

**SUMMARY OF THE JUNE 10, 2009 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the June 10, 2009 meeting of the Board of Directors (the “Board”) of the Millennium Challenge Corporation (“MCC”), which was held in closed session at 10:30 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)

Karen Mathiasen, Deputy Assistant Secretary

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

Mary Ryckman, Assistant United States Trade Representative

Lisa Chiles, Counselor to 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); Elena Bryan (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); Jonathan Bloom (MCC); Alvin Brown (OIG); Christa Cappazzola (OMB); Michael Carroll (OIG); Michael Casella (MCC); James Charlifue (OIG); Romell Cummings (MCC); Christopher Dunn (MCC); Don Gambatesa (OIG); Robert Goldberg (OMB); Lisa Goldfluss (OIG); Thomas Kelly (MCC); Sherri Kraham (MCC); Darius Mans (MCC); John Mantini (MCC); James Mazzarella (MCC); Thomas Morris (USTR); Dennis Nolan (MCC); Julie Nutter (State); Bruce Overton (MCC); Bill Pelton (Treasury); Henry Pitney (MCC); Gina Porto (MCC); Frances Reid (MCC); Sonia Shahrighian (MCC); Aaron Sherinian (MCC); Jim Sindle (State); Anne-Marie Slaughter (State); and Darius Teter (MCC).

2. Administrative Resolutions. The Board approved the minutes from the March 11, 2009 meeting.
3. Acting CEO Update. Rodney Bent, Acting CEO, reported the following: MCC has signed 18 compacts; MCC has moved smartly from a five-year old start-up agency and has learned from the mistakes and challenges during those five years; MCC and its partner countries have demonstrated transparency through their websites and public outreach; MCC has built accountability into its Threshold and Compact programs; MCC's policies on gender, the environment, and corruption are an integral part of the institution; and MCC's partnerships with countries provide the best evidence of MCC's work in the field.
4. Armenia and Nicaragua. Mr. Bent led a discussion on the Nicaragua and Armenia Compacts. At the previous Board meeting, held on March 11, 2009, the Board agreed to continue the suspension of a portion of the Nicaragua compact program and the operational hold on a portion of the Armenia compact program, in both cases due to a decline in policy performance. Since the last meeting, neither Nicaragua nor Armenia has made significant progress to meet the threshold for reinstatement of their full programs. The Board expressed its regret that the lack of significant progress means that MCC will not be able to fully fund the programs during the compact term. The Board discussed the importance of adherence to MCC principles.
5. Mongolia Restructuring. Frances Reid, Deputy Vice President for Compact Implementation, led a discussion on restructuring the Mongolia Compact. Ms. Reid reported that the Mongolian Government notified the Secretary and MCC in April that the rail project, which is a major portion of the compact, had stalled due to a lack of cooperation from the Russian shareholders in the rail company. MCC is now discussing options of restructuring the compact and allocating that money to other projects. Ms. Reid reported that alternative uses for these funds would be presented at the next Board meeting in September.
6. Madagascar. Jonathan Bloom, Deputy Vice President for Compact Implementation, led a discussion on terminating the Madagascar Compact. Mr. Bloom reported that there was a coup in Madagascar resulting in an unconstitutional change in government. The Board had voted in May to terminate the Compact and directed MCC staff to shut down the Compact promptly and orderly, but no later than the end of August. He further reported that MCC and MCA-Madagascar were working to close-out the program on an aggressive timeline. The close-out would need to address the disposition of program assets, terminating 60 active contracts and 140 staff members around the country. Mr. Bloom emphasized that the priorities for the close-out included the protection of program assets and not leaving hazards behind. He also emphasized that in order for the close-out to progress properly, MCC would need to send a team of key technical support on a wind-up mission as soon as possible. Mr. Mans added that MCC is finalizing a close-out policy for all compacts, including terminated compacts.

7. Moldova Compact. Darius Teter, Acting Vice President of Compact Development, introduced the MCC team working on the proposed Moldova compact program. He reported that Moldova has proposed using compact funding to improve their transportation networks and to expand and intensify agriculture. He further reported that MCC's team is working with the GOM in conducting feasibility studies, detailed engineering design, and environmental impact assessments, and in developing resettlement frameworks. Mr. Teter noted that the Moldovan core team has worked with MCC very effectively and that over the next month MCC would be finalizing the compact proposal.
8. Senegal Compact. Mr. Teter introduced the MCC team working on the proposed Senegal compact program. He reported that Senegal has requested support to improve its transportation networks and to expand and intensify agriculture. He further reported that MCC has a large team conducting feasibility studies, detailed engineering design, environmental impact assessments and resettlement frameworks. Mr. Teter noted that in 2007, Senegal put together a new team that has proved to be a model partner. He expects that a proposed compact would be submitted to the Board for approval in a few months.
9. Threshold Country Program Review. Sherri Kraham, Acting Vice President of Policy and International Relations, updated the Board on the Threshold Program. Ms. Kraham reported that to date, MCC has funded 21 threshold programs in 19 countries for approximately \$470 million. She further noted that independent evaluations were currently being conducted to assess the first 11 threshold programs and preliminary results have shown that: it is difficult to provide evidence of a direct link between program interventions, improved indicator performance, and subsequent eligibility for a Compact; MCC programs have accomplished meaningful policy, institutional and regulatory reforms; and implementation has gone well, with benchmarks for inputs and outputs being achieved. Ms. Kraham emphasized that MCC has been able to document some very significant improvements in terms of reductions in corruption, improvement in girls' education, and streamlining business processes. She further noted that the establishment of the threshold program has opened dialogue for other actors, such as USAID and the embassies to address other policy reforms.
10. Audit Committee Report. Lorne Craner reported on the Audit Committee meeting held just prior to the Board meeting. He stated that MCC and the Office of the Inspector General have resolved two long-standing issues regarding information security and funds accountability.
11. The Board voted and unanimously agreed to terminate the property regularization project and the road projects currently suspended under the Nicaragua Compact.
12. The Board meeting was adjourned at 12:33 p.m.

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