.5	-0.2	0.741	1.0	65.6	2.8	-1.7	3	2	4
2	India	34	42	0.26	0.85	0.87	1.23	73.0	1.3	n/a	95.1	61.5	0.3	0.674	0.9	64.1	12.0	-8.2	6	2	3
3	Niger	12	30	0.12	0.15	0.36	0.24	70.5	3.5	2.3	35.5	40.6	0.2	0.544	0.9	71.7	0.9	-2.2	5	2	4
4	São Tomé and Principe	33	47	0.40	0.17	0.24	0.94	95.0	2.9	1.1	89.2	48.1	0.0	0.575	1.0	66.6	13.3	-4.7	6	3	2
Missed by more than one indicator																					
1	Afghanistan	10	15	-0.84	-0.61	-0.97	-0.65	64	1.6	n/a	n/a	30.1	-0.8	0.494	1.0	n/a	7.7	-1.6	0	0	3
2	Bangladesh	26	34	-0.21	0.02	0.16	0.53	94.5	1.1	1.0	68.8	60.4	-0.1	0.522	1.0	54.0	8.1	-3.8	5	1	2
3	Benin	33	50	0.03	0.33	0.2	1.1	76.0	2.3	2.6	60.1	59.4	0.4	0.517	0.8	59.3	2.1	-1.3	6	1	3
4	Burundi	13	22	-0.30	-0.23	-0.28	-0.11	94.0	6.0	4.2	54.9	51.6	-0.4	0.644	0.9	78.9	6.4	18.0	0	3	3
5	Cambodia	9	20	-0.43	0.04	-0.16	-0.07	92.5	1.3	1.1	86.9	67.9	0.3	0.675	0.8	65.2	4.0	-2.3	1	3	4
6	Cameroon	7	16	-0.20	-0.02	-0.12	-0.25	81.5	1.4	1.2	72.4	61.7	0.0	0.583	0.9	54.9	1.3	0.4	0	2	4
7	Central African Republic	15	22	0.00	-0.54	-0.37	-0.32	58.0	1.6	0.6	30.1	58.8	-0.4	0.724	0.8	57.8	1.5	-0.6	1	0	3
8	Chad	5	16	-0.54	-0.64	-0.57	-0.58	52.5	3.9	1.4	24.4	37.9	-0.4	0.537	0.8	55.6	-2.1	-3.5	0	1	1
9	Comoros	25	30	0.05	-0.87	-0.13	0.41	73.0	2.1	4.7	65.5	51.5	-0.8	0.631	0.8	69.4	2.7	3.2	4	1	3
10	Congo, Dem. Rep.	11	10	-0.60	-0.86	-0.68	-0.61	65.5	0.5	4.9	47.4	46.6	-0.9	0.533	0.5	63.0	23.5	-2.7	0	1	1
11	Cote d'Ivoire	4	16	-0.36	-0.47	-0.29	-0.31	77.5	1.1	3.0	41.4	65.3	-0.2	0.465	0.9	70.3	1.4	-1.5	0	2	3
12	Djibouti	10	23	0.47	-0.13	0.21	-0.33	86.5	5.3	1.6	44.9	54.1	0.0	0.604	0.8	59.6	4.0	-1.3	2	2	3
13	Guinea	14	22	-0.41	-0.29	-0.58	-0.09	54.0	0.9	2.3	53.0	50.8	-0.4	0.463	0.9	61.2	15.5	-7.6	0	1	0
14	Guinea-Bissau	18	27	-0.28	-0.18	-0.42	-0.08	68.5	1.6	n/a	60.0	50.3	-0.3	0.582	0.9	65.3	1.1	0.6	1	0	3
15	Haiti	20	25	-0.47	-0.75	-0.43	0.09	59.0	1.4	0.8	n/a	40.9	-0.3	0.464	0.6	74.8	4.1	-1.7	2	0	3
16	Kyrgyz Republic	15	24	-0.29	0.23	-0.36	-0.15	97.5	3.5	n/a	96.6	77.0	0.5	0.758	1.0	63.2	7.8	-2.1	1	4	5
17	Lao PDR	0	12	-0.29	-0.08	0.03	-0.83	69.0	0.8	0.5	75.5	75.1	-0.3	0.683	0.9	58.7	6.0	-4.9	1	2	2
18	Liberia	24	34	0.27	-0.38	-0.08	0.58	64.0	5.3	n/a	57.2	62.7	-0.3	0.510	0.9	53.8	7.3	-10.5	4	2	1
19	Mali	31	41	0.10	-0.02	0.47	0.96	69.5	2.7	1.5	48.7	31.8	0.3	0.518	0.9	73.2	1.3	-2.1	5	1	4
20	Mauritania	11	23	0.10	-0.07	0.05	-0.09	65.5	1.6	n/a	76.0	35.3	-0.1	0.634	0.9	69.9	6.3	-4.5	2	1	3
21	Mozambique	23	36	0.39	0.39	0.43	0.69	72.0	4.7	n/a	55.4	52.9	0.4	0.721	1.0	81.1	12.7	-3.9	6	1	5
22	Nigeria	19	29	-0.21	-0.33	-0.28	-0.02	70.0	2.1	n/a	69.7	57.8	0.0	0.470	0.9	63.9	13.7	-4.6	2	1	1
23	Pakistan	20	24	-0.32	0.09	0.14	-0.01	87.0	0.9	n/a	59.3	76.5	0.1	0.647	1.0	66.0	11.7	-6.1	3	2	4
24	Papua New Guinea	23	36	-0.36	0.11	-0.01	0.88	55.5	2.5	n/a	n/a	48.1	0.2	0.659	0.9	84.8	6.0	-2.5	4	0	6
25	Sierra Leone	27	37	0.02	-0.33	-0.01	0.63	86.0	1.4	2.3	n/a	38.1	0.0	0.533	0.9	62.8	17.8	-4.9	4	2	1
26	Solomon Islands	22	42	0.32	-0.09	0.22	0.92	73.5	5.0	0.4	n/a	48.5	-0.4	0.495	0.9	55.4	1.0	2.5	5	1	3
27	Somalia	0	1	-0.95	-1.38	-1.5	-1.2	45.5	n/a	n/a	n/a	22.7	-1.6	n/a	n/a	n/a	n/a	n/a	0	0	0
28	Tajikistan	8	18	-0.39	-0.04	-0.27	-0.55	93.5	1.8	0.2	102.3	71.7	-0.3	0.595	1.0	82.5	6.5	-4.4	0	3	3
29	Timor-Leste	28	34	-0.17	-0.35	-0.28	0.83	69.0	8.8	n/a	66.9	60.9	-0.4	n/a	0.9	73.0	4.9	302.8	3	2	3
30	Togo	16	26	-0.19	-0.52	0.01	-0.16	88.0	1.3	2.1	63.7	58.0	-0.2	0.381	0.8	61.7	3.2	-1.8	1	2	2
31	Uganda	15	30	-0.10	0.31	0.52	0.33	57.5	1.6	1.8	56.5	67.6	0.6	0.850	0.9	73.6	9.4	-3.5	4	1	4
32	Yemen, Rep.	11	18	-0.36	-0.17	-0.12	-0.47	80.0	1.6	2.4	50.8	51.5	0.1	0.856	0.9	81.5	11.2	-6.2	0	1	4
Elminted for statutory reasons																					
1	Eritrea	2	5	0.33	-0.51	-0.36	-1.37	99.0	1.0	n/a	36.4	51.9	-1.5	0.860	0.9	69.1	12.7	-17.3	1	1	3
2	Korea, Dem. Rep.	0	1	-0.56	-1.01	-0.37	-1.4	96.0	n/a	n/a	n/a	78.7	-1.7	n/a	n/a	0.0	n/a	n/a	0	2	0
3	Madagascar	7	32	0.52	0.04	0.08	0.01	70.5	2.8	1.3	73.2	41.5	0.1	0.609	1.0	73.5	9.2	-1.5	5	2	5
4	Myanmar	3	5	-0.90	-0.81	-0.57	-1.29	89.0	0.2	n/a	106.2	73.4	-1.5	n/a	n/a	73.6	8.2	-2.7	0	3	2
5	Sudan	9	6	-0.55	-0.51	-0.39	-0.9	90.0	2.0	n/a	47.7	49.4	-0.6	0.690	0.9	n/a	13.0	-3.2	0	1	3
6	Uzbekistan	0	4	-0.53	0.07	-0.45	-1.21	98.5	2.5	n/a	92.2	74.8	-0.9	n/a	1.0	66.1	9.4	5.5	1	4	3
7	Zimbabwe	8	13	-0.61	-0.7	-0.87	-0.68	83.5	n/a	n/a	n/a	74.6	-1.3	0.413	0.8	50.4	3.0	-2.0	0	1	2
Number of countries for which data is available																					
		60	60	60	60	60	60	60	57	41	49	60	60	55	57	57	58	58			

Note: Shaded indicator scores designate a failed score. Scores at or below the median are considered failing; unavailable data is also considered failing.

Table 3. MCC Low Income Countries and Their Indicator Scores on the New System, FY2012

		Ruling Justly						Investing in People						Economic Freedom								
	Country	Political Rights	Civil Liberties	Control of Corruption	Government Effectiveness	Rule of Law	Freedom of Information	Immunization Rate: DPT and Measles, %	Public Expenditure on Health, % of GDP	Public Primary Education Spending, % of GDP	Girls' Primary Education Completion Rate, %	Natural Resource Protection	Child Health	Regulatory Quality	Land Rights and Access	Business Startup	Trade Policy	Inflation, %	Fiscal Policy	Access to Credit	Gender in the Economy	Number of passed indicators
		(0 to 40, 40=best)	(0 to 60, 60=best)	(-2.5 to +2.5, +2.5=best)								(0 to 100, 100=best)	(0 to 100, 100=best)	(-2.5 to +2.5, +2.5=best)			(0 to 100, 100=best)					
	Threshold	17	25	0.00	0.00	0.00	57	83.50	2.46	2.01	68.47	68.89	57.14	0.00	0.645	0.94	68.45	15.00	-2.70	23.00	1	
Countries that pass the indicators test																						
1	Benin	33	50	0.03	0.31	0.19	33	76.0	2.34	2.59	60.08	98.9	46.3	0.40	0.517	0.84	59.26	2.14	-1.25	23	2	11
2	Bolivia	27	39	0.30	0.39	-0.14	44	79.5	3.30	3.21	95.18	100.0	65.7	-0.10	0.702	0.88	74.28	2.50	2.30	33	0	16
3	Burkina Faso	17	36	0.41	0.26	0.71	39	94.5	3.93	2.50	42.28	100.0	34.6	0.62	0.621	0.95	72.46	-0.58	-5.15	23	0	14
4	Ghana	37	47	0.87	0.84	0.85	24	93.5	4.30	1.76	91.36	99.4	58.1	0.81	0.738	0.98	67.84	10.71	-7.22	39	0	17
5	India	34	42	0.26	0.84	0.86	35	73.0	1.26	n/a	95.10	45.2	67.0	0.33	0.674	0.94	64.14	11.99	-8.18	44	2	12
6	Lesotho	29	41	0.97	0.47	0.62	46	84.0	5.62	4.72	78.86	2.2	60.9	0.102	0.620	0.95	69.06	3.38	0.09	18	2	16
7	Malawi	26	34	0.36	0.44	0.78	53	93.0	3.62	1.96	68.13	97.3	66.5	0.16	0.718	0.89	70.92	7.41	-3.10	21	1	14
8	Mali	31	41	0.10	-0.04	0.46	22	69.5	2.67	1.48	48.65	24.3	34.3	0.25	0.518	0.91	73.20	1.29	-2.08	23	4	10
9	Moldova	27	36	0.05	0.21	0.52	53	93.5	6.41	1.64	91.47	12.8	88.4	0.61	0.930	0.99	78.96	7.36	-3.28	44	0	17
10	Mongolia	35	50	0.07	0.23	0.50	37	96.5	4.04	1.48	105.21	80.7	73.1	0.44	0.716	0.99	79.80	10.17	-2.78	38	0	18
11	Mozambique	23	36	0.38	0.37	0.42	42	72.0	4.67	n/a	55.44	97.5	38.1	0.36	0.721	0.98	81.06	12.70	-3.95	26	2	14
12	Nepal	20	28	0.10	0.07	-0.10	55	84.0	2.06	2.94	n/a	79.6	70.5	-0.02	0.693	0.95	61.46	9.56	-1.89	36	2	14
13	Niger	12	30	0.12	0.13	0.35	55	70.5	3.50	2.35	35.54	68.9	31.1	0.22	0.544	0.88	71.74	0.94	-2.16	23	5	11
14	São Tomé and Principe	33	47	0.40	0.15	0.23	29	95.0	2.91	1.10	89.15	0.0	64.1	-0.05	0.575	0.97	66.60	13.34	-4.67	6	n/a	12
15	Senegal	28	43	0.10	0.33	0.52	52	65.0	3.14	2.24	60.58	99.6	61.1	0.45	0.519	0.94	72.18	1.23	-4.97	23	2	13
16	Solomon Islands	22	42	0.32	-0.11	0.22	27	73.5	4.96	0.36	n/a	0.9	64.4	-0.46	0.495	0.94	55.42	0.98	2.46	27	n/a	11
17	Tanzania	28	36	0.29	0.34	0.41	46	91.5	3.77	4.61	103.13	100.0	49.1	0.31	0.785	0.95	73.54	10.50	-3.93	24	1	17
18	Zambia	25	33	0.21	0.04	0.43	61	86.5	3.66	0.21	85.16	100.0	51.1	0.23	0.646	0.96	82.34	8.50	-2.41	52	0	17
Eliminated by corruption																						
1	Bangladesh	26	34	-0.21	0.00	0.15	50	94.5	1.12	1.00	68.81	18.0	74.5	-0.14	0.522	0.96	54.00	8.13	-3.80	31	1	10
2	Honduras	19	33	-0.08	0.17	0.05	57	98.5	3.39	3.14	101.60	97.5	82.3	0.52	0.668	0.95	77.08	4.70	-3.09	54	1	16
3	Kenya	21	35	-0.13	0.31	-0.09	52	84.5	1.47	2.76	n/a	86.6	52.2	0.60	0.750	0.94	66.70	4.09	-5.44	50	0	13
4	Nicaragua	20	34	0.00	-0.12	0.09	43	98.5	5.41		84.01	100.0	77.8	0.35	0.710	0.87	84.88	5.46	-1.08	34	0	16
5	Pakistan	20	24	-0.32	0.08	0.14	61	87.0	0.86	n/a	59.26	92.8	71.1	0.13	0.647	0.98	66.02	11.73	-6.14	38	3	11
6	Papua New Guinea	23	36	-0.36	0.09	-0.01	23	55.5	2.45	n/a	n/a	21.3	57.0	0.19	0.659	0.95	84.84	6.00	-2.48	30	0	12
7	Uganda	15	30	-0.10	0.29	0.52	50	57.5	1.56	1.83	56.45	100.0	56.9	0.59	0.850	0.90	73.56	9.40	-3.48	41	1	10
Eliminated by democracy																						
1	Ethiopia	8	13	0.08	0.49	0.17	79	83.5	2.03	3.05	69.06	99.9	38.0	-0.16	0.741	0.98	65.58	2.79	-1.72	22	0	11
2	Gambia, The	15	23	0.23	0.17	0.41	81	97.5	2.99	3.26	71.57	14.6	76.9	0.33	0.703	0.79	60.50	5.05	-2.88	15	n/a	11
3	Rwanda	8	19	1.26	0.79	0.61	82	81.0	3.91	1.96	73.80	85.0	65.0	0.55	0.832	0.99	78.02	2.31	0.56	54	2	14
4	Vietnam	2	18	0.20	0.53	0.44	88	95.5	2.79	1.56	n/a	56.0	88.2	0.14	0.747	0.96	79.64	9.21	-5.30	49	0	13
Miss by one indicator																						
1	Comoros	25	30	0.04	-0.89	-0.14	48	73.0	2.11	4.70	65.46	0.0	68.6	-0.82	0.631	0.82	69.44	2.70	3.18	18	n/a	9
2	Liberia	24	34	0.27	-0.40	-0.09	55	64.0	5.26	n/a	57.16	99.2	50.6	-0.34	0.510	0.93	53.80	7.29	-10.46	26	0	9
Miss by more than one indicator																						
1	Afghanistan	10	15	-0.84	-0.63	-0.98	73	64.0	1.58	n/a	n/a	3.5	39.0	-0.84	0.494	0.97		7.71	-1.64	18	n/a	3
2	Burundi	13	22	-0.30	-0.25	-0.29	74	94.0	6.04	4.20	54.89	51.5	51.6	-0.41	0.644	0.88	78.94	6.40	17.95	14	3	6
3	Cambodia	9	20	-0.43	0.02	-0.17	61	92.5	1.26	1.08	86.92	100.0	57.1	0.25	0.675	0.84	65.18	4.00	-2.28	24	0	10
4	Cameroon	7	16	-0.20	-0.04	-0.12	65	81.5	1.36	1.19	72.39	81.7	55.0	0.01	0.583	0.95	54.92	1.28	0.38	28	4	7
5	Central African Republic	15	22	0.00	-0.56	-0.38	61	58.0	1.65	0.63	30.10	100.0	45.1	-0.38	0.724	0.83	57.76	1.49	-0.62	28	n/a	5
6	Chad	5	16	-0.54	-0.66	-0.58	75	52.5	3.87	1.44	24.43	73.5	26.0	-0.36	0.537	0.76	55.56	-2.12	-3.54	28	2	4
7	Congo, Dem. Rep.	11	10	-0.60	-0.88	-0.69	79	65.5	0.49	4.93	47.41	95.6	30.2	-0.88	0.533	0.45	62.96	23.46	-2.70	9	6	2
8	Cote d'Ivoire	4	16	-0.37	-0.49	-0.30	68	77.5	1.07	3.00	41.44	100.0	53.7	-0.18	0.465	0.86	70.32	1.37	-1.49	23	3	5
9	Djibouti	10	23	0.47	-0.15	0.21	73	86.5	5.35	1.62	44.87	0.0	72.1	0.01	0.604	0.82	59.62	3.95	-1.28	8	n/a	8
10	Guinea	14	22	-0.41	-0.31	-0.58	55	54.0	0.87	2.34	52.97	67.6	45.2	-0.36	0.463	0.86	61.18	15.47	-7.60	18	4	2
11	Guinea-Bissau	18	27	-0.28	-0.20	-0.43	57	68.5	1.56	n/a	59.96	100.0	33.8	-0.35	0.582	0.95	65.28	1.07	0.60	23	n/a	6
12	Haiti	20	25	-0.47	-0.77	-0.43	49	59.0	1.36	0.81	n/a	2.7	53.7	-0.34	0.464	0.64	74.84	4.12	-1.71	19	n/a	5
13	Kyrgyz Republic	15	24	-0.29	0.21	-0.37	68	97.5	3.48	n/a	96.65	34.4	91.3	0.47	0.758	0.99	63.24	7.76	-2.12	50	0	12
14	Lao PDR	0	12	-0.29	-0.10	0.03	85	69.0	0.78	0.52	75.48	100.0	66.8	-0.31	0.683	0.93	58.70	5.98	-4.88	12	0	7
15	Mauritania	11	23	0.10	-0.09	0.05	55	65.5	1.59	n/a	76.00	5.4	45.3	-0.08	0.634	0.94	69.88	6.28	-4.52	14	4	7
16	Nigeria	19	29	-0.21	-0.35	-0.28	48	70.0	2.12	n/a	69.69	99.2	44.0	-0.06	0.470	0.91	63.90	13.72	-4.65	27	0	8
17	Sierra Leone	27	37	0.02	-0.35	-0.02	51	86.0	1.43	2.30	n/a	49.4	34.4	0.00	0.533	0.91	62.80	17.78	-4.92	21	n/a	6
18	Somalia	0	1	-0.95	-1.40	-1.50	84	45.5	n/a	n/a	n/a	5.8	28.3	-1.66	n/a	n/a		n/a	n/a	n/a	n/a	0
19	Tajikistan	8	18	-0.39	-0.06	-0.27	76	93.5	1.76	0.18	102.30	38.1	82.9	-0.34	0.595	0.95	82.50	6.46	-4.42	6	0	7
20	Timor-Leste	28	34	-0.17	-0.37	-0.29	35	69.0	8.76	n/a	66.94	45.8	65.9	-0.37	n/a	0.92	73.00	4.91	302.85	21	n/a	8
21	Togo	16	26	-0.19	-0.54	0.00	73	88.0	1.32	2.07	63.72	100.0	44.0	-0.17	0.381	0.78	61.66	3.21	-1.76	23	6	6
22	Yemen, Rep.	11	18	-0.36	-0.19	-0.13	88	80.0	1.57	2.39	50.80	5.6	66.8	0.12	0.856	0.92	81.52	11.18	-6.25	19	5	6
Eliminated for statutory reasons																						
1	Eritrea	2	5	0.32	-0.53	-0.37	94	99.0	0.96	n/a	36.37	48.1	53.2	-1.49	0.860	0.88	69.14	12.71	-17.31	6	n/a	5
2	Korea, Dem. Rep.	0	1	-0.56	-1.03	-0.38	97	96.0	n/a	n/a	n/a	21.6	97.7	-1.72	n/a	n/a	0.00	n/a	n/a	n/a	n/a	2
3	Madagascar	7	32	0.51	0.02	0.08	64	70.5	2.78	1.31	73.23	30.9	45.0	0.13	0.609	0.98	73.48	9.25	-1.51	6	2	11
4	Myanmar	3	5	-0.90	-0.83	-0.58	101	89.0	0.20	n/a	106.19	56.0	79.2	-1.51	n/a	n/a	73.60	8.18	-2.71	n/a	n/a	5
5	Sudan	9	6	-0.55	-0.53	-0.40	81	90.0	2.01	n/a	47.71	38.5	53.0	-0.64	0.690	0.95		12.98	-3.19	12	8	4
6	Uzbekistan	0	4	-0.54	0.05	-0.45	96	98.5	2.47	n/a	92.25	21.8	92.5	-0.87	n/a	0.98	66.14	9.38	5.50	21	0	9
7	Zimbabwe	8	13	-0.61	-0.72	-0.88	77	83.5	n/a	n/a	n/a	100.0	66.1	-1.32	0.413	0.80	50.40	3.05	-1.99	21	0	5
Number of countres for which data are available																						
		60	60	60	60	60	60	60	57	41	49	60	60	60	55	57	57	58	58	57	45	

Note: Shaded indicator scores designate a failed score. Scores at or below the median are considered failing; unavailable data is also considered failing.

Table 4. Country Qualification Predictions for Lower Middle Income Candidate Countries

FY2011 Eligibility Results	FY2012 Old System Results	FY2012 New System Results	FY2012 Eligibility Predictions
Current eligible countries (selected in FY2011) 1. Cape Verde 2. Georgia	**Candidate countries that pass the FY2012 old indicators test** 1. Belize 2. Bhutan 3. Cape Verde 4. Georgia 5. Samoa 6. Sri Lanka 7. Tonga	**Candidate countries that pass the FY2012 new indicators test** 1. Belize 2. Bhutan 3. Cape Verde 4. El Salvador 5. Georgia 6. Kiribati 7. Marshall Islands 8. Morocco 9. Samoa 10. Sri Lanka 11. Tonga 12. Vanuatu	**Countries most likely to be selected as compact -eligible** 1. Cape Verde 2. El Salvador 3. Georgia
Countries that passed the FY2011 indicators but were not selected 1. Sri Lanka 2. Thailand	**Countries that would pass but for the control of corruption hard hurdle** 1. Ukraine	**Countries that would pass but for the control of corruption hard hurdle** 1. Armenia 2. Guatemala 3. Guyana 4. Paraguay 5. The Philippines 6. Ukraine	**Compact countries that do not require selection in FY2012** 1. Indonesia 2. Morocco 3. The Philippines
Compact countries that did not require selection in FY2011 1. Armenia 2. El Salvador 3. Jordan 4. Morocco **5.** Vanuatu	**Countries that miss by one indicator under the old system** 1. Egypt 2. Morocco		**Potential countries for second compact eligibility** 1. Armenia 2. Cape Verde 3. El Salvador 4. Georgia 5. Vanuatu

Note: Once a country signs a compact agreement, it does not have to be reselected for eligibility. A compact country does have to be selected as eligible in the case of a second compact.

Table 5. MCC Lower Middle Income Countries and their Indicator Scores on the Old System, FY2012

		Ruling Justly						Investing in People					Economic Freedom								
	Country	Political Rights	Civil Liberties	Control of Corruption	Government Effectiveness	Rule of Law	Voice & Accountability	Immunization Rate: DPT and Measles, %	Public Expenditure on Health, % of GDP	Public Primary Education Spending, % of GDP	Girls' Primary Education Completion Rate, %	Natural Resources Management	Regulatory Quality	Land Rights and Access	Business Startup	Trade Policy	Inflation, %	Fiscal Policy	Ruling Justly	Investing in People	Economic Freedom
		(0 to 40, 40=best)	(0 to 60, 60=best)	(-2.5 to +2.5, +2.5=best)								(0 to 100, 100=best)		(0 to 1, 1=best)		(0 to 100, 100=best)					
	Threshold	25	35	0.00	0.00	0.00	0.00	92.00	2.91	1.9	95.4	77.0	0.0	0.7	0.958	75.3	15.00	-2.8			
Countries that pass the indicators test																					
1	Belize	37	51	0.40	0.02	0.11	0.87	97.0	3.59	2.78	98.1	96	0.07	0.628	0.92	78.12	-0.20	-0.8	6	5	4
2	Bhutan	19	24	1.31	1.04	0.58	-0.30	93.0	4.50	1.10	90.8	85	-0.58	0.911	0.97	49.50	7.04	1.7	3	3	4
3	Cape Verde	37	53	1.25	0.41	0.89	1.01	97.5	2.89	2.28	97.7	65	0.48	0.770	0.98	66.86	2.08	-6.1	6	3	4
4	Georgia	20	36	0.32	0.76	0.26	-0.01	92.5	2.91	1.05	116.3	82	1.12	0.938	1.00	89.22	7.11	-4.4	4	3	5
5	Samoa	32	49	0.62	0.41	1.13	0.62	74.0	6.15	1.97	102.6	81	0.28	0.758	0.99	70.00	-0.20	-5.7	6	4	4
6	Sri Lanka	17	28	0.05	0.30	0.39	-0.35	99.0	1.79	0.48	95.6	93	0.34	0.654	0.97	77.12	5.94	-8.3	3	3	4
7	Tonga	29	42	0.18	0.13	0.56	0.46	99.0	4.15	n/a	n/a	98	0.00	0.413	0.98	75.32	3.98	-1.9	6	3	4
Eliminated by corruption																					
1	Ukraine	27	40	-0.49	-0.31	-0.33	0.01	92.0	3.83	n/a	97.8	81	-0.01	n/a	0.98	84.44	9.37	-5.0	3	3	3
Missed by one indicator																					
1	Egypt, Arab Rep.	6	19	-0.07	0.04	0.36	-1.04	96.5	2.04	1.67	96.7	87	0.36	0.938	0.99	74.04	11.70	-7.7	2	3	4
2	Morocco	14	28	0.32	0.30	0.29	-0.61	98.5	1.89	1.98	77.9	70	0.43	0.780	0.98	75.74	0.99	-1.5	3	2	6
Missed by more than one indicator																					
1	Angola	10	21	-0.85	-0.66	-0.77	-0.98	92.0	4.06	0.73	40.0	60	-0.50	0.502	0.84	65.20	14.48	3.9	0	1	2
2	Armenia	11	28	-0.19	0.31	0.00	-0.69	95.5	2.02	0.63	n/a	89	0.82	0.974	0.99	85.40	7.27	-4.8	1	2	5
3	Congo, Rep.	7	22	-0.66	-0.77	-0.66	-0.87	83.0	1.60	1.95	68.8	62	-0.74	0.448	0.81	60.70	4.98	14.7	0	1	2
4	El Salvador	34	41	0.26	0.47	-0.40	0.20	92.0	3.84	1.38	94.7	70	0.91	0.732	0.95	79.02	1.18	-4.2	5	1	4
5	Fiji	7	30	-0.42	-0.27	-0.43	-0.83	96.5	2.60	n/a	105.1	56	-0.14	0.670	0.95	69.74	8.36	-2.6	0	2	2
6	Guatemala	23	34	-0.05	-0.24	-0.56	-0.19	93.5	2.62	1.90	80.5	89	0.36	0.761	0.93	84.60	3.86	-2.7	0	2	5
7	Guyana	31	41	-0.07	0.33	0.00	0.20	95.0	7.23	1.08	84.6	74	0.00	0.782	0.97	71.50	3.73	-3.3	4	2	3
8	Indonesia	30	35	-0.24	0.27	-0.16	0.10	86.0	1.22	1.43	104.9	81	0.17	0.712	0.95	73.88	5.13	-1.0	3	2	3
9	Iraq	12	13	-0.84	-0.76	-1.15	-0.89	69.0	2.84	n/a	n/a	61	-0.52	0.714	0.84	n/a	2.45	-10.8	0	0	1
10	Kiribati	36	55	0.43	-0.38	0.55	0.85	90.0	10.29	n/a	n/a	n/a	-0.75	0.430	0.96	55.40	-2.81	-13.9	5	1	2
11	Kosovo	15	26	-0.16	-0.13	-0.17	-0.01	n/a	n/a	2.51	n/a	n/a	0.50	n/a	0.93	n/a	3.48	-1.2	0	1	3
12	Marshall Islands	36	55	0.12	-0.81	0.20	1.23	95.5	15.94	4.76	108.7	n/a	-0.46	n/a	0.97	n/a	n/a	n/a	5	4	1
13	Micronesia, Fed. Sts.	37	56	0.35	-0.33	0.40	1.17	82.5	12.49	n/a	n/a	61	-0.36	n/a	0.86	81.00	n/a	n/a	5	1	1
14	Paraguay	28	36	-0.28	-0.46	-0.45	0.03	92.0	3.04	n/a	94.8	76	0.19	0.741	0.93	82.68	4.65	1.5	3	1	5
15	Philippines	25	36	-0.34	0.36	-0.07	0.07	87.5	1.33	1.36	95.3	90	0.28	0.718	0.96	75.46	3.83	-2.8	3	1	3
16	Swaziland	3	20	0.32	-0.06	-0.02	-1.11	91.5	3.98	3.52	78.2	52	-0.11	0.507	0.93	n/a	4.51	-6.0	1	2	1
17	Tuvalu	37	57	0.26	-0.02	1.49	0.91	87.0	10.51	4.53	n/a	n/a	-0.63	n/a	n/a		-1.85	n/a	5	2	1
18	Turkmenistan	1	7	-0.95	-1.11	-0.98	-1.87	97.5	1.19	n/a	n/a	78	-1.53	n/a	n/a	79.20	4.45	6.6	0	2	3
19	Vanuatu	32	48	0.84	0.19	0.72	0.66	60.0	2.87	2.69	83.1	68	-0.24	n/a	0.93	55.06	2.80	-1.2	6	1	2
Eliminated for statutory reasons																					
1	Syrian Arab Republic	1	8	-0.57	-0.08	-0.07	-1.52	81.0	0.91	2.00	103.1	72	-0.39	0.621	0.98	72.76	4.40	-3.6	0	2	2
Number of countries for which data is available																					
		30	30	30	30	30	30	29	29	22	22	26	30	23	28	25	28	27			

Note: Shaded indicator scores designate a failed score. Scores at or below the median are considered failing; unavailable data is also considered failing.

Table 6. MCC Lower Middle Income Countries and their Indicator Scores on the New System, FY2012

		Ruling Justly						Investing in People						Economic Freedom								
	Country	Political Rights	Civil Liberties	Control of Corruption	Government Effectiveness	Rule of Law	Freedom of Information	Immunization Rate: DPT and Measles, %	Public Expenditure on Health, % of GDP	Public Primary Education Spending, % of GDP	Girls' Secondary Education Completion Rate, %	Natural Resource Protection	Child Health	Regulatory Quality	Land Rights and Access	Business Startup	Trade Policy	Inflation, %	Fiscal Policy	Access to Credit	Gender in the Economy	Number of passed indicators
		(0 to 40, 40=best)	(0 to 60, 60=best)	(-2.5 to +2.5, +2.5=best)								(0 to 100, 100=best)	(0 to 100, 100=best)	(-2.5 to +2.5, +2.5=best)			(0 to 100, 100=best)					
	Threshold	17	25	0.00	0.00	0.00	53	90.0	2.91	1.93	90.4	34.74	87.56	0.0	0.72	0.96	74.7	15.00	-2.8	29	0	
Countries that pass the indicators test																						
1	Belize	37	51	0.40	0.02	0.11	19	97	3.6	2.8	84.6	100	95	0.1	0.628	0.9	78.1	-0.2	-0.8	24	n/a	15
2	Bhutan	19	24	1.31	1.04	0.58	57	93	4.5	1.1	74.1	100	81	-0.6	0.911	1.0	49.5	7.0	1.7	29	n/a	11
3	Cape Verde	37	53	1.25	0.41	0.89	27	97.5	2.9	2.3	114.5	25	78	0.5	0.770	1.0	66.9	2.1	-6.1	31	n/a	14
4	El Salvador	34	41	0.26	0.47	-0.40	38	92	3.8	1.4	81.4	8	90	0.9	0.732	0.9	79.0	1.2	-4.2	45	0	14
5	Georgia	20	36	0.32	0.76	0.26	53	92.5	2.9	1.1	99.7	35	97	1.1	0.938	1.0	89.2	7.1	-4.4	54	0	16
6	Kiribati	36	55	0.43	-0.38	0.55	27	90	10.3	n/a	100.8	100		-0.8	0.430	1.0	55.4	-2.8	-13.9	15	n/a	10
7	Marshall Islands	36	55	0.12	-0.81	0.20	17	95.5	15.9	4.8	112.0	18		-0.5	n/a	1.0	n/a	n/a	n/a	27	n/a	10
8	Morocco	14	28	0.32	0.30	0.29	68	98.5	1.9	2.0	71.1	32	82	0.4	0.780	1.0	75.7	1.0	-1.5	34	0	14
9	Samoa	32	49	0.62	0.41	1.13	30	74	6.1	2.0	104.5	27	99	0.3	0.758	1.0	70.0	-0.2	-5.7	21	n/a	14
10	Sri Lanka	17	28	0.05	0.30	0.39	71	99	1.8	0.5	98.6	94	93	0.3	0.654	1.0	77.1	5.9	-8.3	37	0	14
11	Tonga	29	42	0.18	0.13	0.56	29	99	4.2	n/a	n/a	100	98	0.0	0.413	1.0	75.3	4.0	-1.9	27	n/a	15
12	Vanuatu	32	48	0.84	0.19	0.72	23	60	2.9	2.7	66.2	42	77	-0.2	n/a	0.9	55.1	2.8	-1.2	27	n/a	10
Eliminated by corruption																						
1	Armenia	11	28	-0.19	0.31	0.00	66	95.5	2.0	0.6	96.9	74	94	0.8	0.974	1.0	85.4	7.3	-4.8	48	0	14
2	Guatemala	23	34	-0.05	-0.24	-0.56	55	93.5	2.6	1.9	61.9	91	89	0.4	0.761	0.9	84.6	3.9	-2.7	54	0	12
3	Guyana	31	41	-0.07	0.33	0.00	28	95	7.2	1.1	103.0	31	88	0.0	0.782	1.0	71.5	3.7	-3.3	12	n/a	11
4	Paraguay	28	36	-0.28	-0.46	-0.45	58	92	3.0	n/a	78.9	53	83	0.2	0.741	0.9	82.7	4.7	1.5	39	0	12
5	Philippines	25	36	-0.34	0.36	-0.07	46	87.5	1.3	1.4	90.0	100	87	0.3	0.718	1.0	75.5	3.8	-2.8	27	0	9
6	Ukraine	27	40	-0.49	-0.31	-0.33	52	92	3.8	n/a	104.1	34	97	0.0	n/a	1.0	84.4	9.4	-5.0	47	0	12
Miss by more than one indicator																						
1	Angola	10	21	-0.85	-0.66	-0.77	60	92	4.1	0.7	34.0	98	47	-0.5	0.502	0.8	65.2	14.5	3.9	29	0	6
2	Congo, Rep.	7	22	-0.66	-0.77	-0.66	54	83	1.6	1.9	n/a	88	54	-0.7	0.448	0.8	60.7	5.0	14.7	28	2	4
3	Egypt, Arab Rep.	6	19	-0.07	0.04	0.36	63	96.5	2.0	1.7	n/a	59	97	0.4	0.938	1.0	74.0	11.7	-7.7	39	2	10
4	Fiji	7	30	-0.42	-0.27	-0.43	57	96.5	2.6	n/a	102.1	9	71	-0.1	0.670	0.9	69.7	8.4	-2.6	36	0	7
5	Indonesia	30	35	-0.24	0.27	-0.16	53	86	1.2	1.4	88.9	100	75	0.2	0.712	1.0	73.9	5.1	-1.0	29	1	7
6	Iraq	12	13	-0.84	-0.76	-1.15	66	69	2.8	n/a	n/a	0	81	-0.5	0.714	0.8	n/a	2.4	-10.8	9	n/a	1
7	Kosovo	15	26	-0.16	-0.13	-0.17	47	n/a	n/a	2.5	n/a	29		0.5	n/a	0.9	n/a	3.5	-1.2	49	0	8
8	Micronesia, Fed. Sts.	37	56	0.35	-0.33	0.40	21	82.5	12.5	n/a	n/a	31	71	-0.4	n/a	0.9	81.0	n/a	n/a	21	n/a	7
9	Swaziland	3	20	0.32	-0.06	-0.02	74	91.5	4.0	3.5	67.2	15	64	-0.1	0.507	0.9	69.7	4.5	-6.0	43	n/a	6
10	Turkmenistan	1	7	-0.95	-1.11	-0.98	102	97.5	1.2	n/a	n/a	30	94	-1.5	n/a	n/a	79.2	4.5	6.6	n/a	n/a	5
11	Tuvalu	37	57	0.26	-0.02	1.49	26	87	10.5	4.5	n/a	1		-0.6	n/a	n/a	n/a	-1.9	n/a	n/a	n/a	8
Eliminated for statutory reasons																						
1	Syrian Arab Republic	1	8	-0.57	-0.08	-0.07	92	81	0.9	2.0	90.8	6	94	-0.4	0.621	1.0	72.8	4.4	-3.6	13	5	5
Number of countres for which data are available																						
		30	30	30	30	30	30	29	29	22	22	30	26	30	23	28	26	28	27	28	16	

Note: Shaded indicator scores designate a failed score. Scores at or below the median are considered failing; unavailable data is also considered failing.

Table 7. Poverty Statistics of Selected Countries

Country	Survey Year	Income Group	Poverty Headcount (% of population)	Total Population (in thousands)	Total Population Living in Poverty (in thousands)
Armenia [C]	2008	LMIC	1.3	3,079.1	39.4
Belize [PN, PO]	1999	LMIC	12.4	243.1	30.0
Benin [C, PN]	2003	LIC	47.3	7,165.0	3,391.2
Bhutan [PN, PO]	2003	LMIC	26.2	624.4	163.8
Bolivia [PN, PO]	2007	LIC	13.6	9,463.5	1,290.8
Burkina Faso [C, PN, PO]	2003	LIC	56.5	13,395.6	7,573.9
Cape Verde [C, PN, PO]	2001	LMIC	21.0	445.1	93.6
El Salvador [C, PN]	2002	LMIC	13.9	5,988.2	833.6
The Gambia [PO]	2003	LIC	34.3	1,417.8	486.9
Georgia [C, PN, PO]	2008	LMIC	15.3	4,383.7	669.4
Ghana [C, PN, PO]	2005	LIC	30.0	21,639.8	6,489.8
Honduras [C]	2009	LIC	58.8	7,449.9	4,380.5
India [PN]	2004	LIC	36.2	1,079,721.2	390,427.2
Indonesia [C]	2009	LIC	18.7	273,871.0	51,213.0
Jordan [C]	2006	UMIC	0.4	5,537.0	21.0
Lesotho [C, PN, PO]	2002	LIC	43.4	2,010.3	872.7
Malawi [C, PN, PO]	2004	LIC	73.9	12,472.8	9,212.4
Mali [C, PN]	2006	LIC	51.4	13,592.8	6,990.8
Marshall Islands [PN]	2010	LMIC	-	54.0	-
Moldova [C, PN, PO]	2008	LIC	1.9	3,570.1	66.4
Mongolia [C, PN, PO]	2005	LIC	22.4	2,547.3	570.1
Morocco [C, PN]	2007	LMIC	2.5	31,011.2	775.3
Mozambique [C, PN]	2007	LIC	59.6	21,811.3	12,995.2
Namibia [C]	1993	UMIC	49.1	1,558.1	765.6
Nepal [PN, PO]	2003	LIC	55.1	26,143.5	14,410.3
Nicaragua [C]	2005	LIC	15.8	5,424.3	857.6
Niger [PN]	2007	LIC	43.1	13,945.7	6,009.2
The Philippines [C]	2006	LMIC	22.6	87,116.3	19,705.7
Rwanda [PO]	2005	LIC	76.8	9,201.7	7,066.0
Samoa [PN, PO]	2010	LMIC	-	183.1	-
São Tomé and Principe [PN]	2000	LIC	29.7	141.0	41.9
Senegal [C, PN, PO]	2005	LIC	33.5	10,871.9	3,642.1
Solomon Islands [PN]	2010	LIC	-	538.1	-
Sri Lanka [PN, PO]	2006	LMIC	7.0	20,062.1	1,412.4
Tanzania [C, PN, PO]	2007	LIC	67.9	41,068.2	27,873.0
Tonga [PN, PO]	2010	LMIC	-	104.1	-
Vanuatu [C, PN]	2010	LMIC	-	239.7	-
Vietnam [PO]	2008	LIC	13.07	85,122.3	11,125.5
Zambia [PN, PO]	2004	LIC	64.29	11,192.4	7,195.6

Source: The World Bank World Development Indicators and Povcalnet. Figures are based on a poverty line of USD $1.25 a day, constant 2005 dollars. Poverty headcount ratio data are unavailable for Marshall Islands, Samoa, Solomon Islands, Tonga, and Vanuatu.

[C] Refers to a country that has completed or is currently implementing a compact.

[PN] Refers to country that passes the new indicators test.

[PO] Refers to a country that passes the old indicators test.