MCC Monitor

Predicting Partnerships: Which Countries Will MCC Select for FY2015 Eligibility?

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December 2014

Summary

The Millennium Challenge Corporation's (MCC) board of directors is scheduled to meet on December 10. As usual, they will use this end-of-year meeting to vote on which countries will be eligible for MCC assistance for FY2015. The board faces some difficult choices this year, and a number of overarching issues, including a constrained budget environment and the large number of contenders for second compacts, will likely play a role in framing the final decisions.

With this framing in mind, the Rethinking US Development Policy Initiative predicts that the MCC board will newly select India and Nepal for eligibility for a first compact. In addition, the board will likely reselect Liberia and Niger to continue developing their first compacts. For second compact eligibility, the board may newly select Mongolia and/or the Philippines. It will likely reselect Benin, Lesotho, Morocco, and Tanzania to continue developing second compacts. The board will likely select Cote d'Ivoire for new threshold program eligibility and will likely reselect Guatemala to continue developing its threshold program.

The MCC Monitor provides rigorous policy analysis and research on the operations and effectiveness of the Millennium Challenge Corporation. It is part of CGD's Rethinking US Development Policy Initiative that tracks efforts to reform aid programs and improve aid effectiveness.

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Center for Global Development

Introduction

The Millennium Challenge Corporation's (MCC) board of directors is scheduled to meet on December 10. As usual, they will use this end-of-year meeting to vote on which countries will be eligible for MCC assistance for FY2015. The board faces some difficult choices this year, and a number of overarching issues will likely play a role in framing the final decisions:

- **A constrained budget environment**: Because Congress has not yet passed a final FY2015 budget, MCC's funding levels for the year are still uncertain. However, in a tight budget environment, it is hard to envision MCC receiving much above its current level of funding—around $900 million. With a pipeline of four countries expected to use FY2015 funds and up to three additional countries expected to draw on funds from future years, MCC will have to be judicious in the number of new partners it selects this year.

- **A large number of contenders for second compacts**: Over the last five years, most new compact eligibility decisions have been for *second* compacts rather than initial compacts. It makes sense for MCC to enter into follow-on partnerships with countries that successfully implement their first compacts and maintain strong policy performance. Second compacts are not automatic, however. This year, there are many possible contenders for second compacts though few are clear, straightforward choices. An emerging question is whether and at what point countries passed over for second compact consideration in the past due to policy or first compact implementation challenges should be reconsidered for a second compact if the issues that prevented them from earlier consideration have either been resolved or become less relevant.

- **Partner countries that do not pass the scorecard**: Last year four partner countries that were up for reselection—that is, they had been selected in a prior year and were in the process of developing a compact—did not pass the scorecard. This year, all but one pass. This highlights the volatility of scorecard performance and shows how hard it is for a country to pass consistently. It also raises the question of what the board will do about a country that falls short of the scorecard standard for two years in a row.

- **Finding the right fit for the threshold program**: In the last five years, MCC has selected only four countries for the threshold program, MCC's smaller program whose objective is to help a country become compact eligible in the future. This year, the board faces questions about how to proceed with a current threshold partner that is close to finalizing a program but that passes the scorecard for the third year in a row, and whether another country that passes the scorecard for the first time is a good fit for the threshold program. These choices have implications for how MCC defines the purpose of the threshold program.

With this framing in mind, the Rethinking US Development Policy Initiative predicts that the MCC board will newly select India and Nepal for eligibility for a first compact. In addition, the board will likely reselect Liberia and Niger to continue developing their first compacts. For second compact eligibility, the board may newly select Mongolia and/or the Philippines. It will likely reselect Benin, Lesotho, Morocco, and Tanzania to continue developing second compacts.

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How the MCC Selection Process Works

In order to secure MCC's multi-year grant funding, a country first must be selected as eligible by MCC's board of directors. The board is made up of five government representatives—the Secretary of State, the USAID Administrator, the Secretary of the Treasury, the US Trade Representative, and MCC's CEO—as well as four private representatives suggested by Congress (one each from the majority and minority of both the House of Representatives and the Senate) who serve in their individual capacities.

MCC's board may select countries for one of two programs. MCC's flagship program is the compact, an agreement with a partner country in which MCC provides large-scale grant financing (around $350 million, on average) over five years for projects targeted at reducing poverty by stimulating economic growth. The smaller threshold program—each country program averages around $20 million over a two- to three-year implementation period—supports targeted policy reform activities to help a country achieve compact eligibility.

The board selects countries for compact or threshold program eligibility based primarily on their policy performance.[1] Although there have been some changes to how the board assesses policy performance over the years, a constant feature of every MCC selection cycle has been the publication of country scorecards. These scorecards capture countries' performance on a series of independent, quantitative, policy-focused indicators grouped into three broad categories: Ruling Justly, Investing in People, and Economic Freedom. Scorecard performance is one of the MCC board's primary considerations for deciding whether to award a country compact or threshold program eligibility.

MCC's scorecard system measures countries' *relative* performance. Countries are grouped into either the low income country (LIC) pool or the lower middle income country (LMIC) pool, and their indicator scores are compared against their income-level peers.[2] Currently, to "pass" the

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[1] The release of the list of candidate countries is the first formal step in the selection process. See MCC's *Report on Countries that are Candidates for Millennium Challenge Account Eligibility for Fiscal Year 2015 and Countries that would be Candidates but for Legal Prohibitions*, August 20, 2014, at http://www.mcc.gov/pages/docs/doc/candidate-country-report-fy-2015. For more detail on the methodology MCC uses to select eligible countries, see the *Report on the Criteria and Methodology for Determining the Eligibility of Candidate Countries for Millennium Challenge Account Assistance in Fiscal Year 2015*, September 18, 2014, at http://www.mcc.gov/pages/docs/doc/report-selection-criteria-and-methodology-fy15.

[2] For purposes of scorecard comparisons, MCC defines LICs as countries with a per capita income below the World Bank's historical cutoff for International Development Association (IDA) eligibility. MCC's LMIC pool includes countries with per capita income above the historical IDA cutoff and below the World Bank-defined LMIC income ceiling. A list of LICs and LMICs according to these parameters is contained in MCC's *Report on the Criteria and Methodology for Determining the Eligibility of Candidate Countries for Millennium Challenge Account Assistance*. MCC's *Report on Countries that are Candidates for Millennium Challenge Account Eligibility* is tied to how countries can be funded, and it defines LICs and LMICs differently. For funding purposes, LICs are the 75 lowest income countries, and LMICs begin with the 76th lowest income country and are capped by the World Bank's per capita income ceiling for LMICs. Originally, there were not dual definitions of LICs and LMICs. However, by law, MCC can

scorecard, a country must score better than at least half the other countries in its income group (for most indicators) or above a fixed threshold (for a couple of indicators) on at least 10 of the scorecard's 20 indicators. MCC requires countries to pass at least one indicator in each of the three categories, and there are two "hard hurdles" that a country must pass: the Control of Corruption indicator and at least one democracy indicator (either the Political Rights or the Civil Liberties indicator).

In general, a country must pass the scorecard to be considered for compact eligibility. For threshold program eligibility, the board typically looks for countries that either pass or come very close to passing the scorecard, but for which MCC has questions about the country's "capacity to undertake the type of policy reforms typically required to enable a compact investment to have maximum sustainable impact."[3] MCC generally requires that countries, once initially selected for compact or threshold program eligibility, be reselected each year during program development until the compact or threshold program agreement is signed. This typically means that a country must be selected as eligible for two to four years in a row in order to get to the finish line.

The scorecards are the public face of the selection process, but they are really just the starting point. Not every country that passes will be selected, and, in rare occasions, countries that do not pass may be picked. There are several reasons that this is the case.

First, in order to get a more complete and up-to-date picture of a country's policy performance, MCC must look beyond the scorecards. Most indicators are lagged by at least a year, they tend to be imprecise and contain a certain amount of "noise" (variation in scores that is unlinked to "actual" performance), and none are able to capture every aspect of a particular policy area. In addition, a numeric score can only tell MCC so much about the nature of a country's actual policy environment. Furthermore, the scorecard indicators do not cover all of the policy areas required by MCC's legislation. To help fill these gaps in information, MCC looks at supplemental quantitative and qualitative information to acquire a more complete picture of a country's policy performance.

Second, in addition to considering policy performance, MCC must, according to its authorizing legislation, consider "the opportunity to reduce poverty and generate economic growth in the country." This is a somewhat vague criterion, which MCC may interpret in a number of ways, including:

- *Policy-Related Considerations*: Does the US government have strong enough bilateral relations to effectively work in a particular country?

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use no more than 25 percent of its budget for LMIC compacts and, over time, as countries graduated from LIC to LMIC, the LMIC group started to grow to be far larger than 25 percent of the candidate pool. MCC's legislation was amended prior to the FY2012 selection process to enable MCC to better align how funds can be allocated with the relative distribution of the candidate groups.

[3] This is the language MCC used to describe the threshold program in its *Report on the Selection of Eligible Countries for Fiscal Year 2013*, December 2012, found at http://www.mcc.gov/documents/reports/report-2012001124001-fy13-eligible-countries.pdf.

- *Logistical considerations*: Would conflict or other security issues make it difficult for MCC to work in the country?

- *Size-Related Considerations*: Can MCC have a meaningful impact in a huge country? Alternatively, is it an efficient use of funds to work in countries with very small poor populations?[4]

And finally, the board must take into account how much money MCC has available to carry out its activities. It should not select more countries than it anticipates it can fund.

Second Compact Eligibility

Countries that have completed or are within 18 months of completing a compact can be considered for second compact eligibility. The policy performance criteria for second compact eligibility are similar to those for first compact eligibility, but, as of this year, go further in two key ways. While prior years' eligibility criteria only specified that countries being considered for second compact eligibility should pass the current year's scorecard, the new language indicates that a country must demonstrate "improved scorecard policy performance" and "a commitment to further sector reform."

Additionally, the board assesses the country's track record in implementing its first compact. In particular, it looks at the nature of the partnership, how well the country has demonstrated commitment and capacity to achieve results, and how well the country has complied with MCC's core policies and standards.

The Overarching Issues for FY2015

A Constrained Budget Environment

Congress has not yet passed a final budget for FY2015, and at this point it is hard to predict how the appropriations decisions will play out. Though the President's request asked for $1 billion for MCC this year—the highest request since FY2012—the agency is unlikely to receive a final appropriation much above its current funding level of $898 million. The FY2015 bills passed by the House and Senate Appropriations Committees back in July both kept MCC roughly at its previous levels. Though these bills were drafted before the recent mid-term elections, they would likely be a starting point if Congress proceeds with an omnibus appropriations bill later this year. In any scenario, in a tight budget environment, it is hard to envision MCC receiving much above level funding.

MCC currently has a pipeline of seven countries in the process of developing compacts. Four of these—Liberia, Morocco, Niger, and Tanzania—are expected to use FY2015 funds. Up to three

[4] To the extent that size does factor into MCC's analysis of its opportunity to reduce poverty and generate economic growth, there is no clear and consistent decision rule around this characteristic. Compact countries have ranged in size from less than half a million people to 250 million people.

more—Benin, Lesotho, and Sierra Leone—if they are selected to continue compact development, plus any new countries selected this year, would need to rely on funds from future years. This year a number of countries could be plausible contenders for eligibility for a first or second compact. Because of limited funds, MCC cannot select all potential prospects and will have to prioritize from among these options.

A Large Number of Contenders for Second Compacts

Over the last five years, eight of the eleven countries selected for new compact eligibility have been selected for *second* compacts. This reflects sensible decisions on the part of MCC and its board. Many of MCC's current and former partners remain among the best policy performers, and, if they implemented their first compact well, it makes sense for MCC to enter into follow on partnerships with them.[5]

Figure 1: Current Second Compact Countries

	Year selected	Compact signed?
Cabo Verde	FY2010	√
Georgia	FY2011	√
Benin	FY2012	
Ghana	FY2011	√
El Salvador	FY2012	√
Lesotho	FY2014	
Morocco	FY2013	
Tanzania	FY2013	

Second compacts are not automatic for countries completing an initial partnership. Several countries have been passed over due to well-documented concerns about policy performance (see Figure 2). Others, have maintained reasonably good policy performance, and were likely passed over due to sub-standard implementation of the first compact. Unfortunately, it is not possible for external observers to really know how well first compacts were implemented.[6] To its credit, MCC has become increasingly transparent about the types of things it considers when assessing the extent to which the first compact was implemented successfully. They have even highlighted which pieces of the criteria are publicly available and where to find them. Unfortunately, much

[5] For more information on the rationale for second compacts, see Rose, S. 2014. *Subsequent Compacts are the Future of the Millennium Challenge Corporation*. MCC Monitor Analysis. Washington, DC: Center for Global Development.

[6] The criteria MCC looks at with respect to first compact implementation are, as stated in the *Report on the Criteria and Methodology for Determining the Eligibility of Candidate Countries for Millennium Challenge Account Assistance in Fiscal Year 2015*, "the degree to which there is evidence of strong political will and management capacity," "the degree to which the country has exhibited a 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."

of the information MCC considers is not in the public sphere. Only financial information, a limited set of project monitoring indicators, and some brief text about implementation progress (which may gloss over some of the challenges) are consistently available at this time. Very little is systematically published, for instance, regarding the nature of the country partnership, management capacity, and the country's commitment to reform. This makes it difficult to know where—and how consistently—MCC draws the line for what is an acceptable level of performance with respect to compact implementation.

This year, there are nine countries that pass the scorecard that could be considered for second compact eligibility (based on having completed or being at least 18 months from completion of their first compact). While there could be some reasonable choices this year, few options are entirely straightforward due to things like current or past policy performance issues, a weaker track record of implementation with the first compact, questions about the security environment, and the risk of becoming upper-middle income (and therefore graduating from MCC candidacy) in the near-term, among other considerations.

Figure 2: Countries Up for Second Compact Consideration in FY2015

	Year of First Possible Second Compact Consideration[7]	**First Compact Implemented without Suspension/ Termination**	**Pass FY2015 Indicator Criteria**	**Population >500k**
Armenia	FY2011		√	√
Burkina Faso	FY2014	√	√	√
Honduras	FY2010			√
Madagascar	FY2010			√
Mali	FY2012		√	√
Moldova	FY2015	√		√
Mongolia	FY2013	√	√	√
Mozambique	FY2013	√	√	√
Nicaragua	FY2010		√	√
Philippines	FY2015	√	√	√
Senegal	FY2015	√	√	√
Vanuatu	FY2010	√	√	

One issue that will influence the board's decisions on second compact countries relates to the new criteria for policy performance that MCC added this year. For the first time, MCC has specified that it expects second compact countries to demonstrate "improved scorecard policy performance" and "a commitment to further sector reform." Both of these provisions are vague enough that it is hard to know how they will be applied in practice.

In terms of "improved scorecard policy performance," this seems like a reasonable expectation in theory. In practice, the nature of MCC's scorecard system does not lend itself well to

[7] Based on MCC's guidelines that countries must be at least 18 months out from completion of the first compact before they can be considered for a subsequent compact.

measuring this accurately. The indicators, after all, are imprecise measures of policy performance, and most are not fine-tuned enough to capture small trends over time. In addition, it is generally uninformative and inappropriate to compare scorecard performance over time since there can be important differences across years. For instance, MCC has changed some of the indicators it uses, and some of the indicators' methodologies have changed. Furthermore, since the composition of the candidate pool changes each year, countries' performance is assessed relative to different comparators from one year to the next. Assessing pass-fail trends for countries that graduate from the LIC group to the more competitive LMIC group is especially problematic. Not only that, it is unclear from what point MCC expects a country to improve (e.g., from its best prior performance, from when it began its first compact, from when it completed its first compact, from a few years ago). This all makes the language around "improvement" somewhat challenging, and it is hard to know what it will mean for the many countries which exhibit no clear pattern of either improvement or decline over the years but which still pass the scorecard. Hopefully, this lack of clarity on what constitutes "improvement" is intentional in order to retain flexibility in how it is interpreted.

The new requirement for "a commitment to further sector reform" is also vague and will probably be difficult for MCC to meaningfully assess. While the agency says it will look at the country's track record implementing reforms associated with the first compact, it is hard to tell how informative this experience will be for understanding prospective reform commitment. After all, each compact is informed by a new analysis of constraints to growth, and as a result, MCC is finding that, for most countries, second compacts end up targeting different sectors than the first compacts addressed. It is not clear how well the demonstration of commitment to reform in a sector from the first compact (e.g., water and sanitation) would translate into commitment to "further" reform in a sector potentially targeted by the second compact (e.g., energy). Furthermore, the constraints to growth analysis is done—and the focus of the compact determined—only after a country is selected as eligible. At the point of consideration for eligibility, it is not necessarily well known for which sector reforms the board should be looking for evidence of commitment.

Beyond the question of how the new policy performance criteria will be applied, another emerging question is whether and at what point countries passed over for a second compact in prior years should be reconsidered if the issues that prevented them from earlier consideration have either been resolved or become less relevant. So far, only eight of the 17 countries that could have been selected for second compact eligibility have in fact been selected, but several of the remaining candidates could plausibly be considered again.

Mali, for instance, had its first compact terminated early due to a military coup, but has since returned to democratic rule and passes the scorecard. Presumably a country like that should have its policy performance considered equivalently to other candidates.

Less clear is the statute of limitations for a country passed over ostensibly because of implementation performance. Mozambique, for instance, whose compact concluded in September 2013, could have been selected for a second compact the last two years but was not picked. Because Mozambique passed the scorecard in both of those years, presumably the reason behind its non-selection was related to the implementation of its first compact. Indeed, the Mozambique compact faced a number of implementation delays and some of the policy reforms required as investment conditions were delayed or weakly implemented.[8] But does this mean that Mozambique—or other countries passed over due to weaker implementation—should be written off for good? Probably not, for two key reasons:

1. **Responsibility for weaker performance may not lie entirely with the partner country.** Many early MCC compacts were highly complex and diffuse. MCC does not design compacts like that anymore, in large part due to lessons learned in the early set of countries, many of which faced some degree of implementation challenges. Recent compacts have been far more streamlined, often focusing on just one sector. This suggests that there is little reason to believe that a different program, one that is better crafted based on MCC's decade of lessons learned, would face the same challenges that hindered successful implementation of the first compact.

2. **A different set of actors could implement a new compact differently**. If part of the first compact's implementation challenges was related to the government's political will to implement reforms, it is reasonable to believe that the quality of a partnership could be different when working in different sectors with different ministries. Moreover, a newly elected government could also change the prospective quality of the partnership.

In short, it is reasonable to think that a different set of actors, focusing in different investment areas through a better-crafted compact could produce different results. Therefore, it would be helpful—both for country partners and for external stakeholders—for MCC to articulate how it will approach reconsidering countries presumably passed over for second compact eligibility due to unsatisfactory performance on their first compacts.

Partner Countries That Do Not Pass the Scorecard

Fortunately, unlike last year when over half the countries in MCC's compact development pipeline failed the scorecard, only one falls short this year.[9] As such, this topic will dominate the board's decision making much less than it did last year. However, the topic of how to think about countries' performance on the scorecards after they have entered into a partnership with MCC will require further consideration.

While MCC's eligibility indicators are a useful tool for identifying relatively well-governed countries, they are imperfect and cannot accurately capture small differences among countries.

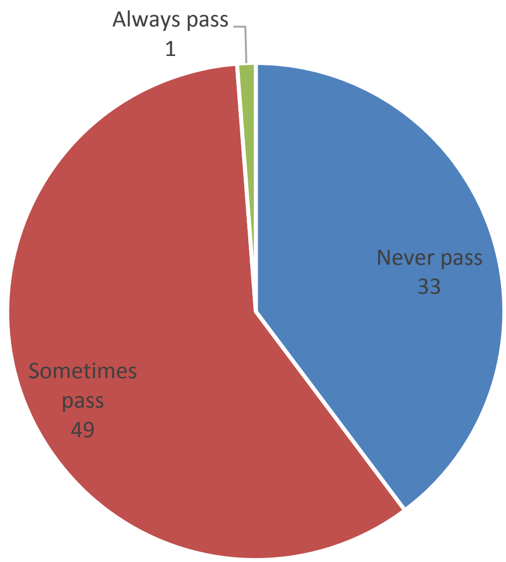
[8] For instance, the Mozambique compact contained a condition for the government to undertake regulatory and administrative reforms to improve the efficiency, transparency and security of the processes for transferring and acquiring land rights. However, because land tenure is such a deeply politically charged issue in Mozambique, the government was slow to move on this condition and ultimately unwilling to tackle the major issues needed for substantive reform. What the government eventually passed, after much delay, focused only on narrower policy issues.

[9] Sierra Leone is the one country that had been developing a compact that does not pass the scorecard again this year. However, the country has been on "continued but limited engagement" since last year when the board did not reselect it (along with Benin) as eligible due to a below-median score on the hard hurdle Control of Corruption indicator.

Nor do they accurately capture small changes over time. A country's indicator performance often changes slightly from one year to the next simply because of data noise rather than any real change in policy performance. This makes the scorecard quite poorly suited as a tool for ongoing policy monitoring. Yet MCC and its board often want it to play that role. It may be reasonable to stick firmly to the scorecard decision rules for *initial* selection into MCC eligibility (i.e., the first time a country is selected as compact eligible). After all, it at least provides a transparent basis for eligibility decisions, even if who is in and who is out comes down to little more than luck for middle performing countries. However, a rigid interpretation of such imprecise data does not always make sense as a means of determining whether to continue an already-established partnership. Curtailing an ongoing relationship with a country that has had no real deterioration in policy performance simply because it falls just short of meeting the scorecard criteria threatens MCC's credibility as a reasonable and rational development partner.

A macro view of countries' scorecard performance over time helps illustrate this point. There is often a perception that MCC candidate countries are grouped into the consistently "good" performers (those that always pass the scorecard), the consistently "poor" performers (those that never pass), and a smaller group of countries that sometimes pass and sometimes fail. In reality, a view of scorecard performance across countries and time shows that there are almost no consistently "good" performers (see Figure 3). In fact, of the set of 83 candidates this year, *just one country*, Lesotho, has passed the scorecard every single year. The vast majority of countries—and therefore the vast majority of MCC partners—pass only some of the time.

Figure 3: Current Candidate Countries' Performance on the Scorecards over Time[10]



[10] The vast majority of current candidate countries (83%) have been assessed by MCC scorecards twelve times, since the first selection round in FY2004. Some were first assessed in FY2006 when LMICs were first included in the competition. Others like Kosovo and South Sudan began being assessed when the US government recognized their status as independent countries. This data in this graphic include all these countries and considers "always," "sometimes," and "never" for whatever number of years a country has been assessed by a scorecard.

Of course, several countries have consistently passed the scorecard once they started passing (Malawi, Niger, Sao Tome and Principe, Tanzania, and Zambia). This suggests that they became consistently "good" performers after some period of improvement. Others (Egypt and Vietnam) consistently passed at first and then started consistently failing.[11] A small handful have passed in all but just one or two years (Bhutan, Ghana, Mongolia, Senegal, Sri Lanka, and Tanzania). However, most countries in the "sometimes pass" group bounce back and forth between passing and failing. Therefore, this macro view strongly suggests that MCC, its board, and other stakeholders should not be surprised—nor necessarily alarmed—when MCC partner countries fall short of the scorecard standard at some point. When that occurs, supplemental information becomes critically important in order to make informed, rational choices about continuing partnerships with countries with which MCC has already begun working.

Finding the Right Fit for the Threshold Program

In 2010, MCC refocused its threshold program after an internal review found that the previous model was not well suited to achieve the program's objective of helping countries become compact eligible. Under the original model, threshold programs were designed to support targeted policy reforms that would help a country improve its scores on specific eligibility indicators. MCC's review, however, found that this was essentially a technically unreasonable objective since many eligibility indicators tend to be very broad in scope (e.g. "anticorruption") and are not appropriate for capturing the progress of more narrow programmatic interventions. The new threshold program model maintains a focus on policy reforms, but is now expected to help a country become compact eligible by testing the government's willingness to undertake the kind of substantial policy reforms that would likely be required as part of a compact partnership.

Since MCC adopted the new model, only four countries have been selected for threshold program eligibility: Guatemala, Honduras, Nepal, and Tunisia.[12] Only Honduras is currently implementing a program. This small pool of threshold program countries highlights how selective MCC has become with this program. There seems to be little pressure to select countries for the program if there are no candidates that seem to be the right fit. There could, however, be some conversation this year about threshold program countries. The options on the table would raise some important questions about the real purpose of the threshold program and what the "right fit" really is.

The first question revolves around Nepal, which was selected for threshold program eligibility in FY2012. At the time, Nepal seemed like an excellent choice for a threshold program. It already passed the scorecard (and had for two of the three prior years, as well), suggesting that the binding constraint to eligibility really was MCC's uncertainty about the Nepalese government's

[11] In the case of these two countries, this was mainly due to a change in MCC's methodology in FY2012 that made democracy a "hard hurdle."

[12] The FY2014 appropriations bill passed by Congress contained a provision that prevents MCC from pursuing threshold programs with countries whose income ends up exceeding the ceiling for MCC candidacy before the program is signed. This effectively restricted MCC from entering into a threshold program agreement with Tunisia. In addition, while MCC was permitted to proceed with the already-signed threshold program in Honduras, the bill prevented MCC from selecting countries for threshold program eligibility in future years that, like Honduras, had already completed a compact.

willingness to undertake difficult policy reforms. Indeed, at the time it was selected, there had been an extended political stalemate in which there was no effective government in place, as well as delays drawing up a new constitution, both of which could raise questions about the potential for cooperation on policy issues. Apparently, Nepal's threshold program agreement is largely ready to go, but it has yet to be approved. One reason may be that the country is under consideration for compact eligibility. After all, it has passed the scorecard for the last four years (and six of the last seven years), and has made progress with some of its political challenges.

The second question revolves around Cote d'Ivoire, which is not currently eligible for the threshold program but could be a contender this year now that it passes the scorecard for the first time. Before its civil war, Cote d'Ivoire was the economic powerhouse of francophone West Africa. Its economy is projected to have strong growth rates for the next several years. Therefore, Cote d'Ivoire is the kind of country that a growth-focused institution like MCC would reasonably want to keep its eye on. However, one risk is that Cote d'Ivoire has only passed the scorecard once. Therefore, it is unclear at this point if this will become a consistent trend. The board likely takes this risk very seriously having recently had to make difficult decisions about a number of partner countries that failed the scorecard criteria during compact development. However, since threshold countries are only expected to be "close" to passing (with the prospect of fully passing in the future), threshold eligibility is a less risky option.

Selecting Nepal for compact eligibility and/or Cote d'Ivoire for threshold program eligibility could be reasonable decisions. However, either decision would raise questions about the purpose of the threshold program. Either of these choices would suggest that the threshold program is more of a holding tank for countries with which MCC would like to start working (and reward), but which are too risky to pick for compact eligibility. If these countries can prove, over the course of threshold program development, that they can consistently pass the scorecard, resolve other political issues of concern, and/or be relatively cooperative in the development of the threshold program, then they become good candidates for compact eligibility. If a country does not end up passing the scorecard, then MCC at a minimum funded a relatively small program without the optics associated with pursuing a large compact in a country that does not meet MCC's standards for continued eligibility. This may be a reasonable use of the threshold program, but it does not conform to the program's stated objective of helping a country become compact eligible. Overall, the new model of the threshold program has confused many stakeholders. MCC could do more to clarify its real role and purpose and how it would define and measure success. It should also clearly state how any threshold eligibility decisions made this year fit into that framework.

FY2015 Summary Statistics

- Two countries, **Nigeria** and **Papua New Guinea**, graduated from the low income country scorecard competition to the lower middle income country category.

- No countries graduated from lower middle income to upper middle income status and out of MCC's candidacy pool this year. There are the same number of candidates this year (83) as last year.

- Nineteen low income countries and 12 lower middle income countries meet the indicator criteria.

Figure 4: Countries that Pass the FY2015 Scorecards

Low Income Countries	Lower Middle Income Countries
Benin	Armenia
Burkina Faso	Bhutan
Comoros	Cabo Verde
Cote d'Ivoire	El Salvador
Ghana	Georgia
India	Kiribati
Lesotho	Mongolia
Liberia	Morocco
Malawi	Philippines
Mali	Samoa
Mozambique	Sri Lanka
Nepal	Vanuatu
Nicaragua	
Niger	
Sao Tome and Principe	
Senegal	
Solomon Islands	
Tanzania	
Zambia	

- Two countries implementing compacts do not meet the indicator criteria: **Indonesia** and **Moldova**. Both previously graduated from the low income country competition to the more difficult lower middle income country competition after first becoming compact eligible.

- One country developing a compact does not meet the indicator criteria: **Sierra Leone.**

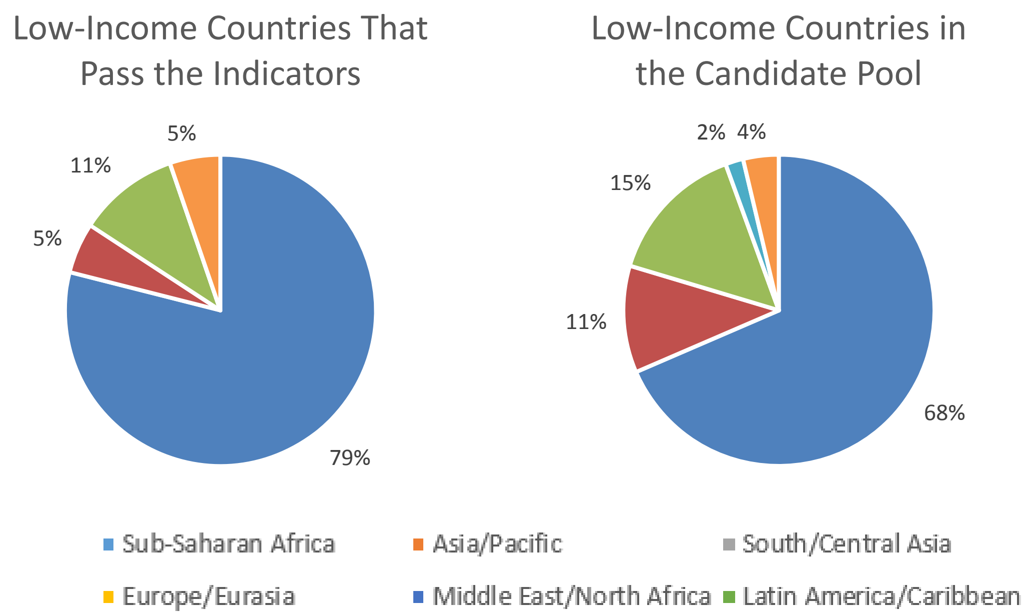
- Twelve countries may be considered for second compact eligibility: **Armenia, Burkina Faso, Honduras, Madagascar, Mali, Moldova, Mongolia, Mozambique, Nicaragua**, the **Philippines, Senegal**, and **Vanuatu**.

Low Income Countries

There are 54 countries in the low income country category.[13] Six of these are statutorily prohibited from receiving US foreign assistance, leaving 48 candidate countries.[14]

Nineteen countries pass the indicator criteria in FY2015. Fifteen are located in Sub-Saharan Africa: **Benin, Burkina Faso, Comoros, Cote d'Ivoire, Ghana, Lesotho, Liberia, Malawi, Mali, Mozambique, Niger, Sao Tome and Principe, Senegal, Tanzania**, and **Zambia**. Two are located in South/Central Asia: **India** and **Nepal**. One country is in Latin America: **Nicaragua**. And one country is in Asia/Pacific: **Solomon Islands**.

Figure 5: Low Income Countries that Pass the Scorecard by Geographic Region



Six low income countries are currently in the process of developing compacts and will need to be re-selected: **Benin, Lesotho, Liberia, Niger, Sierra Leone**, and **Tanzania**. All but Sierra Leone pass the indicator criteria this year.[15]

Four low income countries are currently implementing compacts: **Ghana, Malawi, Senegal**, and **Zambia**. Although they do not need to be re-selected to continue compact implementation, all four meet the indicator criteria this year.

Six low income countries are potential candidates for eligibility for a second compact: **Burkina Faso, Madagascar, Mali, Mozambique, Nicaragua**, and **Senegal**. All but Madagascar meet the indicator criteria this year.

[13] For purposes of scorecard comparisons, not for funding purposes (see footnote 3).

[14] Statutorily prohibited countries are included in the pool of comparison countries and have a scorecard but they cannot be selected.

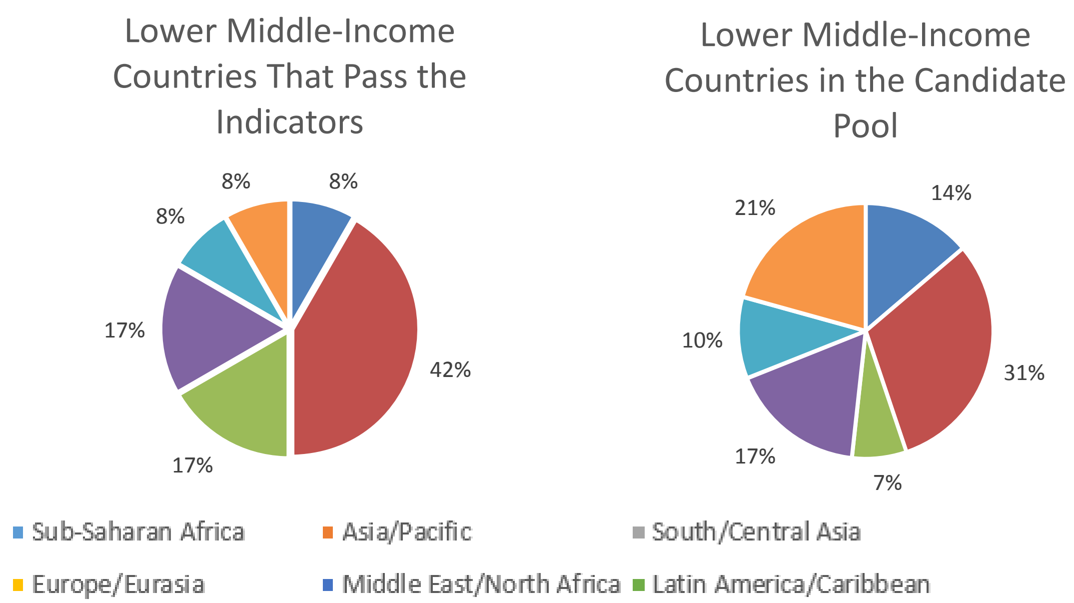
[15] Benin and Liberia pass again this year after not passing in FY2014.

Lower Middle Income Countries

There are 29 countries in the lower middle income category.[16] Two of these are statutorily prohibited from receiving US foreign assistance, leaving 27 candidate countries.

Twelve countries pass the indicator criteria in FY2015. Five are in the Asia/Pacific region: Kiribati, Mongolia, Philippines, Samoa, and Vanuatu. Two are located in South/Central Asia: Bhutan and Sri Lanka. Two are in Europe/Eurasia: Armenia and Georgia. One is in Sub-Saharan Africa: Cabo Verde. One is in the Middle East/North Africa: Morocco. And one is in Latin America: El Salvador. Countries in Asia/Pacific and South/Central Asia pass disproportionately more than their representation in the broader category pool.

Figure 6: Lower Middle Income Countries that Pass the Scorecard by Geographic Region



One lower middle income country, **Morocco**, is currently in the process of developing a compact and will need to be re-selected this year. It passes the indicator criteria.

Six lower middle income countries are implementing compacts: **Cabo Verde, El Salvador, Georgia, Indonesia, Moldova**, and the **Philippines.** These countries do not need to be re-selected to continue compact implementation. All but Indonesia and Moldova, which have yet to meet the more difficult standards in the lower middle income category, pass the indicators this year.

Six lower middle income countries are potential candidates for second compact eligibility: **Armenia, Honduras, Moldova, Mongolia**, the **Philippines**, and **Vanuatu**. All but Honduras and Moldova meet the indicator criteria this year.

[16] For purposes of scorecard comparisons, not for funding purposes (see footnote 3).

Countries Most Likely to Be Selected For First Compact Eligibility

New Selection

India (LIC) has passed the scorecard for the last four years but has never been selected as eligible. One of the main reasons for this was that shortly after MCC was established India clearly indicated that it was not interested in an MCC compact, consistent with its general view toward bilateral aid. In a business-as-usual environment, India would probably be an unlikely candidate again this year. However, MCC has had some recent shifts in its strategic thinking, and India may fit well within this new framework. In particular, MCC has been increasingly thinking about how it can expand its impact through a more regionally-focused approach.[17] MCC's current legal authority allows the agency to pursue regional approaches through individual compacts in neighboring countries that are simultaneously eligible. However, to date, this has been difficult to implement in practice because contiguous countries are rarely at the same stage of eligibility at the same time, making coordination extremely difficult.[18] This year presents an interesting opportunity, however, since, as discussed below, the board is likely to consider Nepal for compact eligibility. Because of Nepal's substantial economic ties to India, an MCC investment in Nepal could be strengthened by a regional lens that incorporates its large neighbor. India and its new administration may be more open to this kind of partnership with MCC than the previous administration was with the idea of a stand-alone bilateral MCC-India compact.

Nepal (LIC) has been working with MCC to develop a threshold program since FY2012, as noted previously. It has not yet signed an agreement, perhaps because the board is considering Nepal for compact eligibility. After all, it has passed the scorecard for six of the last seven years, a better record during this period than 90 percent of other current candidates. In addition, the country has made some headway toward a more stable political environment compared to the situation three years ago when MCC first selected Nepal for the threshold program.[19] MCC has evidently also been able to work reasonably well with the government to negotiate a threshold program agreement. It is possible that the board may choose to forgo the threshold program and select Nepal for compact eligibility this year instead, taking advantage of a potential regional opportunity with India. If it does, much of the work that went toward developing the threshold program can likely be applied to compact development.[20]

[17] The agenda for the upcoming board meetings contains an item related to a "proposed resolution regarding MCC exploration of new partnerships." While this is highly vague, it may suggest the agency is considering a formal decision on how it will explore new regionally-focused efforts.

[18] For more detail on regional compact considerations, as well as options for expanding MCC's legal authority to pursue them more effectively, see: Rose, S. 2014. *Regional and Sub-National Compact Considerations for the Millennium Challenge Corporation*. MCC Monitor Analysis. Washington, DC: Center for Global Development.

[19] For instance, successful elections for a new Constituent Assembly were held in 2013.

[20] For instance, the new model of the threshold program requires that a country undertake a constraints to growth analysis as an early step in program development. This is also an early requirement for compact-eligible countries.

Reselection

Liberia (LIC) was first selected for compact eligibility in FY2013. The board reselected it to continue compact development last year, even though its scorecard performance fell short by one indicator.[21] The board expressed that it expected Liberia to pass the scorecard again before it would approve a compact. Fortunately, Liberia does pass this year. Unfortunately, the country has been devastated by the Ebola crisis, which has slowed progress on compact development. MCC has been continuing engagement, however, so the board is likely to reselect Liberia this year, knowing that compact development is unlikely to proceed at its pre-crisis pace for at least the near-term.

Niger (LIC) is in the process of developing a compact after having been initially selected for eligibility in FY2013. This year marks the fourth year in a row the country has passed the scorecard. MCC acknowledges that insecurity in the surrounding Sahel region poses some risk for developing and eventually implementing a compact in Niger. However, this has been the case since the country's initial selection. The board has so far demonstrated its willingness to continue partnering with Niger with this in mind and will likely reselect Niger again this year.

Countries Most Likely to Be Selected For Second Compact Eligibility

Reselection

Benin (LIC) completed its first compact in October 2011 and was initially selected for second compact eligibility in FY2012. Last year, however, Benin fell just short of passing the Control of Corruption indicator. Although, its second compact was nearly ready to go, the board did not reselect it as eligible.[22] Instead, the board stated vaguely that MCC would have "continued but limited engagement" with the country and that the board would not approve a compact with Benin until it passed the Control of Corruption indicator again. Fortunately, Benin passes this year, so there is a good chance the board will reselect it. In fact, Benin has passed this indicator for nine of MCC's twelve selection cycles (and for six of the last seven years), a passing record that is better than the majority of current candidate countries.

Lesotho (LIC) completed a successful first compact in September 2013 and was selected as eligible for a second compact last year. Among the existing candidates, Lesotho is the only country that has passed the scorecard every single year. Though a political crisis, in which the prime minister fled claiming an attempted military coup, occurred at the end of August, it is apparently on its way to resolution with parliament reconvened and new elections planned for February 2015.[23] MCC will likely reselect Lesotho to continue developing its second compact,

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[21] Liberia's change in performance was due largely to newly available and more accurate information about Natural Resource Protection that resulted in a less favorable assessment for that indicator.

[22] Technically, the board did not vote on whether to reselect Benin or not, but in the absence of an affirmed vote of reselection, a country is not considered eligible for that year.

[23] While several press articles called the political crisis an attempted "coup," the Basotho military denied this terminology. The US State Department also did not apply the "coup" label to the crisis.

but it will likely proceed somewhat cautiously over the next few months based on remaining uncertainties in the political environment.

Morocco (LMIC) was selected as eligible for a second compact in FY2013. Last year, Morocco fell short of passing the scorecard by one indicator, but the board reselected it anyway, noting they expected the country to pass before it would approve a compact. Morocco passes again this year, as it has for the two of the previous three years, so the board will likely select it to continue compact development.

Tanzania (LIC) was selected as eligible for a second compact in FY2013 and has been developing a largely energy-focused compact as part of its partnership in the Power Africa initiative. Tanzania has passed the scorecard every year for the last ten years, making it one of the most consistent passers. Unfortunately, the new language about the need for second compact countries to demonstrate "improvement" on the scorecard does raise some questions for Tanzania. Its performance on the Control of Corruption indicator has declined some in recent years (though not statistically significantly), and the board will likely want to understand more about this before making its decision. However, they are likely to reselect Tanzania this year.

Countries that *May* Be Selected for Second Compact Eligibility

New Selection

Mongolia (LMIC) completed its first compact in September 2013 but has so far not been selected for a second compact. Mongolia has passed the scorecard every year but two, including two of the last three years (despite moving to the more competitive lower middle income group). In addition, recent trends on the Control of Corruption indicator look positive (even though the change is not statistically significant). Mongolia may not be a prime candidate for second compact eligibility, however. One reason may be performance on the first compact, which fell short on a number of performance targets.[24] Another important factor is that Mongolia's per capita income is very close to the lower middle income country ceiling. This means that it may graduate out of MCC candidacy soon, especially since the country's commodity-fueled high growth rates are projected to continue for the next several years. It may be risky for MCC to enter into a multi-year compact development process with Mongolia when it may graduate before the compact is signed. However, it is possible that MCC will accept this risk and select Mongolia this year.

The Philippines (LMIC) passes the scorecard for the first time since it moved from the low income country category to the more competitive lower middle income category in FY2010. The timing is good, too, since it is within the window of consideration for second compact eligibility this year. The problem is that it is just barely within that window. When the board meets, the Philippines will have 17 months left in its first compact, so it is very early to tell how

[24] For instance, the property rights project faced implementation delays and ultimately reached probably only about half (or fewer) of the originally estimated beneficiaries. For additional information on progress toward targets, see Mongolia's *Monitoring and Evaluation Plan* and *Table of Key Performance Indicators* at http://www.mcc.gov/documents/reports/MNG-Q21-KPI.pdf.

well it will reach its implementation targets and fulfill all of its policy reform commitments. In addition, this is only the second year in seven that the Philippines has passed the Control of Corruption hurdle (the last time it passed was in FY2011), so there is some risk to selecting a country that has not yet demonstrated it can pass the scorecard relatively consistently. MCC may recall some of the optics challenges it faced during the development of the Philippines' first compact when the country did not consistently pass this indicator. The Philippines' Control of Corruption score does appear to have registered a small upward trend in recent years, however. Consistent with the new language on second compact countries needing to demonstrate "improvement," the board is certainly taking this into account. Furthermore, MCC is likely interested in a future second compact for the Philippines because of its participation in the broader US government Partnership for Growth initiative. The board may very well select the Philippines this year. They may also defer the decision until next year when the compact is closer to completion and when they can gauge another year of scorecard performance.

Countries That Will Likely Be Selected for Threshold Program Eligibility

New Selection

MCC's FY2015 Congressional Budget Justification (CBJ) noted the agency's potential interest in selecting new countries this year should appropriate candidates exist.[25] It may not select any new threshold countries this year, but one possibility stands out.

Cote d'Ivoire (LIC) passes the scorecard for the first time this year after registering steep improvements in almost all of its Ruling Justly indicators, especially the democracy indicators, following the 2002-2007 civil war and the subsequent 2010-2011 civil conflict sparked by disputed elections. In many ways, Cote d'Ivoire could be a good fit for an MCC partnership. In addition, the African Development Bank (AfDB) is betting on Cote d'Ivoire with its 2014 return to its former Abidjan headquarters (the civil war had forced the AfBD to relocate temporarily to Tunis for the past decade). On the other hand, the board will likely consider that Cote d'Ivoire has not yet passed the scorecard on a relatively consistent basis. This suggests that if Cote d'Ivoire is selected this year it will be for a threshold program and not a compact. There would be some risk to this choice, of course. Cote d'Ivoire's first elections since the violently disputed polls in 2010 are due in 2015. Though the political situation has improved substantially over the last five years, for a country that still falls short of passing the Political Rights indicator, the board may wish to hold off another year and see how the next elections play out before deciding whether to bring Cote d'Ivoire onboard. However, it is likely that Cote d'Ivoire will be selected for threshold program eligibility this year.

Reselection

Guatemala (LMIC) was selected for threshold program eligibility in FY2013. It has never passed the scorecard, in particular falling short on the Control of Corruption indicator. Guatemala remains "close" to passing, however, since its Control of Corruption score is *the*

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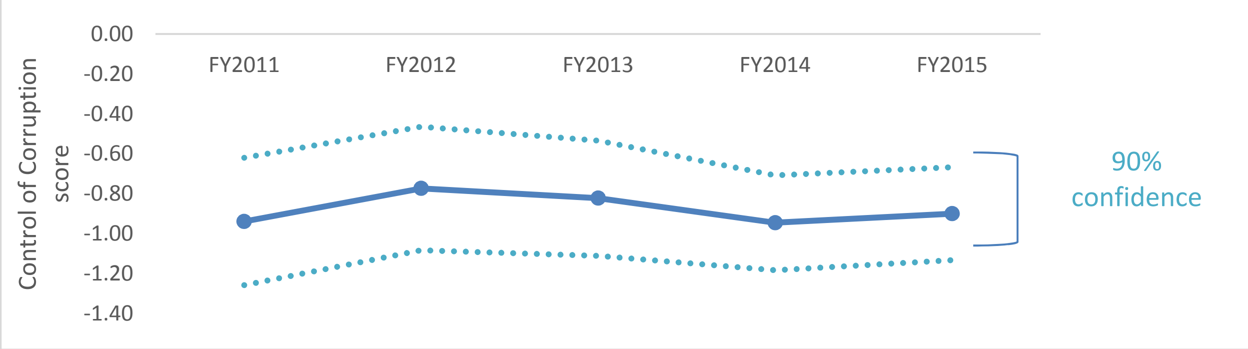
[25] In the CBJ, MCC requested $30 million for FY2015 "to support the planned Nepal Threshold Program and threshold programs in up to two new countries to be selected by the Board in December 2014."

median score this year—right on the threshold of passing. It is likely that the board will reselect Guatemala to continue developing a threshold program.

Countries Developing Compacts That Do Not Meet the Indicator Criteria and Are Unlikely to Be Selected

Sierra Leone (LIC) was selected for compact eligibility in FY2013 when it passed the scorecard criteria for the first time. The following year, it fell just below the median on the Control of Corruption indicator, and the board decided not to vote on whether to reselect it in FY2014. It also stated that the country would need to pass the Control of Corruption indicator before the board would approve a compact. This is the second year in a row that Sierra Leone falls short on the Control of Corruption indicator. Therefore, it is very unlikely that the board will reselect Sierra Leone this year. In many ways, this would be an unfortunate decision forced by last year's questionable choice. After all, as MCC acknowledged, Sierra Leone has demonstrated no real, substantial decline in policy performance in the area of anti-corruption. Instead, the country's change from passing the Control of Corruption indicator to failing is essentially just noise in an imprecise indicator.[26] Its current score is not statistically significantly lower than it was when Sierra Leone was first selected for compact eligibility in FY2013, and it is even slightly higher, in absolute terms, than it was last year (though not statistically significantly so). In addition, the White House has commended the Sierra Leonean government for its strong political commitment to pursuing reforms and transparency.[27]

Figure 7: Sierra Leone's Recent Performance on the Control of Corruption Indicator



On the other hand, because the ongoing Ebola crisis has been particularly devastating to Sierra Leone, an MCC compact has almost certainly moved down the country's list of immediate priorities. Because of this, as well as logistical considerations like travel restrictions for American personnel, engagement on compact development would probably be extremely limited

[26] There are currently 15 sub-indicators that go into Sierra Leone's Control of Corruption indicator. Of these different assessments that make up the index score, since Sierra Leone's passing score in FY2013, 9 sub-indicators assess Sierra Leone exactly the same, 2 sub-indicators lowered their scores, 1 sub-indicator increased its score, and 3 sub-indicators are new. This does not in any way suggest a real deterioration in the country's anti-corruption environment in the last two years.

[27] Smith, Gayle. 2014. Commitment to Development Award Reception. Center for Global Development. Washington, DC. 5 Nov. 2014. Keynote Speech.

at this time. However, there likely will be pressure to consider Sierra Leone in future years, as long as it passes the scorecard, once the crisis subsides and US government attention shifts to re-starting its economy.

Countries That Meet the Indicator Criteria but Are Unlikely to Be Selected

Low income countries **Ghana, Malawi**, and **Zambia** and lower middle income countries **Cabo Verde, El Salvador**, and **Georgia** all meet the indicator criteria but already have signed compacts in place and are not up for second compact consideration. As such, they will not be considered for re-selection this year.

Armenia (LMIC), which completed a compact in 2011, passes the indicator criteria as a lower middle income country for the second year in a row. However, MCC is unlikely to choose it for a second compact this year. MCC ceased funding one first compact's project due to concerns about the conduct of a 2008 election. While Armenia's performance on the Political Rights indicator has improved since then, it remains very low. Because Armenia passes the Civil Liberties indicator it technically passes the democracy "hard hurdle," but its Political Rights rank is lower than any other country that has been selected for compact eligibility in the past. In addition, like Mongolia, Armenia's per capita income is very close ($335) to the upper limit for MCC candidacy.

Burkina Faso's (LIC) compact ended in July this past year, so it could be a contender for a second compact. However, it is unlikely to be selected. Its first compact experienced delays and did not achieve expected results in several areas.[28] In addition, the military recently took control of the government after the longstanding former president was forced to quit, and there is substantial uncertainty about the future direction of the political environment.[29]

Mali's (LIC) 2012 military coup caused an early termination of the country's first compact and led to placement on the list of statutorily prohibited countries for the last two years. Since Mali returned to democratic rule last year, however, it is now back on the candidate list. Mali should not be discounted as a prospect for a second compact. It has passed the indicators for three of the last four years, and the US government has a national security interest in supporting the new democratic regime in a volatile region. However, Mali itself has had some substantial instability in its northern regions in recent years. Though the security situation has since improved, considerable risk factors persist.[30] Because of this, the board is not likely to select Mali this year.

Mozambique (LIC) completed its first compact in September 2013, but has been passed over for second compact eligibility for the last two years. Since Mozambique has passed the scorecard for the last four years, the presumed reason it has not been selected is that performance

[28] Though end-of-compact results are not yet available, with just four months to go, most projects had several components that were substantially short of target. See Burkina Faso's *Compact Monitoring and Evaluation Plan* and *Table of Key Performance Indicators* at www.mcc.gov/pages/countries/evaluation/burkina-faso-compact.

[29] The president of 27 years was forced out amid mass protests against attempts to change the constitution to allow him to stand in upcoming elections.

[30] In 2012 and 2013 Tuareg separatists and later Islamic militants seized substantial territory in the north. Recent risk factors include a breakdown of the 2013 truce with the separatists, and attacks on UN peacekeeping forces.

on its first compact was somehow not up to standard. Since comprehensive public information on Mozambique's first compact implementation is unavailable, it is hard for external stakeholders to definitively identify where it may have fallen short. However, available information plus a number of anecdotes suggest that even though the compact ultimately met many of its performance targets, there were a number of implementation delays and weaker government commitment to implementing at least one of the policy conditions.

As noted above, however, the Mozambique compact was of the diffuse, less focused style that was common in MCC's earlier years. In addition, since the conclusion of the first compact, a new administration has taken over in Mozambique. A different set of actors could implement a different set of (more focused) projects in a more satisfactory manner than the last compact. In addition, with the recent challenges MCC has faced with respect to compact-eligible countries falling short on the scorecard, a country that has demonstrated consistently good performance may be more of a draw. For these reasons, Mozambique could be a reasonable prospect for second compact eligibility in the future. However, MCC has not defined the statute of limitations with respect to when it would reconsider a country with a weaker track record implementing its first compact, so Mozambique is not likely to be selected this year.

Nicaragua (LIC) completed its first compact in 2011, though a portion of it was terminated early due to concerns about the conduct of a municipal election. Nicaragua passes the indicators for the third year in a row. However, this will be the first year in some time that it could be considered for a second compact due to statutory prohibitions that were in place for the last two years due to insufficient fiscal transparency. Nicaragua is back in the pool of candidates this year, and the government has reportedly made improvements in the corruption and transparency environment.[31] Furthermore, MCC's presence in Latin America is somewhat light (very few Latin American countries' income levels put them in the range of MCC candidacy), and the agency may be eager to diversify geographically. Nonetheless, the government has not changed since the first compact's partial termination, and the US government expressed concerns with the conduct of elections again in 2011 and 2012. The board is not likely to select Nicaragua this year.

Senegal (LIC) will complete its first compact in 2015, so it could be considered for a second compact this year. Senegal performs well on the scorecard, as usual (it has passed for ten of 12 years). However, MCC may choose to focus on completing the first compact at this time rather than beginning discussion on a second compact. There have been some implementation delays, and a number of well-below-target project monitoring indicators suggest that some activities are not progressing as expected.[32]

There are eight countries that pass the FY2015 indicator criteria that have also passed in at least two recent prior years but have not been selected. These are low income countries **Comoros, Sao Tome and Principe**, and the **Solomon Islands** and lower middle income countries **Bhutan, Kiribati, Samoa, Sri Lanka**, and **Vanuatu**. They are unlikely to be selected again this year.

[31] Freedom House. 2014. *Freedom in the World 2014: Nicaragua.* Washington, DC: Freedom House.
[32] See Senegal's *Compact Monitoring and Evaluation Plan* and *Table of Key Performance Indicators* at http://www.mcc.gov/documents/data/SNG-Q16-KPI.pdf

MCC does not make public the reasons for not selecting countries that pass the indicators, but there are plausible explanations for their likely non-selection this year.

Size is almost certainly the relevant factor for **Comoros, Sao Tome and Principe, the Solomon Islands, Bhutan, Kiribati, Samoa**, and **Vanuatu**. All of these countries have a population under a million. MCC does not have an official minimum size requirement for compact eligibility, but the board has demonstrated its preference not to select any new small island countries.[33] Bhutan, in addition to being small, does not have formal diplomatic relations with the US.

Sri Lanka was previously compact eligible (FY2004 through FY2007) but did not finalize a compact. Although Sri Lanka passes 11 scorecard indictors and the long-running civil conflict ended in 2009, the United Nations and other groups have expressed concern about human rights violations, particularly the reluctance on the part of the government to investigate alleged abuses perpetrated during the war. In addition, there has been a trend toward centralization of power which is reflected in Sri Lanka's relatively low performance on the Political Rights indicator.

[33] Cabo Verde, which has a population of about half a million people, was selected as eligible in FY2010, but this was for a second compact; it was not a new relationship.

Low Income Countries' Scorecard Performance, FY2015

	Ruling Justly						Investing in People						Economic Freedom								
	Political Rights (0—40, 40 = best)	Civil Liberties (0—60, 60 = best)	Freedom of Information (-4—+104, -4 = best)	Government Effectiveness (-2.5—+2.5, +2.5 = best)	Rule of Law (-2.5—+2.5, +2.5 = best)	Control of Corruption (-2.5—+2.5, +2.5 = best)	Girls' Primary Education Completion Rate	Primary Education Expenditures	Health Expenditures	Immunization Rate	Natural Resource Protection (0—100, 100 = best)	Child Health (0—100, 100 = best)	Business Start-Up (0—1, 1 = best)	Land Rights and Access (0—1, 1 = best)	Inflation	Fiscal Policy	Trade Policy (0—100, 100 = best)	Regulatory Quality (-2.5—+2.5, +2.5 = best)	Gender in the Economy (0—20, 0 = best)	Access to Credit (0—120, 120 = best)	Number of passed indicators
Median/Threshold	17	25	63	0.00	0.00	0.00	68.2	1.82	2.50	82	55.5	56.7	0.857	0.61	15.0	-3.2	69	0.00	1	24	
Pass the scorecard																					
Benin	32	48	36	0.36	0.26	0.03	62.7	2.82	2.31	66	98.9	49.6	0.847	0.50	1.0	-1.3	58.4	0.35	3	30	12
Burkina Faso	17	36	42	0.30	0.36	0.28	56.2	2.13	3.35	85	83.8	43.7	0.866	0.60	0.5	-2.8	68.2	0.61	1	24	13
Comoros	25	30	49	-0.52	-0.10	0.13	69.8	4.70	2.54	83	--	--	0.719	0.63	1.6	6.7	73.0	-0.49	--	24	12
Cote d'Ivoire	17	28	55	-0.12	-0.04	0.07	52.7	2.27	1.94	81	100.0	56.1	0.937	0.48	2.6	-3.6	71.4	0.04	0	24	10
Ghana	37	47	26	0.83	1.00	0.78	97.4	1.71	2.96	90	78.0	58.1	0.914	0.78	11.7	-9.1	64.8	0.85	0	64	17
India	34	43	39	0.72	0.79	0.30	96.6	0.78	1.34	73	27.6	72.2	0.878	0.69	9.5	-7.5	64.6	0.30	0	66	14
Lesotho	31	41	45	0.53	0.63	1.09	81.6	4.67	9.08	94	1.3	63.2	0.882	0.68	5.3	-2.3	64.6	0.42	0	20	17
Liberia	26	33	54	-0.42	-0.03	0.18	59.7	0.87	4.63	82	10.3	55.7	0.951	0.51	7.6	-2.4	74.4	-0.14	0	16	10
Malawi	26	34	51	0.35	0.70	0.22	74.7	1.85	7.01	89	94.6	54.0	0.679	0.72	28.3	-4.5	72.2	0.09	1	20	14
Mali	17	27	35	0.07	0.14	0.13	54.0	1.98	2.27	73	14.3	35.7	0.805	0.60	-0.6	-2.6	73.2	0.27	3	24	10
Mozambique	23	35	43	0.26	0.04	0.21	48.1	--	2.84	82	90.8	42.7	0.922	0.73	4.2	-3.9	75.4	0.36	0	34	15
Nepal	23	27	51	-0.01	0.13	0.18	104.3	2.94	2.16	90	61.8	72.4	0.877	0.69	9.9	0.1	61.8	-0.09	2	28	15
Nicaragua	19	35	48	0.10	0.24	0.13	83.4	1.82	4.47	99	91.1	78.0	0.807	0.69	7.1	0.1	85.4	0.47	2	52	17
Niger	26	30	48	0.21	0.14	0.29	43.1	2.30	2.84	69	77.2	29.5	0.794	0.56	2.3	-1.8	65.6	0.17	4	24	12
Sao Tome & Principe	34	47	28	0.18	0.06	0.48	106.7	--	2.50	94	--	70.7	0.952	0.57	8.1	-7.0	75.2	-0.04	--	0	12
Senegal	33	46	46	0.43	0.62	0.58	63.1	2.22	2.77	88	99.5	66.7	0.852	0.59	0.7	-5.8	74.0	0.73	2	24	14
Solomon Islands	22	43	26	0.06	0.28	0.41	86.1	--	7.74	80	8.4	66.8	0.898	0.50	5.4	5.8	73.0	-0.36	--	40	14
Tanzania	29	35	53	0.24	0.38	0.04	84.7	2.24	2.75	95	99.9	47.6	0.863	0.78	7.9	-5.5	67.0	0.43	0	20	16
Zambia	25	34	59	0.44	0.58	0.47	90.9	--	4.20	80	100.0	56.7	0.915	0.60	7.0	-3.9	76.8	0.31	0	70	15
Eliminated by corruption																					
Bangladesh	24	29	50	0.09	0.06	-0.03	79.8	1.00	1.24	95	11.3	77.6	0.900	0.51	7.5	-3.3	59.0	-0.15	0	24	11
Kenya	22	31	55	0.43	0.14	-0.21	--	--	1.81	85	77.6	55.3	0.811	0.74	5.7	-4.9	64.0	0.42	0	28	12
Pakistan	21	21	64	0.11	0.01	-0.08	66.1	--	0.99	67	58.4	77.7	0.916	0.63	7.4	-7.8	65.6	0.06	2	30	10
Sierra Leone	29	38	47	-0.23	0.01	-0.04	70.7	1.42	2.50	88	37.7	32.0	0.883	0.54	9.8	-4.0	70.2	0.09	0	20	12
Uganda	11	26	54	0.33	0.53	-0.19	52.5	1.76	1.90	80	88.2	59.9	0.760	0.89	5.0	-3.4	76.6	0.54	1	24	10
Eliminated by democracy																					
Ethiopia	7	11	83	0.39	0.27	0.36	--	3.08	1.86	67	93.1	50.7	0.768	0.85	8.1	-1.6	64.4	-0.36	0	12	9
Gambia	7	14	83	0.19	0.30	0.16	70.5	2.47	3.31	97	24.0	67.9	0.645	0.76	5.2	-5.9	65.0	0.41	--	16	11
Mauritania	11	23	50	0.01	-0.06	0.18	69.3	1.66	4.08	80	3.2	46.3	0.930	0.59	4.1	0.1	69.0	0.08	4	8	9
Rwanda	9	17	77	0.91	0.74	1.51	61.5	1.54	6.11	98	56.3	70.5	0.873	0.87	4.2	-2.0	80.8	0.81	2	86	14
Vietnam	3	17	89	0.61	0.40	0.32	--	2.02	2.80	79	36.5	87.9	0.873	0.76	6.6	-4.5	78.6	0.12	0	64	13
Eliminated by corruption and democracy																					
Burundi	12	22	74	-0.16	-0.17	-0.53	62.9	2.54	4.84	97	30.3	55.7	0.957	0.74	9.0	-3.1	72.2	-0.10	1	8	8
Cameroon	8	16	66	0.05	-0.16	-0.33	67.6	1.12	1.72	86	55.6	58.7	0.880	0.53	2.1	-2.7	59.6	-0.16	4	30	8
Kyrgyzstan	14	25	64	0.22	-0.25	-0.27	97.4	--	4.28	98	20.2	90.2	0.969	0.77	6.6	-4.7	80.2	0.45	0	62	12
Laos	1	11	84	0.15	0.12	-0.04	93.3	--	1.48	85	93.9	76.1	0.670	0.68	6.4	-2.6	58.6	-0.08	0	28	11
Tajikistan	8	16	78	-0.16	-0.35	-0.33	96.2	--	1.71	94	24.3	83.1	0.819	0.61	5.0	-0.8	74.6	-0.29	0	40	8
Uzbekistan	0	4	97	-0.02	-0.32	-0.37	90.6	--	3.13	98	12.9	92.6	0.969	0.62	11.2	6.7	69.8	-0.86	0	46	11
Miss by more than one indicator																					
Afghanistan	11	15	64	-0.52	-0.78	-0.57	--	--	1.80	73	2.2	56.0	0.947	0.49	7.4	-0.4	--	-0.44	--	36	4
Central African Republic	0	6	77	-0.87	-0.95	-0.18	35.2	0.64	1.87	24	97.0	43.1	0.467	0.37	6.6	-2.9	52.4	-0.35	--	24	3
Chad	5	16	75	-0.58	-0.48	-0.43	27.0	0.92	1.60	54	55.3	33.3	0.457	0.45	0.2	0.3	55.2	-0.24	3	24	2
Congo, Dem Rep	9	11	79	-0.68	-0.66	-0.44	62.1	0.83	2.87	73	59.9	33.3	0.885	0.63	0.8	-0.8	63.0	-0.51	6	24	6
Djibouti	9	20	75	-0.27	0.13	0.42	47.4	--	5.26	81	0.0	75.1	0.598	0.64	2.4	-3.3	54.8	0.23	--	4	7
Guinea	17	24	60	-0.41	-0.53	-0.20	55.1	1.08	1.77	63	39.8	45.9	0.807	0.40	11.9	-3.2	61.2	-0.23	4	24	2
Guinea-Bissau	9	23	67	-0.53	-0.73	-0.47	56.7	--	1.33	75	89.9	42.2	0.869	0.38	0.8	-1.9	65.4	-0.53	--	24	4
Haiti	18	25	50	-0.62	-0.41	-0.30	--	--	1.47	67	1.6	53.4	0.164	0.46	6.8	-5.0	77.6	-0.17	2	8	4
Madagascar	15	28	63	-0.21	-0.01	0.17	70.9	1.29	2.50	69	18.6	48.8	0.947	0.61	5.8	-3.4	71.8	0.11	2	4	8
Somalia	0	2	82	-1.30	-1.56	-0.73	--	--	--	44	3.4	--	--	--	--	--	--	-1.44	--	--	0
South Sudan	8	16	62	-0.57	-0.55	-0.50	27.5	--	0.99	38	100.0	39.9	0.462	0.58	0.0	-6.3	--	-0.74	--	8	3
Togo	18	29	65	-0.46	-0.12	-0.19	68.8	1.93	4.44	78	66.3	44.4	0.775	0.35	1.8	-5.3	67.8	-0.18	1	24	7
Yemen	10	16	78	-0.29	-0.27	-0.34	60.2	2.68	1.51	83	3.3	62.5	0.728	0.87	11.0	-5.9	77.6	0.04	5	0	7
Statutorily prohibited																					
Cambodia	10	20	64	-0.01	-0.10	-0.16	98.6	1.09	1.34	91	100.0	66.0	0.367	0.69	3.0	-3.5	72.2	0.42	0	74	10
Burma	9	17	74	-0.60	-0.33	-0.21	96.8	0.40	0.43	81	36.0	82.8	0.435	0.60	5.7	-2.7	74.2	-0.73	--	8	5
Eritrea	1	2	94	-0.63	-0.50	0.06	28.3	--	1.24	95	28.3	--	0.625	0.85	12.3	-14.1	69.2	-1.46	--	0	5
Korea, Dem P Rep	0	3	97	-1.01	-0.40	-0.50	--	--	--	96	12.7	91.4	--	--	--	--	0.0	-1.74	--	--	2
Sudan	2	5	84	-0.62	-0.36	-0.63	54.2	--	1.70	89	5.8	49.0	0.825	0.73	36.5	-1.9	55.6	-0.67	10	12	3
Zimbabwe	12	16	69	-0.23	-0.68	-0.51	--	1.29	--	94	99.7	68.3	0.456	0.42	1.6	-1.3	58.4	-1.02	0	38	7
Countries with data	54	54	54	54	54	54	46	35	51	54	52	51	52	52	52	52	51	54	41	52	

Note: Shaded indicator scores designate scores that fail per MCC's pass/fail criteria for that indicator. Unavailable data are interpreted as a failed score.

Lower Middle Income Countries' Scorecard Performance, FY2015

	Ruling Justly						Investing in People						Economic Freedom								
Country	Political Rights (0—40, 40 = best)	Civil Liberties (0—60, 60 = best)	Freedom of Information (-4—+104, -4 = best)	Government Effectiveness (-2.5—+2.5, +2.5 = best)	Rule of Law (-2.5—+2.5, +2.5 = best)	Control of Corruption (-2.5—+2.5, +2.5 = best)	Girls' Primary Education Completion Rate	Primary Education Expenditures	Health Expenditures	Immunization Rate	Natural Resource Protection (0—100, 100 = best)	Child Health (0—100, 100 = best)	Business Start-Up (0—1, 1 = best)	Land Rights and Access (0—1, 1 = best)	Inflation	Fiscal Policy	Trade Policy (0—100, 100 = best)	Regulatory Quality (-2.5—+2.5, +2.5 = best)	Gender in the Economy (0—20, 0 = best)	Access to Credit (0—120, 120 = best)	Number of passed indicators
Median/Threshold	17	25	47	0.00	0.00	0.00	89.8	1.53	3.97	90	44.5	85.0	0.912	0.74	15.0	-2.4	76.0	0.00	0	52	
Pass the scorecard																					
Armenia	14	29	63	0.48	0.21	0.11	103.3	0.76	1.88	96	73.1	95.9	0.989	0.96	5.8	-2.1	85.4	0.55	0	68	15
Bhutan	28	27	57	0.77	0.77	1.40	90.4	1.47	3.17	96	94.9	76.2	0.934	0.90	8.7	-2.5	49.4	-0.78	--	52	11
Cape Verde	37	53	27	0.54	1.01	1.35	120.5	2.18	3.02	92	14.6	83.8	0.938	0.77	1.5	-9.0	69.6	0.20	--	44	13
El Salvador	35	42	35	0.28	-0.15	0.23	89.8	1.49	4.22	93	5.6	85.5	0.853	0.74	0.8	-3.9	85.2	0.63	0	54	12
Georgia	25	38	45	0.95	0.50	0.93	109.9	0.68	1.65	97	44.5	96.4	0.988	0.89	-0.5	-0.9	88.6	1.06	0	84	16
Kiribati	36	55	29	-0.44	0.67	0.54	96.5	--	8.85	93	100.0	66.3	0.852	0.41	-1.5	-5.9	55.4	-1.06	--	16	10
Mongolia	36	50	33	-0.13	0.16	0.11	94.6	1.79	3.97	98	69.3	78.4	0.961	0.70	8.6	-8.8	74.8	0.03	0	56	13
Morocco	15	27	66	0.34	0.28	0.22	75.5	2.03	2.14	99	20.1	84.5	0.945	0.78	1.9	-6.5	78.2	0.15	1	44	11
Philippines	26	37	42	0.47	0.10	0.18	89.7	1.46	1.35	92	63.9	86.6	0.850	0.76	2.9	-0.4	75.4	0.25	1	42	13
Samoa	32	49	29	0.55	1.24	0.77	104.8	--	6.03	97	37.9	95.5	0.951	0.77	-0.2	-5.5	75.8	0.09	--	20	14
Sri Lanka	16	26	74	0.18	0.25	0.35	99.7	0.41	--	99	85.2	94.6	0.922	0.68	6.9	-6.4	71.6	0.16	0	48	11
Vanuatu	32	47	23	0.20	0.80	0.95	70.3	2.72	3.15	60	24.3	81.4	0.786	--	1.3	-1.3	75.4	-0.23	--	58	10
Eliminated by corruption																					
Guatemala	24	32	56	-0.30	-0.59	0.00	66.1	1.65	2.40	85	80.1	88.9	0.885	0.73	4.3	-2.4	84.6	0.11	0	78	10
Guyana	31	41	32	0.25	0.00	-0.07	110.8	0.98	4.33	99	30.0	91.8	0.912	0.78	2.2	-4.0	72.0	-0.30	--	12	10
Honduras	20	31	60	-0.33	-0.70	-0.37	79.4	3.05	4.33	88	82.2	86.5	0.874	0.66	5.2	-4.8	77.6	0.12	1	84	10
Moldova	29	35	51	0.01	0.11	-0.16	87.0	1.53	5.34	91	7.5	93.3	0.972	0.88	4.6	-2.1	79.8	0.23	0	68	14
Paraguay	26	35	57	-0.47	-0.30	-0.46	81.2	1.45	4.34	89	31.2	89.1	0.799	0.76	2.7	-0.3	81.4	0.00	0	56	9
Timor-Leste	29	34	35	-0.84	-0.74	-0.27	62.9	--	5.50	76	50.9	66.8	0.966	0.09	9.5	45.0	79.6	-0.67	--	24	9
Ukraine	20	35	59	-0.24	-0.30	-0.51	99.0	0.96	4.15	78	20.2	96.7	0.926	--	-0.3	-4.0	85.8	-0.32	0	74	9
Eliminated by corruption and democracy																					
Egypt	9	22	66	-0.48	-0.08	-0.02	100.2	--	1.95	97	65.8	96.7	0.955	0.93	6.9	-11.5	70.0	-0.38	1	56	8
Miss by one indicator																					
Micronesia	37	56	21	-0.15	0.60	0.41	--	--	11.55	86	18.5	79.6	0.660	--	4.0	0.9	81.0	-0.65	--	44	9
Miss by more than one indicator																					
Congo, Rep	7	23	57	-0.81	-0.57	-0.61	64.7	1.93	2.34	67	55.0	51.9	0.710	0.51	4.6	10.5	62.4	-1.04	3	36	4
Indonesia	30	34	49	0.18	-0.03	-0.04	93.2	1.49	1.20	85	82.3	79.6	0.776	0.71	6.4	-1.5	74.8	0.12	1	52	8
Kosovo	17	26	45	0.00	-0.04	-0.06	--	--	--	--	17.0	--	0.961	--	1.8	-2.5	--	0.28	0	68	6
Nigeria	20	26	47	-0.60	-0.63	-0.62	43.7	--	1.89	59	76.0	48.1	0.830	0.54	8.5	-0.5	63.8	-0.39	0	60	6
Papua New Guinea	24	36	27	-0.30	-0.45	-0.46	64.4	--	4.32	69	14.2	47.9	0.778	0.66	5.0	-3.2	85.0	-0.20	0	12	6
Swaziland	1	19	76	-0.03	0.10	0.24	67.3	4.02	6.32	92	17.7	68.1	0.850	0.70	5.6	0.0	76.0	-0.04	--	58	8
Statutorily prohibited																					
Bolivia	29	38	46	0.02	-0.55	-0.01	89.3	2.50	4.14	95	95.7	74.0	0.700	0.77	5.7	1.1	77.6	-0.47	1	42	12
Syria	-2	3	97	-0.93	-0.95	-0.66	91.6	2.00	1.57	51	3.8	94.3	0.927	0.62	--	--	--	-1.29	6	16	4
Countries with data	29	29	29	29	29	29	27	21	27	28	29	28	29	25	28	28	27	29	20	29	

Note: Shaded indicator scores designate scores that fail per MCC's pass/fail criteria for that indicator. Unavailable data are interpreted as a failed score.