

**SUMMARY OF THE MARCH 11, 2009 MEETING OF  
THE BOARD OF DIRECTORS  
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the March 11, 2009 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)

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

Peter Allgeier, Acting United States Trade Representative

Alonzo Fulgham, Acting Administrator, U.S. Agency for International Development

Rodney G. Bent, Acting Chief Executive Officer, MCC

Lorne W. Craner, Private Sector Member

William H. Frist, Private Sector Member

Kenneth F. Hackett, Private Sector Member

Alan J. Patricof, Private Sector Member

**INVITED GUEST:**

Mike Froman, Deputy Assistant to the President and National Security Advisor for International Economic Affairs, National Security Council

**OTHER PARTICIPANTS (at all or a portion of the meeting):** Jack J. Lew (State +1); Karen Mathiasen (Treasury+1); Mary Ryckman (USTR+1); Carol Grigsby (USAID+1); Matt Bohn (MCC+1); Gretchen Birkle (Mr. Craner+1); Mauro DeLorenzo (Sen. Frist+1); Dennis Shin (Hackett +1); Julie Sunderland (Mr. Patricof+1); Gayle Smith (NSC +1); Sarah Aviel (Treasury); Courtney Beale (State); Jonathan Bloom (MCC); Elena Bryan (USTR); Meredith Cabelka (MCC); Michael Casella (MCC); Romell Cummings (MCC); Karen Enstrom (State); James Gerard (MCC); Robert Goldberg (OMB); John Hewko (MCC); David Kassebaum (MCC); Thomas Kelly (MCC); Sherri Kraham (MCC); Alicia Mandaville (MCC); Darius Mans (MCC); John Mantini (MCC); James Mazarella (MCC); Eyrique Miller (MCC); Dennis Nolan (MCC); Bruce Overton (MCC); Henry Pitney (MCC); Gina Porto (MCC); Frances Reid (MCC); Sonia Shahrigan (MCC); Aaron Sherinian (MCC); Jacqueline Strasser (OMB); and Darius Teter (MCC).

2. Administrative Resolutions. The Board approved the minutes from the December 11, 2008 meeting.
3. Acting CEO Update. Rodney Bent, Acting MCC CEO, reported that: MCC is five years old, has signed 18 Compacts worth \$6.4 billion and 10 Threshold Programs worth over \$444 million; MCC has moved beyond the start-up phase and is now into early maturity; this new Board has inherited some important pending policy issues with regards to Nicaragua and Armenia; and the 2009 Omnibus Appropriation Act allotted \$875 million to MCC, which means MCC compacts likely to be approved in 2009 will have to be scaled back from earlier estimates.
4. MCC Country Pipeline, Budget, and Priorities. John Hewko, Vice President for Compact Development, reported that: MCC has eight compacts in the development stage; MCC hopes to submit compacts for Moldova and Senegal in 2009; MCC hopes to sign compacts with Jordan, Malawi and the Philippines during FY2010; and MCC staff will visit Indonesia and Zambia in the next two months to begin in full the compact development process. Mr. Hewko also raised certain issues on limitations in MCC's governing legislation for Board consideration.
5. Compact Implementation Challenges. Darius Mans, Vice President for Compact Implementation, reported that: disbursements have significantly increased over the last several years and MCC expects this increase to continue into 2009; results are reflected in infrastructure and agriculture projects, two main sectors that MCC supports; MCC is continuously monitoring the time remaining for completing compacts ; and the five-year limit on compact terms has caused MCC to consider requesting extensions on selected compacts. Mr. Kenneth Hackett asked for examples of how MCC's incentive effect has caused some countries to change governance patterns. Mr. Mans responded that the Government of Tanzania (GOT) changed the board of a power company and put in a much more effective board, which in turn supported the GOT's efforts to bring in the private sector into generation of power. Mr. Mans further noted that the Government of Ghana decided that the MCA unit will now be responsible for all donor projects in infrastructure. Mr. Bent gave more examples, including: in Lesotho, the Government passed a law allowing married women to have property rights; and in Liberia, the Government is making changes even before the country has been selected as compact eligible.
6. The Future of MCC's Threshold Program. Sherri Kraham, Acting Vice President for Policy and International Relations, reported that over the next few months, MCC will undertake an in-depth review of the Threshold Program focusing on two main questions: to what extent has the Threshold Program been successful in helping countries become eligible for a compact; and whether the original purpose of the Threshold Program is still relevant given the number of countries waiting for compact funding.
7. Policy Performance: Nicaragua and Armenia. Mr. Mans led a discussion on policy performance in Nicaragua and Armenia. Mr. Mans reported that in December 2008, the Board partially suspended Nicaragua's compact due to the Government of Nicaragua's manipulation of municipal elections and a broader pattern of actions inconsistent with

MCC eligibility criteria. To date, the Government of Nicaragua has not taken any meaningful steps to address these policy concerns. Mr. Mans further expressed MCC management's concerns that the Government of Armenia has not made any meaningful reforms to correct deficiencies in good governance, despite repeated engagement on these issues. The Board discussed the need to be clear with the governments regarding the criteria by which MCC will go forward. The Board agreed to discuss these matters further in June; MCC management will provide a further update at that time.

8. The Board voted and unanimously approved continuing the suspension of portions of the Nicaragua Compact and continuing the operational hold in Armenia.
9. The Board meeting was adjourned at 11:50 a.m.

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