Which Countries Will the MCC Board Likely Select as Eligible in FY2013?

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Summary

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Three conditions are notable during this year's selection process: scarce resources, a new MCC selection process, and fierce competition among countries.

The MCA Monitor predicts that the MCC will select the following new countries as eligible for first compacts: Liberia, Niger, and Sierra Leone. The MCC will also likely select Tanzania as eligible for a second compact. The board is all but certain to reselect Benin, Ghana, El Salvador, and Georgia to keep developing second compacts. The board may also select Morocco for a new threshold program.

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.

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Center for Global Development

Introduction

The race is on for FY2013 Millennium Challenge Corporation (MCC) funding. Several countries pass the MCC's indicators test for the first time ever this year and a record number of countries are contenders for second compacts. The MCC board of directors will decide which of these countries will be eligible for—though not guaranteed—assistance when they meet on December 19, 2012.

This will be the last meeting during President Barack Obama's first term and presumably the final session chaired by Secretary of State Hillary Clinton. While board members may be looking to keep the MCC's transparent, selective, and results-focused approach on the leading edge of the Obama administration's development agenda in the second term, their decisions take place amid a protracted US budget process, pressure to cut federal spending, and an incoming Congress that boasts more than 270 new members since the Millennium Challenge Account (MCA) was authorized in 2003.

The board, which will see other changes among its governmental members and is still missing two nongovernmental representatives, will be approaching the 10th selection round with the following in mind:[1]

- **Scarce resources.** The FY2013 budget has not been settled and could face further cuts before the FY2013 continuing resolution runs out on March 27, 2013. President Obama requested just under $900 million for FY2013 funds (the same allotted to the MCC in FY2012); while that is consistent with the MCC's current planning and approach, it remains a far cry from the $5 billion per year program envisioned when President George W. Bush proposed creating the MCA 10 years ago.

- **A new selection system.** This is the second year the MCC will use its new system to select countries as eligible for MCC programs. The new rules, set in 2011, increase the number of selection indicators from 17 to 20 and require countries to pass half of the indicators, including at least one indicator in each of the three policy-reform areas: ruling justly, investing in people, and economic freedom. Countries must also pass two hard hurdles—the control of corruption indicator and either the political rights or civil liberties indicator. Last year the MCC considered a country's results in both the old and new system; this year it will rely solely on the new approach for the first time. Results in the new system are fairly

[1] The White House has nominated Lorne Craner and Morton Halperin to fill the two board vacancies; both nominations are pending Senate confirmation.

steady. Countries that pass for the first time ever do so because of changes in their indicator performance since last year, not because of changes between the old and new system.

- **Fierce competition.** In addition to new countries that could be considered eligible for first-time MCC assistance, a record number of countries are eligible for second five-year MCC compacts in FY2013. Four of these countries have already been selected as eligible for a second compact but would need to be reselected in FY2013 to keep developing proposals: Benin, El Salvador, Georgia, and Ghana. Eight additional countries could be considered eligible: Armenia, Honduras, Lesotho, Mongolia, Morocco, Mozambique, Tanzania, and Vanuatu. Cape Verde was the first country selected for a second compact and signed that compact—worth $66 million—in February 2012. The MCC will need to balance its desire for establishing compacts with new countries and the need to sustain progress and relationships with countries that have already completed (or are about to complete) their first MCC compacts. The bar for selecting countries as eligible for second compacts should be higher and based on the country's implementation record on its first compact as well as the indicators.[2]

The MCA Monitor predicts that the MCC will select the following new countries as eligible for first compacts: Liberia, Niger, and Sierra Leone. The MCC will also likely select Tanzania as eligible for a second compact. The board is all but certain to reselect Benin, Ghana, El Salvador, and Georgia to keep developing second compacts. The board may also select Morocco for a new threshold program.

How the MCC Selection Process Works

The MCC's annual selection process begins each fiscal year with the publication of two MCC reports: one identifies countries that are candidates for MCA eligibility; the other explains the criteria and methodology the MCC will use to determine which countries are eligible in a given year.[3]

A defining feature of the MCC is its use of public indicators as the basis for selecting partner countries that demonstrate a commitment to good policies in three broad categories: ruling justly, investing in people, and encouraging economic freedom. The board also considers the size of MCC's budget, whether MCC funding has the potential to reduce poverty and generate economic growth in a given country, and other supplemental information. When considering

[2] Further discussion follows on page 7.

[3] MCC, *Report on Countries that are Candidates for MCA Eligibility* and the *Report on Criteria and Methodology for Determining Eligibility* (2010).

whether countries should be eligible for second compacts, the MCC also looks at the country's record implementing its first compact.

As mentioned above, this will be the second time the MCC uses its revised selection system, which last year adopted two new features:

1. Countries must pass at least 10 of 20 indicators, including at least one indicator in each of the three categories for ruling justly, investing in people, and economic freedom.[4]

2. Countries must also pass two "hard hurdles," one for corruption (the control of corruption indicator) and one for democratic rights (either the political rights or the civil liberties indicator).[5]

Last year the MCC considered a country's results in both the old and new system; this year it will rely solely on the new approach for the first time.

As with previous years, the MCC considers a country's indicator performance against countries with similar incomes. The definition of low income and lower middle income countries for scorecard assessment has not changed this year. However, the definition of income groups for the purposes of funding compacts has changed. The definitions for each purpose are described in the table on the next page.

Fourteen countries are prohibited from receiving MCC funds—the highest number of countries prohibited from MCC funding since FY2007. Some prohibitions are for obvious reasons such as military coups (Madagascar, Mali), human rights abuses (Burma), or support of terrorism (Syria). The MCC is also required to prohibit countries identified by the State Department's annual trafficking-in-persons report and prohibited Tier III countries, or those countries with the worst records in human trafficking. This year, countries that lack budget transparency are also prohibited (Cameroon, Guinea, Nicaragua, and Swaziland). While all 14 prohibited countries are precluded from receiving any MCC

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[4] The new system increases the total number of indicators from 17 to 20. The new system replaces the voice and accountability indicator with a new freedom of information indicator; the natural resources management indicator is split into natural resources protection and child health; and access to credit and gender in the economy are also added. In lower middle income countries, the MCC looks at girls' secondary education completion rates rather than primary school enrollment rates and requires countries to have 90 percent coverage for immunization rates.

[5] 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.

resources, their indicator data is used to calculate median thresholds in their respective income cohorts as in previous selection rounds.

	FY2013 Scorecard Income Categories	**FY2013 Funding Income Categories**
Low Income Countries	GNI per capita: $0 to $1,945. Cutoff is the World Bank's IDA historical ceiling. (56 LICs)	GNI per capita: $0 to $2,900. Cutoff is the 75th poorest country as measured by GNI per capita. (75 LICs)
Lower Middle Income Countries	GNI per capita: $1,946 to $4,035. Lower bound is the IDA historical ceiling. Cutoff is the World Bank's lower middle income country threshold. (33 LMICs)	GNI per capita: $2,901 to $4,035.Lower bound is the 76th poorest country according to GNI. Cutoff is the World Bank's lower middle income country threshold. (14 LMICs)

FY2013 Candidate Country Indicator Performance by the Numbers

Every year the MCA Monitor independently analyzes the data used in the MCC selection system to determine which countries pass, which don't, and which countries the MCC board of directors are most likely to select as eligible for MCC compacts or threshold agreements and why. Highlights this year include:

- Seventeen low income candidate countries and 13 lower middle income candidate countries pass the indicators test (see table next page).
- Five countries graduate from low income to lower middle income country status: Bolivia, Honduras, Moldova, Mongolia, and Timor-Leste.
- No countries move from lower middle to low income status.
- Three countries graduate from lower middle to upper middle income status (and out of MCC candidacy): Angola, Tuvalu, and Turkmenistan.
- One country transitions from upper middle to lower middle income status (and back into MCC candidacy): Albania.
- South Sudan, as a new country, enters MCC candidacy this year as a low income country.
- Four countries with MCC compacts fail the indicators test this year: Indonesia, Moldova, Mongolia, and the Philippines. This is the fourth year

in a row that Indonesia fails the indicators test. Both Moldova and Mongolia graduate from low income to lower middle income status and more difficult indicator thresholds. They both fail the control of corruption hard hurdles in the lower middle income group, but pass when measured against this year's low income group.[6] The Philippines also fails the control of corruption indicator after graduating to the higher income group in FY2012, but passes when compared to this year's low income group.

- Two of nine countries that have completed five-year compacts fail the indicators test: Armenia and Honduras. This is the sixth year in a row that Armenia has failed the indicators test. Honduras graduates from low income to lower middle income status and fails the corruption hard hurdle because of a higher median, but when compared to this year's low income group, it passes the control of corruption indicator and the full indicators test.

- Five countries are on track to complete their MCC compacts in September 2013: Lesotho, Mongolia, Morocco, Mozambique, and Tanzania.

Thirty candidate countries pass the indicators test

Low Income Countries	Lower Middle Income Countries
Benin	Belize
Burkina Faso	Bhutan
Comoros	Bolivia
Ghana	Cape Verde
India	El Salvador
Lesotho	Georgia
Liberia	Kiribati
Malawi	Marshall Islands
Mozambique	Morocco
Nepal	Samoa
Niger	Sri Lanka
São Tomé and Príncipe	Tonga
Senegal	Vanuatu
Sierra Leone	
Solomon Islands	
Tanzania	
Zambia	

[6] The MCC board may consider the indicator performance of a country that transitioned from low income to lower middle income category relative to both its lower middle income peers and the current fiscal year's low income pool for a period of three years.

MCA Monitor Selection Guiding Principles

1. **The indicators are the initial—not the only—guide to country performance**. The indicators offer helpful information on the relative performance of each country in a given fiscal year. The public data and scorecard results remain a hallmark of the MCC and bring simplicity and objectivity to a complex process, but the indicators aren't perfect. Some indicators can have wide margins of error, high degrees of volatility, and significant data lags. The MCA Monitor (and the MCC board) take special note of areas where the numbers require further explanation, but also where countries repeatedly fail the indicators test. The MCC board should use an "indicator plus" approach: only countries that pass the indicators should be considered, but not all countries that pass should be selected. The MCC should consider additional information on policy performance, overall poverty levels, and the potential for MCC to spur economic growth and reduce poverty, and it should explain any selection of countries that do not pass the indicators and any decision not to select countries that do.

2. **Stick to the MCC mission**, **especially in times of fiscal austerity**. The MCC's mission—working in partnership with select countries committed to good governance to spur economic growth and reduce poverty—should be strongly defended. This is even more important now given the pressure to reduce federal spending and the possibility of increased pressure to use MCC money for other development investments or political interests. The MCC should keep pushing the boundaries for a transparent, objective, evidence-based approach to selecting countries, as well as for measuring results and sharing what it learns along the way.[7] And it should be encouraged to keep making tough decisions, including at times suspending or terminating funding, when warranted. While there are a record number of countries that could be considered eligible for second MCC compacts in FY2013, the board should keep looking for qualified new partners that could benefit from an MCC compact. Doing so keeps up the incentive for countries not already qualified for the MCC to keep pushing for policy reforms and MCC eligibility, which has been a big part of the MCC model.

3. **Countries should compete for compacts, not just selection.** There are two stages of competition in the MCC process: 1) eligibility based mainly on the indicators and 2) signing a compact. Selection as eligible for an

[7] See the MCA Monitor's "Biggest Experiment in Evaluation" blog series by William Savedoff and Sarah Jane Staats: http://blogs.cgdev.org/mca-monitor/2012/11/the-biggest-experiment-in-evaluation-mcc-and-systematic-learning.php.

MCC compact does not guarantee compact funding.[8] In recent years however, the MCC board has tended to select a small number of countries each year roughly corresponding to the anticipated budget numbers and a general expectation that those countries will sign compacts. The large number of countries that pass the indicators this year and the limited FY2013 budget mean the MCC has more qualified partner countries than it can fund. For this reason, the MCC should err on the side of selecting more candidate countries that pass the indicators and are for all other reasons good potential candidates and emphasize that the second round of competition is in the compact development process. The MCC could set deadlines for countries to submit proposals or request other evidence of steps the country is taking as part of the MCC process. And the MCC should be more willing to stop developing compacts with countries that are not making good progress toward a high-quality compact and partnership.

4. **Second compact eligibility should depend not only on the indicators, but also public information on first compact performance and results.** Previous MCA Monitor papers have pressed the MCC to use more—and public—information when selecting countries as eligible for second compacts. The MCC has followed suit and provided important new guidance on what the MCC will review: the nature of the country's MCC partnership including political will and management capacity; financial and project results; and adherence to key MCC policies and standards.[9] The MCC will also consider the role of the country's accountable entity, sustainability of investment, and other donor and private-sector investments. Laudably, the MCC will pull most of this information from public documents, including quarterly status reports and key performance indicators, available on the MCC website. The MCC will also rely on internal staff surveys and other private supplementary information. To keep pushing the boundaries for transparent performance tracking, the MCC could establish some kind of public scoring system (linked to but more substantial than the quarterly status reports) that tracks performance as compacts are being implemented rather than after a compact ends, when countries (and perhaps even their Washington-based counterparts) are eager for second compacts. Table 1 (end of document) offers a detailed

[8] MCC selected Bolivia, Sri Lanka, Timor-Leste, The Gambia, Ukraine, and Colombia as compact eligible but did not reselect them in later years and did not give them compact funding. In the case of Senegal, however, the MCC was extremely patient and continued to reselect the country as eligible and work with them for five years before signing a compact.

[9] MCC, *Report on the Criteria and Methodology for Determining the Eligibility of Candidate Countries for Millennium Challenge Account Assistance in Fiscal Year 2013* (2012).

look at compact implementation for the five countries set to complete compacts in FY2013.

MCC Eligibility for Low Income Countries

There are 56 countries in the FY2013 low income country group, defined for the selection process as countries with a gross national income (GNI) per capita of $1,945 or less. Of these 56 countries, 11 are statutorily prohibited from receiving MCC funds but are included in median calculations for the low income group.

Countries that Pass the Indicators Test

Seventeen candidate low income countries pass the FY2013 indicators test.

- Fourteen are from Africa: Benin, Burkina Faso, Comoros, Ghana, Lesotho, Liberia, Malawi, Mozambique, Niger, São Tomé and Príncipe, Senegal, Sierra Leone, Tanzania, and Zambia.
- Three are from Europe, Asia, and the Pacific: India, Nepal, and the Solomon Islands.
- For the first time ever, no low income candidate countries pass from Latin America.

Last year, the MCC board of directors made one new low income country selection for compact eligibility: **Benin** was selected for a second compact. Benin's second compact is slated for an estimated $250 million. The board also reaffirmed its FY2011 selection of **Ghana** for a second compact. Ghana is finalizing the development of a second compact worth roughly $300 million. Both countries pass the indicators test and would need to be reselected this year to continue second compact development. The board reselected **Zambia** as compact-eligible last year, but it signed its first $355 million compact on May 10, 2012, and so does not need to be reselected this year.

The MCC board also selected **Nepal** in FY2012 as threshold-eligible under its revised threshold program.

This year, all 12 low income countries that have ever signed compacts pass the indicators test: Benin, Burkina Faso, Ghana, Lesotho, Madagascar, Malawi, Mali, Mozambique, Nicaragua, Senegal, Tanzania, and Zambia. Three of these countries—Madagascar, Mali, and Nicaragua—are statutorily prohibited from receiving MCC funds. The MCC no longer works in any of them after terminating part or all of their compacts following democratic backsliding or coups.

Three countries that passed the FY2012 revised indicators test pass the FY2013 indictors test but were not selected last year: India, São Tomé and Príncipe, and

Solomon Islands. It is unlikely that any of these countries will be selected this year.

At the end of this report, Table 2 provides detailed lists of passing countries, as well as information on low income country compact and threshold eligibility. Table 3 offers detailed scores on all 20 indicators for the 56 low income countries.

Low Income Countries Most Likely to be Selected as Compact Eligible

The MCC board of directors made **Benin** eligible for its second compact in FY2012 and should reselect it to continue compact development. Benin passes the indicators test, passing 11 indicators and all indicators in the ruling justly category. Benin completed its first compact worth $307 million in October 2011. Compact capital investments in the Port of Cotonou and key transport infrastructure are expected to increase Benin's trade volume and private-sector investment. Benin's second compact is estimated at $250 million.

Ghana easily passes the FY2013 indicators test, scoring above the threshold on 17 indicators, and should be reselected to continue developing its second compact. Ghana's first compact, worth $547 million, modernized Ghana's agricultural sector through improved infrastructure and institutional capacity. Ghana's second compact is valued at $300 million and will focus on increasing access to power and strong policy reform. Ghana is also a Partnership for Growth country.

Liberia passes the indicators test for the first time and could be compact-eligible. The following facts are in Liberia's favor: It has a $15 million threshold program that ends in September 2013, and selection as eligible would keep Liberia in the MCC system without interruption. Liberia has made significant policy strides in the last five years, is eager for an MCC compact, and Liberian President Ellen Johnson Sirleaf is widely praised by US development policymakers. The IMF has also issued a letter arguing that Liberia passes the fiscal policy indicator. Limited MCC dollars would also go a long way in a small country with high poverty levels. But there are points against: Liberia's score in 5 of the 10 indicators it passes (11 including the fiscal policy indicator) have decreased since last year, and the ongoing presence of UN peacekeepers in Liberia could pose a perception risk for the MCC that is designed to work in well-governed countries. The MCC board will consider all of this, as well as Liberia's threshold performance, other US development investments in Liberia, and the number of other qualified candidate countries when deciding whether to select Liberia this year.[10] The MCC

[10] In FY2013, Liberia is slated to receive roughly $169 million in other US development funding. This is several times the amount of assistance per capita the US gives other low income African countries that pass the MCC indicators this year (the budget request for Niger's is $17 million; Sierra Leone's is $17 million; Tanzania's is $571 million).

board should strongly consider Liberia as eligible this year; if selected, Liberia should focus on developing the strongest compact possible to compete for scarce FY2013 resources.

Niger passes 12 of the 20 MCC indicators and is currently implementing a $16 million threshold program focused on girls' primary education. Niger's original threshold program was suspended in December 2009, following then-President Mamadou Tandja's undemocratic actions. Niger restored electoral democracy in early 2011 and the MCC reinstated Niger's threshold program in the spring of 2011. Since then, Niger has been finalizing and evaluating some of its original threshold program investments and is conducting a constraints analysis to inform a future threshold program or compact. Niger's shared border with Mali could raise concerns about stability in the country, but the MCC should strongly consider Niger as eligible this year.

Sierra Leone also passes the indicators test for the first time, passing 12 indicators this year compared to seven in FY2012. Sierra Leone has exhibited strong policy improvements and is no longer home to UN peacekeepers. Although the MCC has limited experience working with Sierra Leone, the board should strongly consider Sierra Leone as eligible. If selected, Sierra Leone should then develop a strong compact that demonstrates its potential and readiness to use MCC funds to spur economic growth and reduce poverty.

Tanzania will complete its first compact, worth $698 million, in September 2013 and will likely be selected as eligible to develop a second compact. Tanzania easily passes the indicators test and has a strong implementation record on its first compact. Investments in Tanzania's first compact focused on improving the transportation network, extending reliable electric power, and increasing the availability of potable water. While Tanzania is set to receive $571 million in other US development funds next year—from food security to global health and more—the MCC is also the lead in the US Partnership for Growth constraints analysis and energy efforts and is unlikely to step away from this role. The MCC board will likely select Tanzania as eligible for a second compact but will need to consider a much smaller compact amount or other ways to balance MCC strengths with other US development investments in the country.

Countries Most Likely to be Selected as Threshold Eligible

The MCC should not select any new low income countries as eligible for threshold agreements.

Nepal performs well on the indicators test this year but should not be made compact-eligible this year. The country has just completed its constraints-to-growth analysis under the MCC's revised threshold program, for which it was made eligible last year, and will next undertake policy reforms that come out of the analysis.

Countries that Pass the Indictors Test but are Unlikely to be Chosen

While **Comoros**, **São Tomé and Príncipe**, and the **Solomon Islands** all pass their indicators test, their populations are all exceedingly small.[11] The MCC's selection criteria encourage it to use resources where the greatest opportunity to reduce poverty and generate economic growth exists. That stipulation combined with the MCC's limited funds means the board will most likely not select these countries.

Lesotho and **Mozambique** are difficult cases. Both countries easily pass the indicators test, passing 17 and 16 indicators, respectively, and both countries are due to complete their first compacts in September 2013. Lesotho is implementing a $362 million compact focused on improving water supplies, improving health outcomes, and removing barriers to private-sector investment. As a part of its compact, Lesotho also undertook challenging policy reforms. Its last available quarterly report notes that it has expended 48 percent of its compact as of June 2012. Mozambique's $507 million compact is designed to increase productive capacity in the northern regions by fostering investment and increasing economic opportunities. As of June 2012, it had only expended 33 percent of its compact funds, and there have been several independent reports of project delays.

Lesotho and Mozambique are unlikely to be chosen simply because of the high number of potential compact countries this year. Both Liberia and Sierra Leone pass their indicators test this year. Mongolia, Morocco, and Tanzania are also set to complete their first compacts in September 2013. When Lesotho and Mozambique are compared to Tanzania (its other low income counterpart in this scenario), they both have weaker compact implementation records and far lower numbers of people living in poverty.[12] Lesotho and Mozambique could be good second compact candidates in FY2014 and should benefit from any additional learning provided through post-compact evaluations.

MCC Eligibility for Lower Middle Income Countries

There are 33 countries in the FY2013 lower middle income country group, defined as countries with a GNI per capita from $1,946 to $4,035. Of these 33

[11] According to the World Bank, the population totals are 753,943 (Comoros), 168,526 (São Tomé and Príncipe), and 552,267 (Solomon Islands).

[12] Tanzania has 31,368,486 people living under $1.25 per day. Lesotho has 952,347 people below this poverty line, and Mozambique has 14,257,320.

countries, three are statutorily prohibited from receiving MCC resources but are included in the median calculations for the lower middle income cohort.

Lower Middle Income Countries that Pass the Indicators Test

Thirteen lower middle income countries pass the FY2013 indicators test.

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

In FY2012, the MCC board of directors selected **El Salvador** as the only new lower middle income country for second compact eligibility. El Salvador is developing a second $277 million compact. The board also reselected **Georgia** as eligible to continue developing its second compact valued at $130 million. Both countries easily pass the indicators test and would need to be reselected this year to continue developing their second compacts. The board reselected **Cape Verde** as eligible for its second compact last year, but it signed its second compact, worth $66 million, on February 10, 2012, and does not need to be reselected this year.

Last year the MCC board also selected **Honduras** as eligible for a revised threshold program. It was selected as a low income country.

This year, five of eleven lower middle income countries that have signed compacts pass the indicators test: Cape Verde, El Salvador, Georgia, Morocco, and Vanuatu. Honduras, Moldova, and Mongolia all fail the indicators test this year because they graduated from the low income to lower middle income group and fail the corruption hard hurdle. When compared to this year’s low income group, all three countries pass the corruption hard hurdle and would therefore have passed the full indicators test. The Philippines also fails the indicators test because it fails the control of corruption indicator. It transitioned from low income to lower middle income status in FY2012 and would pass the indicators test if compared to this year’s low income cohort. Armenia fails the indicators test because it fails the corruption hard hurdle. This is the sixth year in a row that it has failed the indicators test. Indonesia fails the indicators test for the fourth year in a row. This year it fails the corruption hard hurdle and only passes eight indicators. Indonesia signed a $600 million compact with the MCC on November 18, 2011, that has not yet entered into force.

Under the MCC’s approach to income transition, countries that have moved from low income to lower middle income status may be considered against both income groups for three years. The figure below provides a list of countries that fall under this policy this year as well as their indicators test result compared against both the FY2013 low income and lower middle income cohorts.

Country	Transition Year (FY)	Indicators Test Result as a LMIC	Indicators Test Result when compared to LICs
Bolivia	2013	✓	✓
Honduras	2013	✗	✓
Moldova	2013	✗	✓
Mongolia	2013	✗	✓
Timor-Leste	2013	✗	✗
Guyana	2012	✗	✓
Kiribati	2012	✓	✓
Philippines	2012	✗	✓
Republic of the Congo	2012	✗	✗
Egypt	2011	✗	✗
Sri Lanka	2011	✓	✓

Nine countries pass the FY2013 indicators test that also passed the FY2012 revised indicators test but were not selected last year: Belize, Bhutan, Bolivia, Kiribati, Marshall Islands, Samoa, Sri Lanka, Tonga, and Vanuatu.

At the end of this report, Table 4 provides detailed lists of passing countries and information on lower middle income country compact and threshold eligibility. Table 5 offers detailed scores on all 20 indicators for the 33 lower middle income countries.

Lower Middle Income Countries Most Likely to be Selected as Compact Eligible

The MCC board made **El Salvador** compact-eligible in FY2012 and should reselect it to continue developing its second compact. El Salvador passes its indicators test and implemented its first compact, worth $461 million. The compact focused on economic development in El Salvador's northern zone to better integrate its markets with the rest of the country and the region. El

Salvador's second compact is estimated at $277 million and will likely focus on security or the low productivity of Salvadoran firms (or both), the two top constraints to growth out of recent analysis done under the Partnership for Growth initiative.

Georgia easily passes the indicators test and should be reselected for its second compact. It successfully implemented its first $395 million compact that focused on improving reliable infrastructure and increasing business development, especially in agribusiness. Georgia is close to finalizing its second compact. The $130 million compact will aim to improve human capital through improved science and math education in primary and secondary schools and university partnerships in science and technology.

Lower Middle Income Countries that Pass the Indictors Test but are Unlikely to be Chosen

Belize, **Kiribati**, **Marshall Islands**, **Samoa**, **Tonga,** and **Vanuatu** all pass the indicators test but have relatively small populations and even smaller numbers of people living below the poverty line. Since the MCC's selection criteria encourage it to invest resources in places with the greatest opportunity to reduce poverty and encourage economic growth, the MCC will most likely not choose any of these countries as eligible for MCC funds.

Bhutan and **Sri Lanka** both pass the indicators test but, as in years past, only narrowly pass the democratic rights hard hurdle. Bhutan fails the civil liberties indicator and only passes political rights by two points. Sri Lanka fails the political rights indicator and only passes the civil liberties indicator by three points. Both countries should be commended for continuing to improve policy performance in these areas, but the MCC should not devote limited resources to these countries at this time.

Bolivia transitions to lower middle income status this year and continues to pass the indicators test. Despite passing the indicators test for eight years in a row, Bolivia has not been made eligible for MCC funds, and the board will most likely continue this trend because of uneven—though improving—bilateral relations.

Morocco narrowly passes the indicators test this year. It fails the political rights indicator and only passes the civil liberties indicator by three points. Morocco is due to complete its $698 million compact in September 2013. The compact focused on increasing productivity and employment. Morocco should not be awarded a second compact because of its low poverty headcount (2.52 percent) and low number of people living under $1.25 a day (813,279). The US-Morocco relationship should evolve beyond the MCC and foreign assistance to other partnerships on trade and private investment. The MCC could consider Morocco as a candidate for its new threshold program. Doing so would protect the agency from criticism that it is using scarce compact funds for Morocco but would allow it to continue to play a role in constraints-to-growth analysis and limited programs on behalf of the US government. Such is the rationale, for example, that allows Tunisia to be a threshold country despite being too rich to qualify for any sort of MCC compact.

Conclusion

The 10th anniversary of MCC country selections brings both familiar and new challenges. The familiar issue is that the indicators remain a meaningful, if imperfect, proxy for policy performance that should guide the MCC board's decision of which countries will or won't be eligible for MCC assistance. As always, the board members will need to look for good performers according to the indicators but also understand the risks—be they political or economic—in its partner countries.

A modest budget isn't a new issue for the MCC, but pressure to cut government spending and scrutinize investments will reach new heights in the coming year. The new Congress will also have more than 270 new members since the MCA was created in 2003, and most will be unfamiliar with the MCC approach. Anticipated changes in MCC board members during the second Obama administration—and the two still-vacant nongovernmental board seats—may also affect how the board makes its FY2013 decision.

The best-case scenario is that the current board members who are now well versed in the MCC model will stick to the fundamental principles for selecting well-governed countries transparently and on the basis of as much public information as possible. It should look for qualified new partners, especially low income countries, to keep up the incentive for countries not already in the MCC system to improve their policies. And it should press the countries it selects as eligible to develop the best compacts possible to demonstrate their readiness to use scarce resources well. An alternate scenario could see pressure from board members to fund other potentially unfunded or underfunded development or diplomatic priorities from MCC resources.

The MCA Monitor analysis predicts the MCC will select three new countries as eligible for first compacts: **Liberia**, **Niger, and Sierra Leone**. The MCC board will also likely select **Tanzania** as eligible for a second, though smaller, compact and reselect four countries already developing second compacts: **Benin, Ghana, El Salvador, and Georgia**. It may also put **Morocco** into the new threshold program.

Indonesia presents another new challenge for the MCC. It has already signed a $600 million MCC compact, which hasn't yet entered into force, but it fails the indicators test—by a lot—for the fourth year in a row. It may be time for some tough love from the MCC. The board and the MCC management could require Indonesia to demonstrate clear progress or at least a detailed plan for how it plans to improve these policy areas. If nothing changes, the MCC should consider reallocating Indonesia's $600 million (a whopping two-thirds of the MCC's annual budget) to other qualified countries.

Through all of this, the MCC board of directors should keep pushing the agency to be the leading edge of the administration's development priorities for promoting economic growth and poverty reduction in select, well-governed countries, and it should share as much information as possible on selection, results, and learning along the way.

Table 1. Compact Implementation Performance of Selected Countries

	Lesotho	**Mongolia**	**Morocco**	**Mozambique**	**Tanzania**
Compact Amount (millions)	$362.6	$284.9	$697.5	$506.9	$698.1
Entry-into-Force	Sept 17, 2008	Sept 17, 2008	Sept 14, 2008	Sept 22, 2008	Sept 17, 2008
Estimated Program Beneficiaries	1,041,422	2,492,000	845,415	3,325,327	5,425,013
Estimated Household Income Increase (million)	$376	$328	$860	$542	$1,336
Compact Funds Committed (%)	84.9	82.4	83.8	81.6	88.3
Compact Funds Expended (%)	48.0	48.0	46.7	33.4	45.9
Compact Targets Met or Close to Completion (%)	22.2	52.0	35.0	30.4	18.5

Note: The figures above represent progress as of June 2012. Figures for the percentage of compact targets met or close to completion are drawn from available performance data and do not include pending indicators. “Close to completion” is defined as 75% or higher. Cape Verde, Georgia, Ghana, Benin, and El Salvador have all completed compacts, and the MCC board has selected them as eligible for a second compact. Honduras, Vanuatu, and Armenia have completed first compacts but are not likely to be selected as compact-eligible this year. Madagascar, Nicaragua, and Mali are also compact countries but are statutorily prohibited from receiving MCC funds this year.

Table 2. Country Qualification Predictions for Low Income Candidate Countries

FY2012 Eligibility Results	FY2013 Scorecard Results	FY2013 Eligibility Predictions
Current compact-eligible countries (selected in FY2012) 1. Benin 2. Ghana **Current threshold-eligible countries (selected in FY2012)** 1. Honduras 2. Nepal **Countries that passed the FY2012 indicators but were not selected as compact-eligible** 1. Bolivia 2. India 3. Niger 4. São Tomé and Príncipe 5. Solomon Islands **Compact countries that did not require selection in FY2012** 1. Burkina Faso 2. Lesotho 3. Malawi 4. Mali 5. Moldova 6. Mongolia 7. Mozambique 8. Senegal 9. Tanzania 10. Zambia	**Candidate countries that pass the FY2013 indicators test** 1. Benin 2. Burkina Faso 3. Comoros 4. Ghana 5. India 6. Lesotho 7. Liberia 8. Malawi 9. Mozambique 10. Nepal 11. Niger 12. São Tomé and Príncipe 13. Senegal 14. Sierra Leone 15. Solomon Islands 16. Tanzania 17. Zambia **Countries that would pass but for the corruption hard hurdle** 1. Bangladesh 2. Kenya 3. Nigeria 4. Pakistan 5. Papua New Guinea 6. Uganda **Countries that would pass but for the democracy hard hurdle** 1. Ethiopia 2. The Gambia 3. Rwanda 4. Vietnam **Countries that would pass but for failing both hard hurdles** 1. Cambodia 2. Kyrgyz Republic 3. Uzbekistan	**Countries most likely to be selected as compact eligible** 1. Benin 2. Ghana 3. Liberia 4. Niger 5. Sierra Leone 6. Tanzania **Compact countries that do not require selection in FY2013** 1. Burkina Faso 2. Malawi 3. Senegal 4. Zambia **Potential countries for second compact eligibility** 1. Lesotho 2. Mozambique 3. Tanzania

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

Table 3. MCC Low Income Countries and their Indicator Scores, FY2013

	Ruling Justly						Investing in People						Economic Freedom								
	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 Expenditure, % 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	58.5	79.75	2.56	1.95	66.8	57.37	54.08	0.00	0.565	0.904	67.8	15.00	-3.53	23	0.5	
Countries that pass the indicators test																					
1 Benin	32	49	0.20	0.41	0.17	34	78.5	2.05	2.80	66.3	98.86	46.61	0.42	0.465	0.761	59.3	2.74	-1.71	23	2	11
2 Burkina Faso	16	35	0.49	0.34	0.55	40	77.0	3.43	2.40	42.3	83.75	37.61	0.62	0.554	0.910	72.5	2.75	-4.19	23	0	13
3 Comoros	25	30	0.17	-0.87	-0.11	48	77.5	3.03	N/A	N/A	0.00	68.63	-0.60	0.587	0.725	68.8	6.79	3.02	18	N/A	10
4 Ghana	37	47	1.01	0.84	0.85	26	91.0	3.11	1.70	88.0	79.15	59.80	0.90	0.666	0.960	67.8	8.73	-5.73	49	0	17
5 India	34	43	0.31	0.85	0.83	37	73.0	1.18	0.80	N/A	30.77	69.30	0.42	0.608	0.894	63.6	8.86	-9.47	49	2	11
6 Lesotho	28	41	1.10	0.59	0.64	47	84.0	8.45	4.85	78.9	100.00	57.58	0.15	0.620	0.961	69.1	5.57	-6.56	18	2	17
7 Liberia	26	34	0.43	-0.34	-0.03	56	44.5	3.86	0.50	60.3	75.84	52.60	-0.25	0.453	0.904	61.4	8.49	-6.41	26	0	10
8 Malawi	25	32	0.48	0.44	0.73	60	96.5	3.97	2.00	72.4	96.49	65.87	0.06	0.673	0.827	71.8	7.62	-2.82	21	1	16
9 Mozambique	23	36	0.47	0.33	0.35	41	79.0	3.74	3.83	51.6	97.42	38.43	0.36	0.693	0.957	75.4	10.35	-4.82	29	0	16
10 Nepal	21	27	0.10	0.08	-0.08	51	90.0	1.82	2.90	N/A	66.64	70.83	0.04	0.647	0.922	60.8	9.61	-1.44	36	2	15
11 Niger	26	30	0.23	0.21	0.41	45	75.5	2.63	2.50	39.6	81.11	31.47	0.25	0.489	0.792	71.7	2.94	-3.62	23	3	12
12 São Tomé and Príncipe	33	47	0.50	0.16	0.18	29	93.5	2.74	0.20	100.4	100.00	64.15	0.02	0.494	0.962	60.0	14.32	-13.64	6	N/A	14
13 Senegal	28	43	0.26	0.44	0.46	53	82.5	3.14	2.20	64.6	99.49	62.41	0.54	0.481	0.885	72.2	3.41	-5.47	23	2	14
14 Sierra Leone	28	39	0.10	-0.29	0.04	47	82.0	3.19	1.90	71.3	34.60	36.37	0.06	0.492	0.852	70.2	18.46	-4.06	31	0	12
15 Solomon Islands	22	42	0.43	0.02	0.30	26	80.5	7.99	2.90	N/A	8.45	N/A	-0.31	0.416	0.911	72.6	7.44	5.68	27	N/A	14
16 Tanzania	28	36	0.35	0.34	0.39	47	91.5	4.05	N/A	92.1	99.88	44.10	0.32	0.757	0.933	73.5	12.69	-5.81	21	1	15
17 Zambia	29	34	0.36	0.22	0.44	58	82.0	3.55	N/A	108.3	100.00	51.10	0.33	0.647	0.942	82.3	8.66	-2.84	52	0	18
Eliminated by corruption																					
1 Bangladesh	25	33	-0.12	0.02	0.19	48	96.0	1.21	1.00	N/A	14.80	75.81	-0.05	0.458	0.943	54.0	10.70	-3.63	31	1	10
2 Kenya	21	36	-0.04	0.34	-0.10	50	87.5	2.11	2.79	N/A	66.98	52.58	0.60	0.710	0.907	66.7	14.00	-4.83	50	0	13
3 Nigeria	21	28	-0.26	-0.25	-0.34	46	59.0	1.92	N/A	69.7	76.11	43.68	0.08	0.414	0.871	63.9	10.84	-5.27	47	0	9
4 Pakistan	20	23	-0.13	0.06	0.01	63	80.0	0.84	N/A	59.0	58.41	72.80	0.15	0.579	0.968	66.0	13.66	-5.75	38	3	11
5 Papua New Guinea	23	36	-0.25	0.13	0.07	25	60.5	2.56	N/A	N/A	14.23	57.03	0.25	0.592	0.940	85.0	8.45	-2.01	35	0	14
6 Uganda	13	29	-0.03	0.37	0.49	53	78.5	1.96	1.80	54.2	65.30	53.86	0.65	0.832	0.843	73.6	18.68	-4.32	46	1	9
Eliminated by democracy																					
1 Ethiopia	7	12	0.18	0.47	0.19	83	54.0	2.62	3.10	60.5	98.83	42.97	-0.23	0.700	0.754	64.0	33.06	-1.29	32	0	10
2 Gambia, The	7	17	0.37	0.26	0.41	81	93.5	2.89	2.00	67.2	23.96	76.19	0.49	0.663	0.704	60.5	4.80	-4.14	15	N/A	11
3 Rwanda	8	17	1.32	0.94	0.60	80	96.0	5.25	1.50	73.8	56.32	65.37	0.64	0.813	0.991	78.0	5.67	-0.37	51	2	14
4 Vietnam	2	17	0.25	0.60	0.43	89	95.5	2.59	N/A	N/A	53.58	88.89	0.15	0.683	0.961	78.6	18.68	-4.51	44	0	12
Eliminated by corruption and democracy																					
1 Cambodia	9	21	-0.23	0.13	-0.12	61	93.5	2.12	1.10	89.7	100.00	58.81	0.31	0.607	0.764	70.2	5.48	-3.72	39	0	11
2 Kyrgyz Republic	16	25	-0.25	0.26	-0.34	67	96.5	3.47	N/A	95.4	20.21	91.28	0.55	0.709	0.989	75.4	16.59	-3.97	50	0	12
3 Uzbekistan	0	4	-0.47	0.11	-0.48	97	99.0	2.76	N/A	91.7	12.87	92.54	-0.83	0.556	0.985	66.1	12.82	5.57	26	0	10
Miss by more than one indicator																					
1 Afghanistan	10	13	-0.68	-0.58	-1.03	72	64.0	0.88	N/A	N/A	16.61	39.65	-0.78	0.402	0.956	N/A	11.81	-0.44	18	N/A	3
2 Burundi	13	22	-0.25	-0.19	-0.25	72	94.0	4.43	3.00	62.2	30.29	51.61	-0.24	0.633	0.963	78.9	14.89	-4.28	14	3	7
3 Central African Republic	17	22	0.03	-0.47	-0.37	62	58.0	1.41	0.60	32.8	97.00	45.07	-0.42	0.493	0.684	57.8	1.20	-1.31	28	N/A	5
4 Chad	5	16	-0.38	-0.52	-0.55	75	25.0	1.13	1.30	29.2	55.34	27.69	-0.26	0.425	0.604	55.6	1.89	-4.00	28	2	2
5 Congo, Dem. Rep.	9	11	-0.50	-0.78	-0.69	55	70.5	3.36	0.80	50.4	60.37	30.24	-0.76	0.475	0.462	63.0	15.54	0.19	9	6	4
6 Cote d'Ivoire	11	13	-0.23	-0.31	-0.35	70	55.5	1.15	2.56	52.2	100.00	54.08	-0.10	0.406	0.751	70.3	4.90	-3.18	23	4	5
7 Djibouti	9	20	0.57	-0.09	0.16	74	85.5	4.73	N/A	53.8	0.01	68.78	0.23	0.561	0.711	59.6	5.07	-1.92	8	N/A	8
8 Haiti	20	25	-0.40	-0.76	-0.47	50	59.0	1.48	N/A	N/A	1.59	55.66	-0.29	0.409	0.425	74.8	7.39	-1.98	19	N/A	6
9 Lao PDR	0	12	-0.19	-0.04	-0.01	84	73.5	1.49	N/A	89.9	100.00	73.48	-0.20	0.636	0.922	58.7	7.57	-4.60	12	0	7
10 Mauritania	11	22	0.30	-0.03	0.02	54	71.0	2.34	1.70	76.0	3.16	45.62	-0.02	0.583	0.904	64.8	5.69	-2.68	14	4	7
11 Somalia	0	1	-0.85	-1.28	-1.44	84	43.5	N/A	N/A	N/A	3.96	27.96	-1.62	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
12 South Sudan	11	22	-0.77	-0.99	-0.57	59	55.0	N/A	N/A	N/A	71.06	0.00	-0.91	N/A	N/A	N/A	47.31	2.36	N/A	N/A	2
13 Tajikistan	8	18	-0.28	-0.06	-0.29	77	97.0	1.59	N/A	101.9	24.28	80.94	-0.21	0.557	0.936	78.2	12.42	-3.45	6	0	8
14 Togo	17	27	-0.12	-0.48	0.06	69	74.0	3.38	2.30	66.8	66.28	44.63	-0.23	0.305	0.765	56.7	3.56	-2.43	23	5	7
15 Yemen, Rep.	8	15	-0.31	-0.26	-0.34	85	76.0	1.25	2.70	53.3	3.29	64.78	-0.03	0.831	0.846	81.5	19.54	-6.20	16	5	4
Eliminated for statutory reasons																					
1 Cameroon	7	16	-0.09	0.00	-0.13	68	71.0	1.52	1.20	72.1	55.56	56.64	-0.03	0.482	0.927	54.9	2.94	-1.35	28	4	6
2 Eritrea	2	4	0.32	-0.55	-0.37	94	99.0	1.28	N/A	34.3	31.28	53.16	-1.46	0.848	0.849	69.1	13.34	-15.67	6	N/A	5
3 Guinea	14	20	-0.30	-0.27	-0.57	58	58.5	0.56	1.10	59.4	39.78	45.84	-0.24	0.405	0.806	61.2	21.35	-7.46	18	4	1
4 Guinea-Bissau	18	27	-0.19	-0.17	-0.40	57	68.5	0.85	N/A	60.0	100.00	34.78	-0.36	0.453	0.921	65.3	5.05	0.19	23	N/A	7
5 Korea, Dem. Rep.	0	2	-0.50	-0.99	-0.39	97	96.5	N/A	N/A	N/A	12.73	90.39	-1.71	0.000	N/A	0.0	N/A	N/A	N/A	N/A	2
6 Madagascar	7	32	0.59	0.00	0.07	63	79.5	2.27	1.30	74.0	17.77	48.02	0.21	0.565	0.976	74.6	10.02	-2.74	6	2	10
7 Mali	31	41	0.26	0.05	0.41	22	64.0	2.32	2.00	49.5	14.95	32.26	0.36	0.552	0.845	73.2	3.05	0.81	23	4	11
8 Myanmar	4	10	-0.81	-0.77	-0.51	89	99.0	N/A	0.40	106.2	49.63	81.52	-1.37	N/A	N/A	73.6	3.98	-4.85	N/A	N/A	5
9 Nicaragua	17	34	0.12	-0.02	0.20	45	98.5	4.87	2.40	84.0	91.10	77.79	0.41	0.667	0.797	85.4	7.38	-0.64	34	0	17
10 Sudan	2	4	-0.43	-0.52	-0.35	81	90.0	1.88	N/A	N/A	5.60	50.70	-0.54	0.688	0.940	55.4	18.27	-1.96	12	8	4
11 Zimbabwe	8	12	-0.43	-0.53	-0.84	76	95.5	N/A	1.30	N/A	99.74	64.15	-1.14	0.428	0.749	50.4	3.47	-1.54	21	0	6
Number of countries for which data are available																					
	56	56	56	56	56	56	56	51	36	41	56	55	56	53	52	53	54	54	52	41	

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

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

<table>
<tr><th>FY2012 Eligibility Results</th><th>FY2013 Scorecard Results</th><th>FY2013 Eligibility Predictions</th></tr>
<tr>
<td>Current compact-eligible countries (selected in FY2012)
1. El Salvador
2. Georgia

Countries that passed the FY2012 indicators but were not selected as compact-eligible
1. Belize
2. Bhutan
3. Kiribati
4. Marshall Islands
5. Samoa
6. Sri Lanka
7. Tonga
8. Vanuatu

Compact countries that did not require selection in FY2012
1. Morocco
2. Jordan</td>
<td>Candidate countries that pass the FY2013 indicators test
1. Belize
2. Bhutan
3. Bolivia
4. Cape Verde
5. El Salvador
6. Georgia
7. Kiribati
8. Marshall Islands
9. Morocco
10. Samoa
11. Sri Lanka
12. Tonga
13. Vanuatu

Countries that would pass but for the corruption hard hurdle
1. Albania
2. Armenia
3. Guatemala
4. Guyana
5. Honduras
6. Moldova
7. Mongolia
8. Paraguay
9. Philippines
10. Ukraine

Countries that would pass but for failing both hard hurdles
1. Egypt</td>
<td>Countries most likely to be selected as compact eligible
1. El Salvador
2. Georgia

Countries most likely to be selected as threshold eligible
1. Morocco

Compact countries that do not require selection in FY2013
1. Cape Verde
2. Indonesia
3. Moldova
4. The Philippines

Potential countries for second compact eligibility
1. Mongolia
2. Morocco</td>
</tr>
</table>

Note: Once a country signs a compact agreement, it does not have need 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, FY2013

		Ruling Justly							Investing in People							Economic Freedom								
		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 Expenditure, % of GDP	Girls' Secondary Education Enrollment 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	49		90.0	3.33	1.80	92.1	34.82	87.23		0.00	0.700	0.943	75.25	15.00	-3.47	34	0	
Countries that pass the indicators test																								
1	Belize	37	51	0.26	0.09	-0.04	17		96.5	3.26	3.00	N/A	99.94	94.56		-0.20	0.577	0.878	77.2	1.49	-1.26	21	N/A	12
2	Bhutan	19	24	1.26	1.06	0.60	56		95.0	4.51	1.20	87.6	94.92	74.85		-0.83	0.887	0.963	49.5	8.86	-0.32	29	N/A	11
3	Bolivia	28	38	0.05	0.03	-0.54	45		83.0	3.04	N/A	91.8	96.78	67.00		-0.40	0.743	0.835	74.3	9.88	1.03	33	0	10
4	Cape Verde	37	53	1.32	0.56	0.91	27		93.0	3.07	2.50	118.1	14.64	81.92		0.41	0.735	0.967	66.9	4.47	-8.75	34	N/A	13
5	El Salvador	35	41	0.29	0.34	-0.26	36		89.0	4.26	N/A	88.0	18.52	90.32		0.83	0.690	0.907	79.0	3.58	-4.73	45	0	12
6	Georgia	22	36	0.50	0.99	0.30	50		94.0	2.40	N/A	107.8	20.70	97.23		1.00	0.917	0.993	89.2	8.54	-4.06	57	0	15
7	Kiribati	36	55	0.65	-0.33	0.55	27		94.5	9.26	N/A	94.5	100.00	N/A		-1.08	0.375	0.939	55.4	2.80	-17.98	15	N/A	10
8	Marshall Islands	36	55	0.27	-1.18	0.60	17		95.5	15.02	4.52	125.4	10.64	N/A		-0.61	0.283	0.965	N/A	N/A	N/A	27	N/A	10
9	Morocco	15	28	0.26	0.23	0.26	68		97.0	1.97	2.00	N/A	20.12	83.29		0.25	0.741	0.965	70.8	0.91	-4.37	34	0	11
10	Samoa	32	49	0.63	0.42	1.11	29		79.0	5.67	N/A	98.6	37.94	96.72		0.02	0.762	0.978	66.0	2.88	-6.05	21	N/A	14
11	Sri Lanka	17	28	0.09	0.36	0.39	70		99.0	1.32	0.60	101.8	94.14	93.73		0.25	0.597	0.962	76.2	6.72	-8.23	40	0	14
12	Tonga	29	42	0.23	0.07	0.54	27		99.0	4.13	2.14	N/A	97.20	97.35		-0.27	0.360	0.975	75.6	5.31	-2.72	27	N/A	15
13	Vanuatu	32	48	0.87	0.20	0.69	24		60.0	4.75	2.80	66.2	24.57	80.72		-0.36	N/A	0.893	48.0	0.86	-2.07	27	N/A	10
Eliminated by corruption																								
1	Albania	24	39	-0.09	0.24	-0.03	47		99.0	2.56	N/A	92.4	58.79	95.54		0.62	0.804	0.959	79.8	3.43	-5.02	47	0	15
2	Armenia	11	29	-0.06	0.36	0.07	66		96.0	1.79	0.60	96.9	46.75	95.15		0.61	0.959	0.991	85.4	7.65	-5.15	48	0	14
3	Guatemala	24	34	0.00	-0.26	-0.56	56		86.0	2.39	1.60	66.9	81.47	87.23		0.21	0.719	0.888	85.2	6.22	-3.09	54	0	10
4	Guyana	31	41	-0.08	0.33	0.00	31		95.5	4.60	1.10	101.6	29.98	89.33		-0.32	0.752	0.962	71.2	4.96	-3.09	12	N/A	12
5	Honduras	19	33	-0.28	-0.13	-0.44	58		98.5	4.40	3.10	80.0	94.82	84.66		0.23	0.610	0.911	77.1	6.76	-3.47	54	1	10
6	Moldova	28	37	-0.10	-0.14	0.11	52		92.0	5.35	1.60	87.8	7.51	92.36		0.26	0.909	0.984	80.0	7.65	-3.74	44	0	13
7	Mongolia	35	50	-0.16	-0.17	0.12	33		98.5	3.00	1.80	89.8	69.27	75.41		0.12	0.658	0.988	79.8	7.68	-2.45	43	0	13
8	Paraguay	28	36	-0.21	-0.39	-0.40	58		91.5	2.14	1.60	80.5	32.72	83.78		0.00	0.710	0.894	82.7	6.58	0.83	39	0	9
9	Philippines	26	36	-0.27	0.44	-0.04	40		79.5	1.28	1.50	90.0	63.98	86.46		0.08	0.722	0.943	75.5	4.72	-1.93	27	0	11
10	Ukraine	23	37	-0.47	-0.38	-0.40	55		58.5	4.37	N/A	100.2	20.16	96.38		-0.22	N/A	0.982	84.4	7.96	-4.91	47	0	10
Eliminated by corruption and democracy																								
1	Egypt, Arab Rep.	11	24	-0.16	-0.16	0.05	55		96.0	1.74	N/A	93.2	96.18	96.92		0.01	0.923	0.978	73.8	11.07	-8.19	39	2	10
Miss by more than one indicator																								
1	Congo, Rep.	7	22	-0.59	-0.75	-0.69	83		90.0	1.15	1.90	N/A	55.00	49.83		-0.94	0.390	0.788	60.7	1.77	12.44	28	2	4
2	Indonesia	30	35	-0.16	0.20	-0.19	49		76.0	1.28	1.30	92.6	99.77	76.46		0.02	0.668	0.927	75.0	5.36	-1.26	29	1	8
3	Iraq	12	13	-0.71	-0.71	-1.03	67		76.5	6.83	N/A	N/A	1.89	81.49		-0.75	0.672	0.806	N/A	5.60	-7.24	9	N/A	2
4	Kosovo	15	26	-0.10	-0.04	-0.12	45		N/A	N/A	1.01	N/A	16.95	N/A		0.22	N/A	0.923	N/A	7.34	-1.70	49	0	7
5	Micronesia	37	56	0.22	-0.29	0.40	21		88.0	12.90	N/A	N/A	18.70	N/A		-0.59	N/A	0.738	81.0	N/A	N/A	21	N/A	7
6	Timor-Leste	28	34	-0.53	-0.68	-0.72	35		64.5	5.09	N/A	63.6	34.82	64.92		-0.69	0.000	0.928	73.0	13.50	50.60	21	N/A	6
Eliminated for statutory reasons																								
1	Fiji	7	28	0.03	-0.27	-0.44	58		96.5	3.41	N/A	102.1	16.45	92.22		-0.16	0.641	0.917	68.0	8.68	-2.64	36	0	10
2	Swaziland	1	20	0.25	-0.25	0.05	74		94.5	4.21	3.50	67.2	17.69	65.49		-0.30	0.439	0.918	69.7	6.11	-8.87	43	N/A	7
3	Syrian Arab Republic	0	6	-0.46	0.00	-0.19	97		76.0	1.57	2.00	90.7	3.76	94.37		-0.63	0.601	0.964	72.8	N/A	-3.83	13	6	3
Number of countries for which data are available																								
		33	33	33	33	33	33	#	32	32	21	26	33	29	#	33	29	33	30	30	31	33	20	

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

Table 6. Poverty Statistics of Selected Countries

Country	Survey Year	Income Group	Poverty Headcount (% of pop.)	Total Population Living in Poverty	Human Development Index Rank
Belize	1999	LMIC	12.21	43,541	93
Benin	2003	LIC	47.33	4,306,993	167
Bhutan	2007	LMIC	10.22	75,451	141
Bolivia	2008	LMIC	15.61	1,574,754	108
Burkina Faso	2009	LIC	44.6	7,567,659	181
Cape Verde	2001	LMIC	21.02	105,223	133
Comoros	2004	LIC	46.11	347,643	163
El Salvador	2009	LMIC	8.97	558,606	105
Georgia	2008	LMIC	15.27	685,012	75
Ghana	2005	LIC	28.59	7,137,727	135
Honduras	2009	LMIC	17.92	1,389,640	121
India	2004	LIC	41.64	516,957,252	134
Indonesia	2005	LMIC	21.44	51,954,617	124
Lesotho	2002	LIC	43.41	952,347	160
Liberia	2007	LIC	83.76	3,458,092	182
Malawi	2004	LIC	73.86	11,360,324	171
Marshall Islands	1999	LMIC	N/A	N/A	N/A
Moldova	2010	LMIC	0.39	13,880	111
Mongolia	2005	LMIC	22.4	627,226	110
Morocco	2007	LMIC	2.52	813,279	130
Mozambique	2007	LIC	59.58	14,257,320	184
Nepal	2010	LIC	24.82	7,566,575	157
Niger	2007	LIC	43.62	7,009,295	186
Philippines	2009	LMIC	18.42	17,471,744	112
Senegal	2005	LIC	33.5	4,277,131	155
Sierra Leone	2003	LIC	53.37	3,200,858	180
Sri Lanka	2006	LMIC	7.04	1,469,178	97
Tanzania	2007	LIC	67.87	31,368,486	152
Zambia	2006	LIC	68.51	9,231,694	164

Source: The World Bank's Povcal Net and World Development Indicators and the United Nation's Human Development Report. Figures are based on a poverty line of USD $1.25/day, constant 2005 dollars. Poverty headcount data are unavailable for Marshall Islands. The Human Development Index rank is based on a ranking from 1 to 187, where 1 is the country with the highest levels of social and economic development.