

**SUMMARY OF THE MARCH 24, 2010 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the March 24, 2010 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 Demetrios Marantis, Deputy United States Trade Representative

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

Lorne W. Craner, Private Sector Member

William H. Frist, Private Sector Member

Alan J. 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): Jack J. Lew (State +1); Karen Enstrom (State); Gretchen Birkle (Mr. Craner +1); Mary Ryckman (USTR+1); Julie Sunderland (Mr. Patricof+1); Mauro DeLorenzo (Sen. Frist+1); Scott Morris (Treasury+1); Henry Pitney (MCC); Cassandra Butts (MCC); Matt Bohn (MCC); Jonathan Bloom (MCC); Michael Casella (MCC); Sheila Herrling (MCC); John Mantini (MCC); Jim Mazarella (MCC); Dennis Nolan (MCC); Gina Porto (MCC); Frances Reid (MCC); James Greene (MCC); Darius Teter (MCC); Patrick Fine (MCC); Dick Day (MCC); Neneh Diallo (MCC); Tom Kelly (MCC); Troy Wray (MCC); Tom Campbell (MCC); Van Crowder (MCC); Jeff Brown (MCC); Steve Anderson (MCC); Glenn Lines (MCC); Christa Capazzola (OMB); Maya Seiden (State); Mervyn Ellis (USAID); Christopher McCoy (Treasury); Sam Kwon (MCC); Fran Huegel (USTR); Caitlin Helfrich (State); Jake Sullivan (State); Susie Crocker (MCC); Romell Cummings (MCC)

2. Administrative Resolutions. The Board approved the minutes from the December 9, 2009 meeting, as well as the minutes of the Audit Committee's December 9, 2009 meeting.
3. CEO Update. MCC CEO Daniel Yohannes opened his remarks by recognizing and welcoming Dr. Rajiv Shah to his first MCC Board meeting, stressing the importance of USAID and MCC's partnership on development issues. Mr. Yohannes then introduced the new members of his management team, Sheila Herrling, Vice President for Policy and International Relations, Patrick Fine, Vice President for Compact Implementation, and Chuck Cooper (not present), who will be joining MCC shortly as the Vice President for Congressional and Public Affairs. Mr. Yohannes reported on his recent trip to Ghana and Cape Verde, as well as his many meetings with members and staff of Congress to continue developing relationships and seeking support for MCC's work. He advised the Board of his upcoming testimony in front of the House Appropriations Committee, Foreign Operations Subcommittee. Mr. Yohannes briefed the Board on some of the subjects of his testimony, including engaging Congress on legislative changes that are important to MCC's results such as concurrent and longer compact authority and possible improvements to the selection system. Mr. Yohannes informed the Board that he is planning to hold a strategic offsite with his new management team in May to develop MCC's priorities and strategy for the next few years. Before going into the planned agenda, Mr. Yohannes gave a brief update to the Board on the Threshold Program in Niger. Finally, Mr. Yohannes outlined the meeting agenda: (i) consideration of a \$434 million compact with the Philippines and (ii) an update on compact implementation and a discussion of successes and challenges in some of MCC's compact countries.
4. Discussion of the Philippines Compact. Darius Teter, Acting Vice President for Compact Development, provided a brief overview of the proposed investments and introduced Troy Wray, the transaction team leader, Tom Campbell, a Senior Director in the Department of Compact Implementation, and Tom Kelly, a Senior Director in the Department of Policy and International Relations. The proposed compact program would include (1) the expansion of a community-based rural development program called Kalahi-CIDSS focusing on poor areas, which is expected to benefit over 5 million people; (2) the construction and rehabilitation of the 220 km Samar Road, which would improve access to markets and services for farmers, fisherman and small enterprises in some of the Philippines' poorest provinces; and (3) assisting in the redesign and computerization of key business processes in the Department of Finance's Bureau of Internal Revenue (BIR) that would increase the efficiency and sustainability of revenue collection while reducing opportunities for corruption. The MCC Board complimented the team for putting together an excellent and well thought out program, but deferred final

consideration of the compact proposal in order to give MCC an opportunity to engage with the incoming Philippines administration to secure their commitment to the ideals and principles of MCC and to the compact's objectives and implementation.

5. Compact Implementation Update. Patrick Fine, the newly-appointed Vice President for Compact Implementation, gave an overview of presentations related to implementation, which included a snapshot of the implementation portfolio, a discussion of the principal risks being faced in four compact countries, and a look at two case studies where there have been significant results due to MCC's investments. These presentations were informational only and no action by the Board was requested.

Jonathan Bloom, Deputy Vice President for Compact Implementation, outlined three principal risks facing MCC compact investments – completion, reputation, and funding risks. Mr. Bloom provided examples of these risks in four MCC countries: Tanzania, Senegal, Benin, and Mali.

The Results portion of the presentation focused on the successes of MCC's investments in Madagascar and Nicaragua. Glenn Lines, former Resident Country Director in Madagascar, highlighted the success of the title registration and agricultural projects of the Madagascar Compact. The Board then viewed a video produced by MCA-Nicaragua, highlighting how the MCC investments have made a difference in reducing poverty in the lives of their people through the roads and agricultural projects of the Compact.

The Board expressed its appreciation to the Vice President of Compact Implementation and his team for their candor in bringing these challenging issues to the Board's attention, and asked to be kept apprised of their progress.

6. The Board meeting was adjourned at 12:00 p.m.

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