

Report on Countries That Are Candidates for Millennium Challenge Account Eligibility in FY 2004 and Countries That are Not Candidates Because of Legal Prohibitions

Summary

This report is provided in accordance with Section 608(a) of the Millennium Challenge Act of 2003, Pub. L. 108-199, Division D (the “Act”).

The Act authorizes the provision of assistance to countries that enter into compacts with the United States to support policies and programs that advance the prospects of such countries achieving lasting economic growth and poverty reduction. The Act requires the Millennium Challenge Corporation to take a number of steps in determining the countries that, based on their demonstrated commitment to just and democratic governance, economic freedom and investing in their people, will be eligible countries for Millennium Challenge Account (“MCA”) assistance during Fiscal Year 2004. These steps include the submission of reports to the congressional committees specified in the Act and the publication of Notices in the Federal Register that identify:

1. the “candidate countries” for MCA assistance (Section 606(a)(1) of the Act);
2. the eligibility criteria and methodology that the Millennium Challenge Corporation will use to choose “eligible countries” from among the “candidate countries” (Section 608(b) of the Act); and
3. the countries determined by the Board of Directors of the Millennium Challenge Corporation to be “eligible countries” for Fiscal Year 2004 and identify the countries on the list of eligible countries with which the Board will seek to enter into compacts (Section 608 (d) of the Act).

This report is the first of the three listed above.

Candidate Countries

The Act requires the identification of all countries that are candidates to receive MCA assistance in FY 2004 and the identification of all countries that would be candidate countries but for legal prohibitions. Section 606(a)(1) of the Act provides that, during FY 2004, countries shall be candidate countries for the MCA if they:

- are eligible for assistance from the International Development Association;
- have a per capita income equal to or less than the historic ceiling of the International Development Association (or \$1415 for FY 2004); and

- are not subject to legal provisions that prohibit them from receiving United States economic assistance under Part I of the Foreign Assistance Act of 1961, as amended.

Pursuant to Section 606(c) of the Act, the Board of Directors of the Millennium Challenge Corporation has identified the following countries as candidate countries under the Act for FY 2004:

1. Afghanistan
2. Albania
3. Angola
4. Armenia
5. Azerbaijan
6. Bangladesh
7. Benin
8. Bhutan
9. Bolivia
10. Bosnia and Herzegovina
11. Burkina Faso
12. Cameroon
13. Cape Verde
14. Chad
15. Comoros
16. Congo, Dem. Rep.
17. Congo, Rep. (Brazzaville)
18. Djibouti
19. East Timor
20. Eritrea
21. Ethiopia
22. Gambia
23. Georgia
24. Ghana
25. Guinea
26. Guyana
27. Haiti
28. Honduras
29. India
30. Indonesia
31. Kenya
32. Kiribati
33. Kyrgyz Republic
34. Lao PDR
35. Lesotho
36. Madagascar
37. Malawi
38. Mali

39. Mauritania
40. Moldova
41. Mongolia
42. Mozambique
43. Nepal
44. Nicaragua
45. Niger
46. Nigeria
47. Pakistan
48. Papua New Guinea
49. Rwanda
50. Sao Tome and Principe
51. Senegal
52. Sierra Leone
53. Solomon Islands
54. Sri Lanka
55. Tajikistan
56. Tanzania
57. Togo
58. Tonga
59. Uganda
60. Vanuatu
61. Vietnam
62. Yemen, Rep.
63. Zambia

Countries that would be Candidate Countries but for Statutory Provisions that Prohibit Assistance

Countries that would be considered candidate countries but are subject to legal provisions that prohibit them from receiving U.S. economic assistance under Part I of the Foreign Assistance Act of 1961, as amended (the “Foreign Assistance Act”):

1. Burma. Sanctions bar assistance to the government. Burma has been identified as a major drug-transit or major illicit drug producing country for 2004 (Presidential Determination No. 2003-38, dated 9/15/03) and designated as having “failed demonstrably” to adhere to its international obligations and take the measures required by Section 489(a)(1) of the Foreign Assistance Act, thus making Burma ineligible for assistance. Burma is listed as a Tier III country under the Trafficking Victims Protection Act for not complying with minimum standards for eliminating trafficking and not making significant efforts to comply (Presidential Determination No. 2003-35, 9/9/03).
2. Burundi is subject to Section 508 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2004 (“FY 2004 Appropriations Act”), which

prohibits assistance to the government of a country whose duly elected head of government has been deposed by a military coup.

3. Cambodia is subject to Section 561(b) of the FY 2004 Appropriations Act, which prohibits assistance to the central government of Cambodia, except in specified circumstances.
4. Central African Republic is subject to Section 508 of the FY 2004 Appropriations Act.
5. Cote d'Ivoire is subject Section 508 of the FY 2004 Appropriations Act.
6. Guinea-Bissau is subject to Section 508 of the FY 2004 Appropriations Act.
7. Liberia is subject to Section 620(q) of the Foreign Assistance Act and Section 512 of the FY 2004 Appropriations Act, both of which prohibit assistance under Part I of the Foreign Assistance Act based on past due indebtedness to the United States.
8. Serbia is subject to Section 572 of the FY 2004 Appropriations Act, which requires that, after March 31, 2004, the availability of funds for assistance for Serbia requires the President to make a specified determination.
9. Somalia is subject to Section 620(q) of the Foreign Assistance Act and Section 512 of the FY 2004 Appropriations Act.
10. Sudan is subject to: Section 620(q) of the Foreign Assistance Act and Section 512 of the FY 2004 Appropriations Act. Sudan also is subject to Section 508 of the FY 2004 Appropriations Act and Section 620A of the Foreign Assistance Act.
11. Uzbekistan is subject to Section 568 of the FY 2004 Appropriations Act, which requires that funds appropriated for assistance to the central Government of Uzbekistan may be made available only if the Secretary of State determines and reports to the Congress that the government is making substantial and continuing progress in meeting its commitments under a framework agreement with the United States.
12. Zimbabwe is subject to Section 620(q) of the Foreign Assistance Act and Section 512 of the FY 2004 Appropriations Act.

Countries identified above as candidate countries, as well as countries that would be considered candidate countries but for the applicability of legal provisions that prohibit U.S. economic assistance, may be the subject of future statutory restrictions or determinations, or changed country circumstances, that affect their legal eligibility for assistance under Part I of the Foreign Assistance Act during FY 2004. The Millennium Challenge Corporation will include any required updates on such statutory eligibility that affect countries' identification as

candidate countries, at such time as it publishes the Notices required by Sections 608(b) and 608(d) of the Act or at other appropriate times. The Millennium Challenge Corporation does not anticipate that any such updates with regard to the legal eligibility of countries would alter the date on which the Board of Directors will be authorized to determine eligible countries from among candidate countries, i.e., ninety days from the date of this report.