

**SUMMARY OF THE MARCH 22, 2012
MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the March 22, 2012, meeting of the Board of Directors (the “Board”) of the Millennium Challenge Corporation (“MCC”), which was held in closed session at 3:00 p.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:

Hillary Rodham Clinton, Secretary of State (Chair);
Neal S. Wolin, Deputy Secretary
for Timothy F. Geithner, Secretary of Treasury (Vice Chair);
Ambassador Ron Kirk, United States Trade Representative;
Dr. Rajiv Shah, Administrator, U.S. Agency for International Development;
Daniel W. Yohannes, Chief Executive Officer, MCC;
Mark Green, Private Sector Member; and
Alan Patricof, Private Sector Member.

INVITED GUESTS:

Gayle Smith, National Security Council (Special Assistant to the President and Senior Director for Relief, Stabilization, and Development); and
Cristina Killingsworth, Program Examiner, (attending on behalf of Rob Fairweather, Deputy Associate Director for International Affairs, Office of Management and Budget).

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

Thomas Nides (State +1); Scott Morris (Treasury+1); Mary Ryckman (USTR+1); Steve Radelet (USAID+1); Steven Kaufmann (MCC+1); Chris Tuttle (Green+1); Julie Sunderland (Patricof+1); Keri Lowry (NSC+1); Krishanti Vignarajah (State); Chris McCoy (Treasury); Julia Gitis (USAID); Robin Matthewman (State); David Young (State); Heather Flynn (MCC); Cassandra Butts (MCC); Frances Reid (MCC); Melvin F. Williams, Jr. (MCC Corporate Secretary); Chantale Wong (MCC); Patrick Fine (MCC); Chantale Wong (MCC); Chuck Cooper (MCC); Jim Parks (MCC); Henry Pitney (MCC); Jonathan Bloom (MCC); Andrew Mayock (MCC); Sherri Kraham (MCC); Terry Bowie (MCC); John Mantini (MCC); Bruce Overton (MCC); Tom Hohenthauer (MCC); Jonathan Filas (MCC); Chris Dunn (MCC); Jim Mazzarella (MCC); Alicia Mandaville (MCC); Tom Kelly (MCC); Raja Kaul (MCC); Sixto Aquino (MCC); Bethany Aquilina (MCC); Susie Sullivan (MCC); Romell Cummings (MCC); and Tamara Heimur (MCC).

1. Administrative Resolutions. The Board approved the Minutes from its December 15, 2011, meeting, and the Audit Committee members approved the minutes of the Audit Committee’s December 15, 2011, meeting.

2. CEO Update. MCC CEO Daniel Yohannes updated the Board on recent activity in Mali, Ghana, Cape Verde, Senegal, and Jordan. Mr. Yohannes began the discussion with the news of the military seizure of power in Mali. Mr. Yohannes assured the Board that the resident country management team was safe, no one has been harmed, and all compact activities have been brought to a halt until MCC has more clarity.

Mr. Yohannes continued the discussion with an update on his travel to Ghana with Board member Alan Patricof in February, to celebrate the completion of its compact. The \$547 million compact is reducing poverty through strategic investments in Ghana's agricultural, education, and infrastructure sectors. The road built by MCC will provide thousands of Ghanaians with access to markets, schools, and social services. MCC looks forward to working with the Ghanaians as they develop a second compact. Mr. Yohannes also travelled to Praia, Cape Verde in February to sign MCC's first "second" compact with Cape Verde Prime Minister José Maria Neves. This \$66.2 million compact is expected to increase Cape Verdeans' household incomes by reforming and strengthening the water, sanitation and land management sectors.

Mr. Yohannes then provided the Board with an update on Senegal, Jordan, and budget and legislative requests. In Senegal, the Constitutional Courts decided in favor of allowing President Wade to seek a second term. During this time, MCC is closely watching Senegal's democratic governance, and monitoring Senegal's commitment to transparency. Mr. Yohannes informed the Board that the Government of Jordan has not been able to reach financial closure on the public-private partnership for the As-Samra water treatment plant. The negotiations have proceeded with good momentum, so MCC is cautiously optimistic that financial closure will be achieved soon.

Lastly, the fiscal year 2013 budget proposal includes \$898.2 million for MCC. This is the same amount that was appropriated for MCC in fiscal years 2011 and 2012. This proposal includes \$678.2 million to support new compact programs in Ghana, Benin, and El Salvador, and \$15 million for new threshold programs with Nepal and Honduras. MCC is also seeking three legislative changes: amending MCC's statute so that the reforms enacted for fiscal year 2012 to strengthen and stabilize MCC's candidate country pool do not have to be renewed every year; granting MCC Board authority to extend MCC's five-year compact period in very select cases for up to one year; and allowing MCC's private sector Board members to remain on the Board for one year beyond expiration of their terms to allow for their re-confirmation, or confirmation of a successor.

3. Revisions to FY2012 Candidate Country Report. MCC's Department of Policy and Evaluation (DPE), led the discussion on the revisions to FY2012 Candidate Country Report, which redefine the way Lower-Middle Income Countries (LMICs) and Low Income Countries (LICs) are categorized by MCC. LICs will now be defined as the 75 poorest countries in the world and LMICs are defined as those countries below the UMIC (Upper-Middle Income Countries) level and not among the 75 poorest countries.
4. Niger Threshold Program. DPE also led the discussion on the Niger Threshold Program, informing the Board that Niger was reinstated as Threshold eligible in June of 2011, after

restoring local, parliamentary, and presidential elections. MCC plans to move ahead with a phased approach to the Threshold program, with certain activities related to the original program, as well as a new program consistent with the new threshold program model. This new approach includes a \$2 million program for education activities in Niger, completing activities from the suspended Threshold Program, supporting school-based strategies to improve academic performance and to increase girls' enrollment, retention and completion.

5. Zambia Compact. MCC's Department of Compact Operations (DCO), provided a brief overview of the \$355 million compact with Zambia. Zambia has demonstrated its commitment to democratic governance and the rule of law, including free and fair elections in September 2011 and a peaceful transition of power. The compact, which is focused on the water sector, provides \$150 million for water supply, \$44 million for a sanitation project, \$75 million for drainage, and \$86 million for the technical aspect of the compact.
6. Malawi Compact Update. Malawi has demonstrated a pattern of actions that are contrary to MCC's eligibility criteria. Through its actions over the past year, the Government of Malawi has failed to meet standards of good governance, economic freedom and investing in their citizens. The Board had a wide-ranging discussion that focused on whether the Board should suspend or terminate the Compact. At this point, there are no compact activities because the compact has not entered into force.
7. Executive Session. The Board voted to approve (i) revisions to FY2012 Candidate Country Report; (ii) the Threshold Program Assistance for the Republic of Niger; and (iii) the Zambia Compact. The Board voted to suspend the Malawi Compact and that absent significant efforts by the Government of Malawi to reform, the Board would consider terminating the compact at the June meeting.

The Board meeting was adjourned at 4:45 p.m.

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