



## Millennium Challenge Corporation Board Names Fiscal Year 2006 Eligible Countries

November 8, 2005

Washington, D.C. – Today, the Board of Directors of the Millennium Challenge Corporation (MCC) selected a total of 23 countries as eligible to apply for Millennium Challenge Account (MCA) assistance for fiscal year (FY) 2006.

The selected countries from the “low income” category for FY 2006 are: Armenia, Benin, Bolivia, Burkina Faso, East Timor, The Gambia, Georgia, Ghana, Honduras, Lesotho, Madagascar, Mali, Mongolia, Morocco, Mozambique, Nicaragua, Senegal, Sri Lanka, Tanzania and Vanuatu.

Of these 20 eligible low income countries, 16 have been selected as MCA-eligible in prior years. Burkina Faso, East Timor, The Gambia, and Tanzania are MCA-eligible for the first time. In making its selection, the Board considers policy performance of candidate countries in three areas -- “ruling justly,” “investing in people,” and “encouraging economic freedom.” In addition to evaluating whether countries perform above the median in relation to their peers on at least half of the indicators in each of these three policy categories and on the corruption indicator, the Board may exercise discretion in considering additional information and adjusting for gaps, lags, or other weaknesses in the data. The Board also considers factors such as the opportunity to reduce poverty and generate economic growth and to have a transformational impact in the country.

The MCC Board also selected three countries from the “lower middle income” category – a new category in FY 2006 that includes countries with a per capita income between \$1,576 and \$3,255. The selected lower middle income countries for FY 2006 include two new countries, El Salvador and Namibia. The third country, Cape Verde, was previously selected as MCA-eligible in the low income category and is currently implementing a Compact with MCC.

**“Congratulations to the countries that have been selected this year,”** said MCC CEO Ambassador John Danilovich. **“You are among an elite group of countries who have demonstrated a commitment to good governance, economic freedom, and improving the lives of your people.”**

**“While selection is an essential first step towards achieving Compact assistance from the MCC, selection does not guarantee funding,”** said Ambassador Danilovich. **“Newly eligible countries will now begin a broad-based consultative process to develop proposals that address the country's barriers to poverty reduction and economic growth. MCC will collaborate with all of the MCA-eligible countries as they chart their own course to help lift their citizens out of poverty.”**

Since its establishment last year, MCC has signed Compacts totaling more than \$900 million with five nations, Madagascar, Honduras, Cape Verde, Nicaragua, and Georgia. MCC is also actively engaging with other MCA-eligible countries in Compact negotiations and currently expects to sign three more within the next few months.

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*Millennium Challenge Corporation (MCC), a U.S. government corporation designed to work with some of the poorest countries in the world, is based on the principle that aid is most effective when it reinforces good governance, economic freedom, and investments in people that promote economic growth and elimination of extreme poverty.*