Round Two of the MCA:
Which Countries are Most Likely to Qualify?

Steve Radelet and Rikhil Bhavnani
Center for Global Development
October 6, 2004

On May 6, 2004 the Millennium Challenge Corporation (MCC) announced the selection of 16 countries eligible to apply for the first round of funding for FY 2004.[1] The MCC is now making preparations to announce the countries that will be eligible for the second round of funding for FY 2005, with a Board decision in October or November. Towards that end, on August 31st it announced the methodology it proposes to use to select countries (including some modest changes in the selection process from round one), along with the list of candidate countries eligible for consideration for selection (slightly expanded from round one).[2] In addition, in late September it posted on its website preliminary data for each candidate country for the 16 indicators that will be used to select qualifying countries during the first year.[3]

This note uses the MCC's announced selection process and preliminary data to analyze which countries are most likely to qualify in round two. It does not comment on the selection process per se, as that is the subject of a companion note.[4] It is important to emphasize that the analysis presented here represents our best *estimate* of the countries most likely to qualify, not an official list of the countries that *will* qualify with certainty. Our analysis could differ from the administration's final list for at least two reasons.

- First, some of the data on the 16 indicators may be updated or revised before the final decisions are made. The MCC website stresses that the posted data are preliminary and subject to revision.
- Second, even after the numbers are finalized, the MCC Board will have the power to use its discretion to adjust the list, and could add certain countries that may not fully qualify by the numbers, or drop others that do meet the numerical standards. In round one the MCC Board did not select five countries that met the indicator benchmarks (Bhutan, Guyana, Mauritania, Vietnam, and Tonga); at the same time it selected three countries that did not pass the indicators test (Bolivia, Georgia, and Mozambique). This element of subjectivity is necessary given the underlying weaknesses in the data, but care must be taken to ensure that it is not overused in a way that would ultimately undermine the credibility of the process. There were many questions, for example, about the selection of Georgia in round one, as this was seen as based on political

---

[1] See the press release at http://www.mcc.gov/public_affairs/press_releases/PR_Eligible.pdf
[2] "Report on the Criteria and Methodology for Determining the Eligibility of Candidate Countries for Millennium Challenge Account Assistance in FY 2005,"
http://www.mca.gov/about_us/congressional_reports/FRV69No168%20.pdf. For the list of candidate countries, see http://www.mcc.gov/countries/candidate/FY05_candidate_report.pdf
[3] The data can be found at http://www.mca.gov/countries/rankings/FY05/index.shtml
[4] See "A Note on the MCC Selection Process for 2005" at http://www.cgdev.org/Publications/?PubID=148.

criteria rather than on the demonstrated sound policy that is the foundation of the MCA.[5]

The Candidate Countries and the Selection Methodology

For round two, the initial pool of candidate countries is all 83 countries in the world with per capita incomes below $1,465. Of these countries, 13 are ineligible to receive U.S. foreign assistance, leaving 70 countries that could receive MCA funding. This group includes 11 new countries that were not among the 63 candidate countries in round one, and excludes four candidate countries from round one where per capita income has risen above the MCA ceiling (Albania, Bosnia and Herzegovina, Cape Verde, and Tonga). In round one, countries had to be below the income ceiling and be eligible for the World Bank's concessional window, the International Development Association (IDA). The IDA-eligibility criterion was dropped for round two.

To pass the indicators test, a country must score better than the median in half of the indicators in each of three broad areas (ruling justly, investing in people, and establishing economic freedom), and must surpass the median on corruption as one of the "ruling justly" indicators. As mentioned previously, the MCC Board will use these data as the primary input to its qualification decisions, but has the discretion to modify the list under certain circumstances. In particular, the selection procedures state the Board may choose to not select a country if it "performs substantially below the average on any indicator and has not taken appropriate measures to address this shortcoming." The Board can also "take into account other data and quantitative information as well as qualitative information to determine whether a country performed satisfactorily in relation to its peers in a given category."

Countries that Pass the Indicators Test

The first column of Table 1 lists the countries that pass the MCA indicators test for round two based on preliminary data, along with the countries that fall just short of meeting the quantitative standards. The second column lists those countries which we feel the MCC Board is most likely to select for round two, as described below. Table 2 provides detailed data on each of the 16 indicators for each of the 70 candidate countries, with the median score for each indicator shown at the bottom. According to these data and a strict interpretation of the administration's procedure, 24 countries are likely to pass the indicators test (although not all are likely to be selected by the MCC). Ten are from sub-Saharan Africa (Benin, Burkina Faso, Djibouti, Ghana, Lesotho, Madagascar, Mali, Mauritania, Senegal and Swaziland), two from North Africa (Egypt and Morocco), eight from Asia (Armenia, Bhutan, China, Mongolia, the Philippines, Sri Lanka, Vanuatu, and Vietnam), and four from Latin America (Bolivia, Guyana, Honduras, and Nicaragua). In addition, it is worth noting that Syria passes the indicators test (passing 3 ruling justly, 2

---

[5] For a comment on the countries selected and the Board's use of discretion in round one, see "An MCA Scorecard: Who Qualified, Who Did Not, and the MCC Board's Use of Discretion" by Sarah Lucas and Steve Radelet available at http://www.cgdev.org/Publications/?PubID=118.

investing in people, and 3 economic freedom hurdles, and scoring in the 81st percentile on control of corruption), but is ineligible to receive US foreign assistance.

This list includes 16 of the 17 countries that met the quantitative standards in round one (the exception is Cape Verde), along with three countries that were candidates in round one but did not pass the indicators test (Bolivia, Djibouti, and Burkina Faso) and five that were not candidate countries in round one (China, Egypt, Morocco, the Philippines and Swaziland). It also includes the four countries that met the quantitative criteria in round one but were not selected by the MCA Board (Bhutan, Guyana, Mauritania, and Vietnam). Similarly, it does not include two countries that failed to meet the quantitative criteria in round one but nevertheless were selected by the Board as MCA-eligible countries (Georgia and Mozambique). We consider each of these special cases in turn.

A. Countries that no longer meet the income threshold.
Cape Verde was selected as an eligible country in round one, but new data from the World Bank indicate that its per capita income in 2003 rose above the MCA ceiling of $1,465, so it is no longer an MCA candidate. Presumably it will still have the opportunity to submit a proposal and negotiate a compact with the MCC under round one. However, should it be unsuccessful in negotiating a compact or fail to meet the standards of that contract, presumably it will no longer be eligible for the MCA.

B. Countries that pass the indicators test in round two, but did not in round one.
Bolivia passed 13 of the 16 hurdles in round one, but its score on control of corruption was exactly equal to the median, rather than above as the indicators test mandates. Nevertheless, the MCC Board selected Bolivia, which was a justifiable decision. For round two, the addition of new candidate countries had the effect of pulling down slightly the median score for control of corruption, so Bolivia's score is now above the median. Although Bolivia's selection in non-controversial, its example shows one of the problems inherent in using medians: they shift around, so countries are aiming at a moving target, and the standards for passing a hurdle can sometimes fall. As we have argued previously, the MCC should move to using absolute standards for the hurdles as quickly as possible.[6]

Burkina Faso just barely missed passing the indicators tests in round one. It passed two of the "economic freedom" indicators, with its scores on the "country credit rating" and "trade policy" equal to the median. Institutional Investor magazine released new data on the "country credit rating" in September, and Burkina Faso's score rose above the new (higher) median. Burkina Faso now surpasses the median on five of six "ruling justly" indictors, two of four "investing in people" indicators, and three of six "economic freedom" indicators. However, Burkina Faso's candidacy may be hurt by rumors of the government's involvement in regional security problems. Also, it scores fairly low on immunization rates, girls' primary school completion rate, and days to start a business. To some extent these scores reflect Burkina Faso's extreme poverty – there is an income

---

[6] For example, since the underlying governance data from the World Bank Institute did not change from round one to round two, the MCC should have used the median scores from round one as the round two hurdle. For other indicators, such as civil liberties and political rights, if a score of 4 was the standard in round one, it should have been retained as the standard for round two.

bias in the MCA indicators in which the poorest countries score systematically worse on indicators that require financial resources, such as school completion rates and immunization. Burkina Faso's scores in these areas are not significantly different from other very poor countries that were selected in round one (e.g., Mali, Mozambique). Assuming that the Board will be consistent with its earlier choices, we anticipate that it will select Burkina Faso in round two.

Djibouti most clearly illustrates the problems associated with the moving medians mentioned earlier. In round one Djibouti passed just two of the "ruling justly" indicators (along with two "investing in people" and three "economic freedom" indicators). For round two, it now passes three of the "ruling justly" indicators and scores equal to the median on the third, *even though Djibouti's scores have not changed on any of these indicators*. Instead, the median scores for both "voice and accountability" and "political rights" both fell because new countries were added with weaker scores, and Djibouti now passes the first and scores at the median on the second. It would have been far better for the MCC to use the standards from round one as the standards for round two. Since the MCC board determined in May that Djibouti's "ruling justly" scores were not strong enough to be selected for the MCA, it would be very odd for the Board to determine in round two that Djibouti's performance was now adequate when its underlying scores have not changed. The MCC Board may want to consider Djibouti because of it strong support for the US on the war on terror, but that is not an appropriate reason to be chosen for the MCA. For these reasons we anticipate that the Board will not select Djibouti for round two.

C. Countries that pass the indicators test that were not candidate countries in round one.
China passes three ruling justly, three investing in people, and five economic freedom indicators. On corruption it scores in the 75th percentile. However, it is hard to imagine the MCC Board selecting China as an eligible country. It currently receives negligible foreign aid from the US or other donor countries, has access to private capital markets, and holds over $450 billion in foreign exchange reserves.

Egypt passes three ruling justly, three investing in people, and five economic freedom indicators, and it scores in the 83rd percentile on the corruption indicator. Egypt poses an interesting dilemma for the MCC Board, and it is far from clear whether the Board will select Egypt as a qualifying country. On the one hand, Egypt meets the indicators test, it has been an ally on the war on terrorism, and the US government might like to include a moderate Arab state among the MCA qualifiers. On the other hand, Egypt has been one of the largest recipients of US foreign aid for the last two decades, so it is not clear that it needs substantial additional aid from the MCC. Moreover, many people question how effectively Egypt has used aid from the US in the past. In addition, it is not a democracy. Although being a democracy is not a strict criterion for qualifying for the MCC, in round one the MCC Board chose only countries that scored above the median on all three democracy indicators. Overall, we expect that the Board will not select Egypt for MCA eligibility, although its candidacy certainly will be carefully debated.

Morocco passes four ruling justly, two investing in people, and four economic freedom indicators, and it scores extremely well (in the 95th percentile) on corruption. Morocco also poses a dilemma for the Board, although perhaps not as difficult of one as Egypt. Morocco scores below the median on one of the three democracy indicators (civil liberties), at the median on a second (political rights), and above on the third (voice and accountability). As stated earlier, the US government no doubt would like to choose a moderate Arab country for the MCC. Morocco would be a less controversial choice than Egypt. It is possible that the Board may decide to not select Morocco in order to keep its implicit hard hurdle on democracy. However, overall, we expect that the Board will select Morocco to be eligible for round two.

The Philippines easily passes the indicators tests, passing all six ruling justly, two investing in people, and four economic freedom indicators. It is a democracy, a strong ally, and a much larger country than all of the round one qualifiers. We fully expect the Board to select the Philippines in round two.

Swaziland passes three ruling justly, two investing in people, and three economic freedom indicators. However, it fails all three of the democracy indicators, and receives the lowest possible score on political rights (7 on a scale of 1-7). Its overall scores are very similar to those of Vietnam, which the Board did not select in round one, even though it passed sufficient indicators. Because of its poor democracy scores, we expect that the Board will not choose Swaziland in round two.

D. Countries that Passed the Indicators Tests in Round One, but were not Chosen

Bhutan, Guyana, Mauritania, and *Vietnam* all met the quantitative criteria for round one but were not chosen. Each country again meets the criteria in round two. The MCC stated that these countries were not chosen because they scored substantially below the median on one or more indicators, as specified in the official selection procedures. However, this is at best a partial rationale, since the Board invoked this reasoning very inconsistently in round one. It chose several countries with indicator scores much worse than the weakest score for some of the countries it dropped. For example, Bhutan's worst score was on voice and accountability (22nd percentile), yet several countries that were selected had worse scores on several indicators, including Bolivia (15th percentile on the fiscal deficit), Mali (6th percentile on the education completion rate) and Sri Lanka (11th percentile on the education completion rate). Table 3 compares the poorest scores for these four counties with all cases in which countries that were selected scored in the 25th percentile or lower on at least one indicator. The table shows that the application of this standard was far from uniform in round one.

This does not mean that the Board should not use its discretion. Rather, the main point is that when it does so, it should fully and consistently explain its rationale. To not do so undermines the transparency and accountability that is at the foundation of the MCA, and is a big part of what sets it apart from other US aid programs. Legislation requires the MCC to explain when it selects a country that does not pass the indicators tests, but it does not require the MCC to explain when it does not select a country that passes the

tests. Even though the legislation does not require it, the MCC Board should fully and transparently explain *all* of its exceptions.

There probably were other issues that the Board took into consideration in deciding not to select these four countries. Bhutan, Mauritania, and Vietnam were the only three countries that met the strict indicators test but were not democracies. The Board may have wanted to send a signal that it would be very difficult (albeit not impossible) for a non-democracy to be selected for the MCA. In the case of Guyana, although it was selected for the administration's new HIV/AIDS initiative, it was not selected for the MCA. This may have been because in mid-June the State Department officially categorized Guyana as one of only ten countries worldwide to be given a Tier III (lowest) ranking by the State Department in its 2004 Trafficking in Persons Report. (One rationale that has been suggested for Guyana's exclusion is that it scored so low on the fiscal deficit; however, this explanation makes little sense, as a deeper analysis shows that the deficit is driven by large aid flows that pass through the budget, meaning that it is not a significant policy problem.)

These reasons for not choosing countries for the MCA – lack of democracy and trafficking of peoples – are justifiable and legitimate. To the extent these were the real reasons, it is unfortunate that the MCC Board did not make them more public in order to make the priorities of the US government more transparent, and to use that leverage to improve the policies of potential MCC recipients.

E. Countries that do not pass the indicator test, but were selected in round one
Bolivia, Georgia, and Mozambique were selected in round one even though they did not pass the indicators test, and the three countries received approximately the same scores in round two. As described above, Bolivia now passes sufficient hurdles. Presumably the Board will select these three countries again in round two. Bolivia and Mozambique were not controversial choices in round one.

By contrast, the selection of Georgia was very troubling, because it ran directly counter to the core idea of the MCA that countries are chosen on the basis of ***demonstrated*** commitment to strong development policies, not on promises. The Board stated that it selected Georgia because of progress by the new government during its first three months, including establishing two new bureaus, initiating procurement legislation, and unifying treasury accounts. But this is a weak rationale: many countries have created anti-corruption bureaus and started the legislative process on procurement, but most falter. To reward Georgia before it actually follows though on these initiatives and achieves any results is inconsistent with the treatment of other countries in the MCA process. The process and rationale suggest that the decision was driven by the administration's desire to support Georgia's political transition to a newly elected president. While this goal is certainly justifiable from a U.S. foreign policy perspective, it is not an appropriate use of MCA funds. The appropriate financial vehicle to support Georgia's transition is the State Department's Economic Support Fund, not the MCA.

In summary, there are 24 countries that pass the indicators test for round two. We expect the Board to choose 18 of the 24, with the exceptions being Bhutan, China, Djibouti, Egypt, Mauritania, and Vietnam (with Egypt being a close call), and that the Board will again select Georgia and Mozambique even though these countries do not pass the indicators test. ***This would bring to 20 the number of countries eligible to apply for MCC funding in FY 2005.*** This list is shown in column 2 of Table 1. The Board may make other similar exceptions in round two, but these are difficult to anticipate. (For example, the Board may consider Moldova, which passes 12 of the 16 indicators, but misses on control of corruption by scoring in the 44th percentile).

The Near-Miss Countries

There are several countries that miss passing the indicators test by one hurdle, either because their score is equal to the median, they fail on control of corruption, or they are one short on other indicators.

Table 1 shows that Ethiopia does not strictly pass the indicators test because it scores *equal* to (rather than above) the median on both political rights and trade policy. This is partly due to the fact that the median score for political rights is lower in round two than in round one.

Nine countries pass sufficient hurdles overall but do not score above the median on control of corruption and therefore are eliminated. Malawi and Moldova score just below the median on the corruption indicator, and Tanzania and the Ukraine are also fairly close to the mark. Bangladesh, Georgia, Indonesia, Kenya and Paraguay score further below the median on corruption.

Five countries missed one hurdle more than allowed by the indicators test: East Timor, India, Kiribati, Sao Tome and Principe, and Togo. Three of these countries fail to qualify partially because of missing data.

Altogether, 15 countries miss by just one hurdle, either because their score is equal to the median, they fail the corruption hurdle, or they miss one other hurdle. The MCC recently chose seven countries for the "threshold" program, including four of the countries listed here as "near-miss" countries (East Timor, Kenya, Sao Tome and Principe, Tanzania). One other country (Albania) was an odd choice because its income is now above the MCA threshold. Two other countries were chosen for the threshold program even though they missed two hurdles more than allowed by the indicators test (Uganda and Yemen). We consider the selections for the threshold are considered in a separate note.

Table 1. Country Qualification Update

	Countries that pass the indicators test	**Countries most likely to be selected**
1	Armenia	Armenia
2	Benin	Benin
3	Bhutan	Bolivia
4	Bolivia	Burkina Faso
5	Burkina Faso	Georgia
6	China	Ghana
7	Djibouti	Guyana
8	Egypt, Arab Rep.	Honduras
9	Ghana	Lesotho
10	Guyana	Madagascar
11	Honduras	Mali
12	Lesotho	Mongolia
13	Madagascar	Morocco
14	Mali	Mozambique
15	Mauritania	Nicaragua
16	Mongolia	Philippines
17	Morocco	Senegal
18	Nicaragua	Sri Lanka
19	Philippines	Swaziland
20	Senegal	Vanuatu
21	Sri Lanka	
22	Swaziland	
23	Vanuatu	
24	Vietnam	

Pass if median counts as passing a hurdle

25 Ethiopia

Eliminated by corruption

26 Bangladesh
27 Georgia
28 Indonesia
29 Kenya
30 Malawi
31 Moldova
32 Paraguay
33 Tanzania
34 Ukraine

Missed by one indicator

35 East Timor
36 India
37 Kiribati
38 Sao Tome and Principe
39 Togo

Table 2. Possible Qualifying Countries, FY 2005

Countries	Ruling Justly						Investing in People				Economic Freedom						Number of passed hurdles		
	Civil Liberties	Political Rights	Voice and Accountability	Government Effectiveness	Rule of Law	Control of Corruption	Public Primary Education Spending, % of GDP	Girls' Primary Education Completion Rate, %	Immunization Rate: DPT and Measles, %	Public Expenditure on Health, % of GDP	Country Credit Rating, (1-100, 100=best)	Inflation, %	3-Year Budget Deficit, %	Trade Policy, (1 to 5, 1=best)	Regulatory Quality, (-2.5 to +2.5, +2.5=best)	Days to Start a Business	Ruling Justly	Investing in People	Economic Freedom
	(1 to 7, 1=best)		(-2.5 to +2.5, +2.5=best)																
Countries that pass the indicators test																			
1 Armenia	4	4	0.27	0.36	0.34	0.10	1.03	74.5	92.5	1.48	24.1	6.9	-1.68	2	0.81	25	5	2	6
2 Benin	2	2	0.73	0.16	0.36	0.21	1.61	32.1	78.5	1.96	24.7	-0.7	-2.17	4	0.12	32	6	2	5
3 Bhutan	5	6	-0.47	1.70	0.88	1.73	1.18	44.2	82.0	3.83	25.8	5.0	-8.46		0.11		3	2	3
4 Bolivia	3	3	0.70	0.24	0.18	0.00	5.55	87.3	80.0	3.58	27.4	4.2	-7.97	3	0.58	59	6	4	4
5 Burkina Faso	4	4	0.43	0.09	0.23	0.78	2.56	24.5	43.5	2.05	23.0	-1.0	-3.92	4	0.48	135	5	2	3
6 China	6	7	-0.69	0.96	0.56	0.41	0.83	105.6	87.0	2.08	65.7	0.8	-3.10	5	0.27	41	3	3	5
7 Djibouti	5	5	0.00	-0.11	0.27	0.09	2.20	32.9	62.0	5.40	28.0	-2.2	-2.41	5	-0.07		3	2	3
8 Egypt	6	6	-0.18	0.45	0.87	0.53		89.4	97.0	1.80	44.4	10.4	-2.39	4	0.23	43	3	3	5
9 Ghana	2	2	0.71	0.78	0.63	0.42	3.36	56.5	80.5	2.56	29.3	11.3	-5.38	4	0.39	85	6	3	3
10 Guyana	2	2	1.34	0.46	0.35	0.32	2.93	88.9	93.0	5.26	26.5	5.8	-8.12	4	0.30		6	4	3
11 Honduras	3	3	0.54	0.05	-0.01	0.05	2.37	70.4	96.0	4.86	30.6	6.7	-3.62	3	0.32	62	5	4	4
12 Lesotho	3	2	0.54	0.52	0.76	0.54	4.91	74.9	74.5	2.50	32.0	5.9	-0.99	4	0.20	92	6	3	4
13 Madagascar	3	3	0.64	0.40	0.59	0.96	2.67	41.5	61.5	2.37	18.7	2.0	-4.67	3	0.43	44	6	2	6
14 Mali	2	2	0.88	-0.07	0.24	0.50	2.39	30.7	45.0	1.98	23.7	-5.2	-3.32	3	0.19	42	5	2	6
15 Mauritania	5	6	0.03	0.62	0.45	1.05	1.81	42.9	82.0	3.50	21.0	2.1	2.88	3	0.69	82	4	2	4
16 Mongolia	2	2	1.13	0.59	1.14	0.68	4.05	108.5	98.0	4.89	27.2	5.0	-5.00	2	0.50	20	6	4	5
17 Morocco	5	5	0.39	0.84	0.89	0.79	2.45	63.7	95.0	1.40	49.3	2.5	-5.22	5	0.71	11	4	2	4
18 Nicaragua	3	3	0.78	-0.09	0.15	0.38	1.40	79.0	91.0	2.93	21.7	7.3	-8.45	2	0.27	45	5	3	5
19 Philippines	3	2	0.86	0.71	0.28	0.30	2.14	93.5	71.5	1.56	44.9	3.8	-4.44	2	0.78	50	6	2	4
20 Senegal	3	2	0.85	0.59	0.58	0.65	2.15	44.1	57.0	2.18	33.1	0.2	-1.01	3	0.46	57	6	2	5
21 Sri Lanka	3	3	0.63	0.81	1.01	0.68	0.63	103.3	98.5	1.62	33.6	2.5	-8.86	3	0.80	50	6	2	4
22 Swaziland	5	7	-0.49	0.33	0.11	0.57	1.70	72.5	74.5	2.49	31.6	4.5	-4.40	4	0.44		3	2	3
23 Vanuatu	2	2	1.58	0.13	0.46	0.38	2.55	80.9	49.0	2.68	30.6	4.0	-2.08		-0.15	39	6	3	4
24 Vietnam	6	7	-0.66	0.51	0.39	0.14	0.95	95.2	85.5	0.85	36.9	4.0	-3.11	5	-0.01	56	3	2	3
Pass if median counts as passing a hurdle																			
25 Ethiopia	5	5	-0.44	-0.11	0.34	0.47	3.65	11.5	54.0	2.69	18.9	3.0	-7.75	4	-0.32	32	2	2	2
Eliminated by corruption																			
26 Bangladesh	4	4	0.13	0.24	0.00	-0.29	0.85	77.9	81.0	0.88	28.0	6.3	-3.17	5	-0.37	35	4	2	4
27 Georgia	4	4	0.39	0.00	-0.39	-0.21	0.50	90.9	78.5	0.53	21.4	4.4	-2.14	4	-0.14	25	3	2	4
28 Indonesia	4	3	0.21	0.22	-0.02	-0.34	0.56	107.9	75.5	0.29	33.6	5.2	-2.58	3	0.00	151	3	2	5
29 Kenya	3	3	0.11	-0.08	-0.26	-0.22	3.60	54.3	81.0	1.50	26.5	8.3	-4.05	5	0.18	47	3	2	3
30 Malawi	4	3	0.13	0.10	0.44	-0.09	2.93	47.6	66.5	3.00	19.7	10.1	-6.99	3	0.33	35	4	2	4
31 Moldova	4	3	0.40	0.15	0.29	-0.07	1.14	80.3	95.5	2.65	20.6	14.0	-0.20	2	0.51	30	4	3	5
32 Paraguay	3	3	0.17	-0.51	-0.34	-0.39	2.19	90.4	79.5	1.68	28.8	3.0	-0.92	3	0.12	73	3	3	5
33 Tanzania	3	4	0.28	0.27	0.29	-0.18	2.11	58.6	89.0	2.16	26.3	4.8	-1.24	5	0.14	35	5	3	5
34 Ukraine	4	4	0.10	0.04	-0.01	-0.14	2.77	97.3	99.0	2.92	37.0	5.5	-0.60	3	0.06	34	3	4	6
Missed by one indicator																			
35 East Timor	3	3	0.88	0.00	-0.33	0.29	1.94		52.0	2.34	15.7	4.0	2.16		-0.58		4	2	2
36 India	3	2	1.07	0.65	0.85	0.57	1.22	69.5	68.5	1.10	53.0	3.5	-9.98	5	0.35	89	6	1	3
37 Kiribati	1	1	1.79	0.83	0.46	0.38	5.62		93.5	1.26	19.5	1.4	-23.44		-0.43	21	6	2	2
38 Sao Tome and Principe	2	2	1.17	0.13	0.33	0.57		93.0	88.5	6.13	19.0	9.0	-16.60		0.34		6	3	2
39 Togo	5	6	-0.51	-0.40	0.11	0.14	2.24	67.3	61.0	0.89	18.9	-1.2	0.16	3	0.05	46	2	2	4
Mean	**4**	**5**	**-0.03**	**0.02**	**0.00**	**0.09**	**2.06**	**63.6**	**71.7**	**2.10**	**23.5**	**7.0**	**-4.41**	**4**	**-0.10**	**63**			
Median	**4**	**5**	**0.00**	**0.00**	**0.00**	**0.00**	**1.90**	**66.7**	**74.5**	**1.78**	**21.3**	**15.0**	**-3.48**	**4**	**0.00**	**46**			
Other																			
40 Afghanistan	6	6	-0.61	-0.62	-0.83	-0.53	1.11	0.4	45.5	0.47	11.0		0.82		-1.14		0	0	1
41 Angola	5	6	-0.70	-0.39	-0.78	-0.30	0.15		60.5	3.25	19.7	57.3	-5.90		-0.65	146	0	1	0
42 Azerbaijan	5	6	-0.28	-0.18	-0.01	-0.25	1.90	99.0	97.0	0.91	34.5	2.7	-0.70	3	-0.13	121	0	2	4
43 Burma	7	7	-1.35	-0.51	-0.84	-0.55	0.64	70.7	76.0	0.29	17.2	12.8	-4.64	5	-1.17		0	2	1
44 Cameroon	6	6	-0.40	0.15	-0.50	-0.28	1.25	55.6	55.0	1.18	24.5	2.5	2.05	5	-0.19	37	1	0	4
45 Chad	5	6	-0.26	0.02	-0.15	-0.20	1.13	13.1	47.5	2.29	20.2	-6.9	-5.67	5	-0.43	73	1	1	1

#	Countries	Civil Liberties (1 to 7, 1=best)	Political Rights	Voice and Accountability	Government Effectiveness (-2.5 to +2.5, +2.5=best)	Rule of Law	Control of Corruption	Public Primary Education Spending, % of GDP	Girls' Primary Education Completion Rate, %	Immunization Rate: DPT and Measles, %	Public Expenditure on Health, % of GDP	Country Credit Rating, (1-100, 100=best)	Inflation, %	3-Year Budget Deficit, %	Trade Policy, (1 to 5, 1=best)	Regulatory Quality, (-2.5 to +2.5, +2.5=best)	Days to Start a Business	Ruling Justly	Investing in People	Economic Freedom
46	Comoros	4	5	0.19	-0.06	-0.06	0.09	0.50	50.2	39.0	2.85	17.1	2.5	-4.78		-0.33		2	1	1
47	Congo, Dem. Rep.	4	5	-1.19	-0.83	-1.01	-0.60	0.19		44.0	0.12	11.8	9.1	-3.04		-1.09	225	0	0	2
48	Congo, Rep.	6	6	-0.40	-0.48	-0.44	-0.12	3.80	56.2	98.5	1.74	16.0	6.7	-2.82	5	-0.31	67	0	2	2
49	Eritrea	6	7	-1.36	0.33	0.26	0.86	5.17	28.6	83.5	6.52	15.8	18.8	-27.61		-0.49		3	3	0
50	Gambia	4	4	-0.33	-0.04	0.28	0.00	1.46	60.3	90.0	2.31	20.2	13.0	-7.71	4	0.13		2	2	2
51	Guinea	5	6	-0.50	0.00	0.03	0.24	1.26	15.7	50.5	0.84	14.9	6.2	-4.54	5	-0.15	71	2	0	1
52	Haiti	6	6	-0.41	-0.78	-0.98	-0.88	0.38	70.4	48.0	0.79	16.9	20.8	-3.09	4	-0.27	203	0	1	1
53	Iraq	5	7	-1.42	-0.87	-0.92	-0.61			85.5	3.80	12.0				-1.63		0	2	0
54	Korea, Dem. Rep.	7	7	-1.63	-1.00	-0.22	-0.36					8.9			5	-1.22		0	0	0
55	Kyrgyz Republic	5	6	-0.27	-0.04	-0.05	-0.02	3.76	92.4	98.0	2.09	18.7	11.0	-5.29	4	0.22	21	0	4	3
56	Lao PDR	6	7	-1.04	-0.02	-0.27	-0.43	1.03	68.6	55.0	1.22	21.5	11.9	-4.74	5	-0.55	198	0	1	2
57	Mozambique	4	3	0.44	0.37	0.12	-0.19	1.05	17.5	59.0	1.08	25.8	13.5	-6.37	4	0.05	153	4	0	3
58	Nepal	4	5	0.18	0.27	0.28	0.52	1.88	66.7	71.5	0.80	25.6	4.4	-3.48	5	0.18	21	4	0	4
59	Niger	4	4	0.52	-0.02	0.00	-0.28	1.95	16.6	35.5	1.55	16.2	-3.6	-2.93	4	0.00	27	2	1	3
60	Nigeria	4	4	0.00	-0.35	-0.58	-0.53			33.0	0.66	21.1	22.5	-2.84	5	-0.49	44	1	0	2
61	Pakistan	5	6	-0.41	0.27	0.08	0.09	0.83		60.0	0.66	28.8	5.3	-3.31	5	-0.09	24	3	0	4
62	Papua New Guinea	3	3	0.54	-0.01	-0.04	-0.08	0.69	55.0	64.0	1.77	28.6	17.2	-3.91		0.24	69	3	0	2
63	Rwanda	5	6	-0.72	-0.05	-0.23	0.24	2.02	24.4	78.5	1.71	14.5	10.9	-1.89	3	-0.26	43	1	2	4
64	Sierra Leone	3	4	0.13	-0.77	-0.47	0.01	0.40		55.0	0.87	9.3	11.2	-9.57	5	-0.62	26	4	0	2
65	Solomon Islands	3	3	1.06	-0.57	0.14	-0.04	2.00		74.5	3.20	19.7	7.5	-7.61		-0.57	35	4	2	2
66	Tajikistan	5	6	-0.25	-0.46	-0.49	-0.25	3.16	98.4	84.0	1.21	14.1	14.5	-2.15	3	-0.61		0	3	3
67	Turkmenistan	7	7	-1.16	-0.70	-0.38	-0.39			93.0	4.08	22.3		0.15	5	-1.27		0	2	2
68	Uganda	4	5	-0.08	0.37	-0.06	-0.10	2.00	61.7	74.5	1.07	21.2	0.6	-4.28	3	0.67	36	1	1	4
69	Yemen, Rep.	5	5	-0.19	-0.10	-0.45	0.13	4.40	44.8	67.0	1.88	29.0	9.1	-0.40	3	0.08	63	1	2	5
70	Zambia	4	4	0.30	-0.15	0.26	-0.15	1.79	54.0	81.5	1.78	16.7	18.4	-6.13	4	0.09	35	3	2	2
	Eliminated for statutory reasons																			
71	Burundi	5	5	-0.47	-0.69	-0.71	-0.20	1.28	23.6	74.5	0.68	13.1	9.0	-4.26		-0.56		0	0	1
72	Cambodia	5	6	0.14	0.21	-0.08	-0.08	0.16	66.0	53.0	0.76	18.4	0.9	-6.40	4	0.25	94	2	0	2
73	Central African Republic	5	7	-0.10	-0.66	-0.10	-0.20	1.10		37.5	0.26	17.1	3.2	-2.07	5	-0.07		0	0	2
74	Cote d'Ivoire	5	6	-0.56	-0.12	-0.43	-0.04	2.95	38.5	55.0	1.01	15.8	0.2	-1.26	4	0.33	58	0	1	3
75	Cuba	7	7	-1.08	0.51	-0.16	0.69	2.94	98.7	98.5	8.25	18.5			3	-0.53		2	4	1
76	Guinea-Bissau	4	6	-0.05	-0.58	-0.22	0.21	2.05		48.5	1.39	13.7	0.9	-12.58	5	-0.18		1	1	1
77	Liberia	6	6	-0.84	-0.74	-0.64	-0.16	1.90		54.0		9.4	14.2			-0.75		0	0	1
78	Somalia	7	6	-0.81	-1.20	-1.27	-0.37			42.5	0.00	8.2				-1.35		0	0	0
79	Sudan	7	7	-1.01	-0.34	-0.58	-0.27	1.31	39.0	44.5	0.80	12.4	7.0	-0.15		-0.49		0	0	2
80	Syrian Arab Republic	7	7	-0.87	0.21	0.37	0.53	1.60	84.8	98.5	0.89	28.3	2.5	-0.08	4	-0.28	47	3	2	3
81	Uzbekistan	6	7	-0.97	-0.33	-0.38	-0.21	2.48	97.6	97.5	2.23	22.8	21.9	-0.51	5	-0.76	35	0	4	3
82	Zimbabwe	6	6	-0.81	-0.02	-0.55	-0.34	6.19	110.6	58.0	2.85	12.2		-4.88	5	-0.92	96	0	3	0
	Mean	**4**	**5**	**-0.03**	**0.02**	**0.00**	**0.09**	**2.06**	**63.6**	**71.7**	**2.10**	**23.5**	**7.0**	**-4.41**	**4**	**-0.10**	**63**			
	Median	**4**	**5**	**0.00**	**0.00**	**0.00**	**0.00**	**1.90**	**66.7**	**74.5**	**1.78**	**21.3**	**15.0**	**-3.48**	**4**	**0.00**	**46**			
	Number of countries for which data are available	82	82	82.00	82.00	82.00	82.00	75.00	67.0	81.0	80.00	82.0	75.0	77.00	65	82.00	60			

Note: The hurdle for the inflation indicator is 15 percent, and this is listed in the Median line.

Table 3. Indicator Scores and the MCC Board's Use of Discretion

	Indicators with scores at the 25th percentile or below	
	Indicator	**Percentile rank**
<u>Countries selected</u>		
Armenia	education expenditures	21
Benin	completion rate	25
Bolivia	budget deficit	15
Georgia	control of corruption	24
	rule of law	23
	health expenditures	8
	education expenditures	7
Ghana	days to start a business	21
Lesotho	days to start a business	18
Madagascar	completion rate	10
Mali	completion rate	6
	immunization rate	11
Mozambique	education expenditures	23
	completion rate	24
	days to start a business	5
Nicaragua	budget deficit	23
Sri Lanka	education expenditures	11
	budget deficit	12
Vanuatu	immunization rate	18
<u>Countries dropped</u>		
Bhutan	voice and accountability	22
Vietnam	political rights	8
	civil liberties	16
	voice and accountability	16
	health expenditures	21
	completion rate	18
Mauritania	days to start a business	23
Guyana	budget deficit	4