



MILLENNIUM CHALLENGE CORPORATION

[MCC FR 25-03]

Report on the Selection of Eligible Countries for Fiscal Year 2025 (Fiji and Tonga)

AGENCY: Millennium Challenge Corporation.

ACTION: Notice.

SUMMARY: This report is provided in accordance with the Millennium Challenge Act of 2003, as amended. The report is set forth in full below.

SUPPLEMENTARY INFORMATION: Report on the Selection of Eligible Countries for Fiscal Year 2025 (Fiji and Tonga).

Summary

This report is provided in accordance with section 608(d)(1) of the Millennium Challenge Act of 2003, as amended (the Act) (22 U.S.C. 7707(d)(1)). This is the third such report for fiscal year (FY) 2025, following the August 2025 MCC Board decisions to select Fiji as eligible to develop a compact and Tonga to develop a threshold program.

The Act authorizes the provision of assistance under section 605 of the Act (22 U.S.C. 7704) to countries that enter into compacts with the United States to support policies and programs that advance the progress of such countries in achieving lasting economic growth and are in furtherance of the Act. The Act requires the Millennium Challenge Corporation (MCC) to determine the countries that will be eligible to receive assistance for the fiscal year, based on their demonstrated commitment to good governance, economic freedom, and investing in their people, as well as on the opportunity to invest in shared prosperity. The Act also requires the submission of reports to appropriate congressional committees and the publication of notices in the *Federal Register* that identify, among other things:

1. The countries that are “candidate countries” for assistance for FY 2025 based on their per-capita income levels and their eligibility to receive assistance under U.S. law, and

- countries that would be candidate countries, but for specified legal prohibitions on assistance (section 608(a) of the Act (22 U.S.C. 7707(a)));
2. The criteria and methodology that the Board of Directors of MCC (the Board) used to measure and evaluate the policy performance of the “candidate countries” consistent with the requirements of section 607 of the Act in order to determine “eligible countries” from among the “candidate countries” (section 608(b) of the Act (22 U.S.C. 7707(b))); and
 3. The list of countries determined by the Board to be “eligible countries” for FY 2025, with justification for eligibility determination and selection for compact negotiation, including with which of the eligible countries the Board will seek to enter into compacts (section 608(d) of the Act (22 U.S.C. 7707(d))).

This is a report that fulfills the requirements under the third of the above-described reports by MCC for FY 2025. Two prior reports were sent to Congress on December 19, 2024 and January 10, 2025. These reports identify countries determined by the Board to be eligible under section 607 of the Act (22 U.S.C. 7706) for FY 2025 with which MCC seeks to enter into compacts under section 609 of the Act (22 U.S.C. 7708), as well as the justification for such decisions. This report also identifies a country selected by the Board to receive assistance under MCC’s threshold program pursuant to section 616 of the Act (22 U.S.C. 7715).

Eligible Countries

Earlier in FY 2025 the Board selected Albania and Liberia as eligible countries with which the United States, through MCC, will seek to enter into Millennium Challenge Compacts pursuant to section 607 of the Act (22 U.S.C. 7706). Those selections were notified to Congress previously.

On August 21, 2025, the Board selected Fiji as eligible to develop a compact.

Criteria

In accordance with the Act and the “Selection Criteria and Methodology Report for Fiscal Year 2025” formally submitted to Congress on September 20, 2024, selection was based on a country’s overall performance in three broad policy categories: Ruling Justly, Encouraging Economic Freedom, and Investing in People. The Board relied, to the fullest extent possible, upon transparent and independent indicators to assess countries’ policy performance and demonstrated commitment in these three broad policy areas. The Board compared countries’ performance on the indicators relative to their income-level peers, evaluating them in comparison to the group of countries with a GNI per capita equal to or less than \$2,165, the group with a GNI per capita between \$2,166 and \$4,515, or the group with a GNI per capita between \$4,516 and \$7,895.

The criteria and methodology used to assess countries, including the methodology for the annual scorecards, are outlined in the “Selection Criteria and Methodology Report for Fiscal Year 2025¹.” Scorecards reflecting each country’s performance on the indicators are available on MCC’s website at <https://www.mcc.gov/who-we-select/scorecards>.

Beyond the scorecard, the Board considered additional quantitative and qualitative supplemental information, including the investment climate and opportunities to strengthen market fundamentals, countries’ commitment to undertake reforms, the ability to advance U.S. investments and objectives in the country, the likelihood that MCC investments will be maintained and deliver long-term results, and the opportunity to advance shared prosperity.

The Board sees selection decisions as an opportunity to determine where MCC funds can be most effectively deployed. The Board carefully considers the appropriate nature of each country partnership on a case-by-case basis.

This is the first fiscal year in which the Board used its new authority under the MCC Candidate Country Reform Act to select from the additional group of countries newly included for consideration for MCC assistance. The new authority aligns the income threshold for a country to

¹ Available at <https://www.mcc.gov/resources/doc/report-selection-criteria-methodology-fy25>

be an MCC candidate country with the World Bank threshold for initiating the International Bank for Reconstruction and Development graduation process (\$7,895 gross national income per capita for fiscal year 2025). In considering any new countries in MCC's candidate pool, the Board continued to apply MCC's statutorily mandated eligibility criteria and selectivity model.

Country Newly Selected for Compact Assistance

Using the criteria described above, *Fiji*, a candidate country under section 606(a) of the Act (22 U.S.C. 7705(a)), was newly selected as eligible for assistance under section 607 of the Act (22 U.S.C. 7706). Fiji is invited by MCC to develop a potential compact.

Fiji: The selection of Fiji presents strategic opportunity to leverage MCC's expertise to advance America First priorities and demonstrate U.S. commitment to strengthening partnerships in the Pacific. Not only is Fiji a vital security and economic partner for the United States, but it also has a promising environment for advancing private sector growth and U.S. business opportunities, as evidenced by the country's strong performance on the MCC scorecard. As a regional hub for transport, business, and workforce development, an MCC program with Fiji also has the potential to economically benefit a broader set of Pacific Island countries and to demonstrate constructive U.S. engagement in the region. In consideration of these factors, MCC's Board of Directors selected Fiji as eligible to develop a compact.

Country Newly Selected to Receive Threshold Program Assistance

The Board selected *Tonga* to receive threshold program assistance for FY 2025.

Tonga: The Government of Tonga has demonstrated a commitment to undertaking good governance reforms to boost economic growth and attract private investment, as evidenced by its performance on the MCC scorecard. Since opening a new embassy in Tonga in 2023, the United States has worked to strengthen its economic and security cooperation with this increasingly

important maritime partner. In consideration of these factors, MCC's Board of Directors selected Tonga to develop a threshold program.

(Authority: 22 U.S.C. 7707(d)(2))

Dated: August 22, 2025.

Brian Finkelstein,

Acting Vice President, General Counsel, and Corporate Secretary.

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