

**SUMMARY OF THE MARCH 14, 2013
MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the March 14, 2013, 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.

The following individuals were present at the meeting:

DIRECTORS AND ALTERNATES, ACTING AS DIRECTORS:

Honorable John F. Kerry, Secretary of State (Chair);
Neal S. Wolin, Deputy Secretary, (attending for Jacob J. Lew, Secretary of Treasury (Vice Chair);
Mary Ryckman, Senior Policy Advisor, (attending for USTR);
Rajiv Shah, Administrator, USAID;
Daniel W. Yohannes, Chief Executive Officer, MCC;
Mark Green, Private Sector Member;
Lorne Craner, Private Sector Member; and
Morton Halperin, Private Sector Member.

INVITED GUESTS:

Gayle Smith, Special Assistant to the President and Senior Director, National Security Staff;
Cristina Killingsworth, Program Examiner, OMB.

OTHER PARTICIPANTS (at all or a portion of the meeting):

Bill Danvers (State); Heather Higginbottom (State+1); John Hurley (Treasury+1); Eric Postel (USAID+1); Steven Kaufmann (MCC+1); Chris Tuttle (Green+1); Monica Kladakis (Craner+1); Adna Karamehic-Oates (Halperin+1); Keri Lowery (NSS+1); Daniella Ballou-Aares (State); Robin Matthewman (State); Krishanti Vignarajah (State); Rebecca Grutz (State); Cecily David (USAID); Cassandra Butts (MCC); Patrick Fine (MCC); Sheila Herrling (MCC); Melvin F. Williams, Jr. (MCC); Paul Weinberger (MCC); Chantale Wong (MCC); Jonathan Bloom (MCC); Tom Kelly (MCC); Henry Pitney (MCC); Terry Bowie (MCC); Nasserie Carew (MCC); Lia Hanley (MCC); Laura Leussing (MCC); Alicia Mandaville (MCC); John Mantini (MCC); Jim Mazzarella (MCC); Christopher Dunn (MCC); Brian Finkelstein (MCC); Chris Maloney (MCC); John Wingle (MCC); Princess Harris (MCC); Andrew Ladson (MCC); Meredith Cabelka (MCC); and Susie Sullivan (MCC).

The Chair called the meeting to order at 10:19 a.m. and he welcomed new Board members, Morton Halperin and Lorne Craner.

1. Administrative Resolutions. The Board approved the minutes from the December 19, 2012 Board of Directors meeting and the minutes from the December 19, 2012 Audit Committee meeting.
2. CEO Update. MCC CEO Daniel Yohannes began his presentation by announcing that MCC’s budget has been cut by \$45 million for fiscal year (FY) 2013 - \$40 million from the program budget and \$5 million from the administrative funds budget. MCC will not have

any employee furloughs; however, staff reductions may have to occur in FY 2014 if the sequester remains in effect.

In El Salvador, due diligence is progressing well and the compact is on track for presentation at the September Board meeting. The Georgia Compact will be presented at the June Board meeting. In Indonesia, MCA staff has been hired and the Compact will enter into force in April.

MCC's staff completed visits to the five new compact eligible countries, and the CEO is planning to visit Tanzania and Senegal to review progress on those Compacts.

The CEO concluded his report by announcing that the Coca Cola Africa Foundation is supplementing the water project in Cape Verde in the amount of \$470,000. Two MCC-funded projects received awards – the As Samra wastewater treatment plant in Jordan was acknowledged by the Water and Energy Exchange for innovative financing, and the International Association of Ports and Harbors acknowledged the improvements to the port in Benin. Also, the CEO mentioned his visits to Congress and that MCC was received well. The CEO announced Patrick Fine's departure as Vice President (VP) for the Department of Compact Operations and welcomed Paul Weinberger as VP for the Department of Congressional and Public Affairs.

3. MCC Overview Presentation. The CEO introduced the MCC Overview presentation by stating that the video highlighted the points made by The Chair about U.S. development dollars assisting nations to realize their own potential and highlights the work MCC has done over the past eight years.

After the video, the Board had a discussion about how to provide a single message on U.S. foreign development assistance that shows how various U.S. programs complement one another and draw upon the best practices of each.

4. Suspension and Termination Policy. The Department of Development, Policy and Evaluation (DPE) outlined the proposed changes to MCC's Suspension and Termination Policy. The Policy will remain public and has been updated to reflect the process of reinstating a country. The team emphasized the importance of having a full range of tools at MCC's disposal to ensure countries adhere to MCC principles and reported that a recent survey from the College of William and Mary showed that MCC's scorecard is incentivizing policy change.
5. Honduras Threshold Program. DPE opened the presentation by stating that all Threshold Programs focus on the country's constraints to economic growth. The Honduras Threshold Program will focus on public financial management and public/private partnerships.
6. Executive Session. The Board voted to approve the Suspension and Termination Policy, and the Honduras Threshold Program.

The Board meeting was adjourned at 11:28 a.m.

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