

**SUMMARY OF THE JANUARY 5, 2011 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the January 5, 2011, meeting of the Board of Directors (the “Board”) of the Millennium Challenge Corporation (“MCC”), which was held in closed session at 10:00 a.m. at the U.S. Department of State, Washington, D.C.

1. The following individuals were present at the meeting:

DIRECTORS AND ALTERNATES, ACTING AS DIRECTORS:

Hillary Rodham Clinton, Secretary of State (Chair);

Neal S. Wolin, Deputy Secretary

for Timothy F. Geithner, Secretary of Treasury (Vice Chair);

Ambassador Miriam Sapiro, Deputy USTR

for Ambassador Ron Kirk, United States Trade Representative;

Dr. Rajiv Shah, Administrator, U.S. Agency for International Development;

Daniel W. Yohannes, Chief Executive Officer, MCC;

Ambassador Mark Green, Private Sector Member; and

Alan Patricof, Private Sector Member.

INVITED GUEST:

Gayle Smith, Special Assistant to the President

and Senior Director, National Security Council.

OTHER PARTICIPANTS (at all or a portion of the meeting): Thomas Nides (State +1); John Hurley (Treasury+1); Mary Ryckman (USTR+1); Carol Grigsby (USAID+1); Chris Tuttle (Amb. Green+1); Julie Sunderland (Mr. Patricof+1); Steve Radelet (USAID); Julia Gitis (USAID); Steven Kaufmann (MCC+1); Chris Broughton (NSC+1); Christopher McCoy (Treasury); Ally Carragher (USTR); Maya Seiden (State); Julie Nutter (State); David Young (State); Jenny Cordell (State); Cassandra Butts (MCC); Gina Porto (MCC); Frances Reid (MCC); Melvin Williams, Jr. (MCC); Victoria Wassmer (MCC); Patrick Fine (MCC); Chuck Cooper (MCC); Henry Pitney (MCC); Margaret Yao (MCC); Andrew Mayock (MCC); James Parks (MCC); Deidra Fair (MCC); James Mazzarella (MCC); Himesh Dhungel (MCC); John Mantini (MCC); Sherri Kraham (MCC); Bruce Overton (MCC); Elizabeth Lien (OMB); James Gerard (MCC); Jonathan Filas (MCC); Tom Kelly (MCC); Alicia Mandaville (MCC); Susie Crocker (MCC); and Romell Cummings (MCC).

2. Administrative Resolutions. The Board approved the minutes from the September 15, 2010, meeting.

3. CEO Update. MCC CEO Daniel Yohannes opened his remarks by welcoming Alan Patricof and Ambassador Green to the Board of Directors. Mr. Yohannes thanked Secretary Clinton for presiding over the signing of the Jordan Compact on October 25, 2010, and commented that the Jordan team is now working hard to reach entry into force. Mr. Yohannes informed the Board that MCC has now achieved successful closeout of two programs - one in Honduras, and the other in Cape Verde. In 2011, MCC also expects to close out five more Compacts - Georgia, Vanuatu, Nicaragua, Armenia, and Benin. Mr. Yohannes reported that MCC and the United Nations World Food Program renewed the existing partnership dedicated to expanding the affordability and availability of food to the world's poor. The World Food Program has purchased over 1000 metric tons of maize worth \$360,000, enough to feed 70,000 people, from MCC-trained farmers and farmer-based organizations in Ghana. MCC's cooperation with the World Food Program continues in Ghana, and will now extend to other countries, including Burkina Faso, Mozambique, Mali, and Senegal.

Mr. Yohannes concluded his update by reflecting on his past year at MCC. He observed that, in his experience as MCC's CEO, he has seen that the MCC model works, that country ownership is critical, and that U.S. taxpayer funds are being used effectively in MCC programs.

4. Discussion of MCC's legislative initiatives. At Secretary Clinton's request, Mr. Cooper gave an update on the status of the proposed amendments to the MCC statute that would allow longer and concurrent compacts, as well as make adjustments to candidate countries fluctuating between the lower income and lower middle income categories. He stated that the Senate committees have indicated that they will work with us in the new Congress to enact MCC's legislative proposals.
5. Discussion of the Malawi Compact. The Department of Compact Operations provided an overview of the \$350 million Malawi Compact. The proposed compact focuses on infrastructure development in the energy sector, and power sector reform, which are critical constraints to economic growth in the country. It is expected that 5.9 million individuals will benefit due to reduced domestic and enterprise energy costs, increased employment income, and profits over twenty-five years. The Malawi Compact also has the potential to provide opportunities for U.S.-based firms that produce electrical equipment and renewable energy technologies. MCC has already begun outreach to the private sector to encourage interest in investment and building on these infrastructure improvements.

6. FY 2011 Selection Presentation. The Department of Policy and Evaluation led the discussion on countries being considered for Compact and Threshold program selection. The presenters noted that the scorecards are an effective tool and something that countries watch closely. The team also noted that MCC's legislation directs the Board to consider the following three measures when making the eligibility decision: policy performance; opportunity to reduce poverty through growth; and the availability of funds. Following this presentation, Board members discussed the merits of selecting particular countries.
7. Audit Committee Report. Deputy Secretary Neal Wolin, Chair of MCC's Audit Committee reported that the Committee reviewed progress made by MCC in developing its systems to improve governance of its programs; discussed the results of recent audits by the Office of the Inspector General; and reviewed the ongoing audits by the Office of the Inspector General. The Audit Committee will receive an update in March, which will include the progress made by MCC in addressing issues raised in the qualified audit of MCC's financial statements for fiscal year 2010.
8. Executive Session. At this time, the Board took up the resolutions before them and voted to reselect the following countries that are in the process of developing compacts: Cape Verde, Indonesia, Malawi, and Zambia. The Board voted to approve the Malawi Compact. The Board also selected Georgia and Ghana as compact eligible. The Board deferred selection of any countries for the Threshold program.

The Board meeting was adjourned at 11:40 a.m.

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