

**SUMMARY OF THE SEPTEMBER 9, 2009 MEETING OF  
THE BOARD OF DIRECTORS  
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the September 9, 2009 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.

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)

Mary Ryckman, Assistant United States Trade Representative

Ambassador James Michel, Counselor to U.S. Agency for International Development

Darius H. Mans, Acting Chief Executive Officer, MCC

Lorne W. Craner, Private Sector Member

Mauro De Lorenzo

for Senator William H. Frist, Private Sector Member

Kenneth F. Hackett, Private Sector Member

Alan J. Patricof, Private Sector Member

**INVITED GUEST:**

Gayle Smith, Special Assistant to the President and Senior Director for Development and Democracy, National Security Council

**OTHER PARTICIPANTS (at all or a portion of the meeting):** Cheryl Mills (State +1); Andrew Baukol (Treasury +1); Carol Grigsby (USAID +1); Matt Bohn (MCC +1); Gretchen Birkle (Craner +1); Dennis Shin (Hackett +1); Julie Sunderland (Patricof +1); Jonathan Bloom (MCC); Jonathan Brooks (MCC); Elena Bryan (USTR); Meredith Cabelka (MCC); Michael Casella (MCC); Gail Chambers (MCC); Laura Cheng (MCC); Romell Cummings (MCC); Kristin Dreiling (MCC); Courtenay Engelke (MCC); Karen Enstrom (State); Katherine Farley (MCC); Brian Finkelstein (MCC); Ellona Fritschie (MCC); Ariane Gauchat (MCC); James Gerard (MCC); Robert Goldberg (OMB); Thomas Hohenthauer (MCC); Thomas Kelly (MCC); Sherri Kraham (MCC); Samuel Kwon (MCC); Alicia Mandaville (MCC); John Mantini (MCC); James Mazarella (MCC); Dennis Nolan (MCC); Theresa Osbourne (MCC); Bruce Overton (MCC); Bill Pelton (Treasury); Jon Piechowski (State); Henry

Pitney (MCC); Gina Porto (MCC); Frances Reid (MCC); Sarah Rose (MCC); Jolyne Sanjak (MCC); Maya Seiden (State); Aaron Sherinian (MCC); Darius Teter (MCC); Chris Williams (MCC); and Tanya Young (MCC).

2. Administrative Resolutions. The Board approved the minutes from the June 10, 2009 meeting.
3. Acting CEO Update. Darius Mans, MCC Acting CEO, thanked the Board for approving the Senegal Compact by written consent and noted that the compact agreement would be signed at the State Department on September 16, 2009. Mr. Mans reported that MCC would meet its targets for compact disbursement and commitments this fiscal year. He further noted that MCC is working on the Administration's food security initiatives and participating in the QDDR process. Mr. Mans also raised recent issues in Kyrgystan, Niger, and Honduras; the Board discussed the recent developments in each of these countries and the impact those developments could have on the MCC programs, given the importance to MCC of good policy performance.
4. Madagascar Closeout Lessons Learned. Jonathan Bloom, Deputy Vice President for Compact Implementation, reported that the Madagascar Compact was officially terminated August 31, 2009. Mr. Bloom added that MCC is in the midst of the "wind up" period that should last no longer than 90 days. He also said that the termination plan was detailed, the assets of the project were being transferred, and in some cases, other entities continue to work with program beneficiaries. There will also be an independent evaluation of MCC's impact in the country. With respect to the projects, Mr. Bloom stated that most of the finance project's activities were fully implemented, 39,000 land titles were issued in the land project, and that the agriculture project was severely affected by termination. It is hoped that transferring some assets to a number of NGOs in country will help to further and sustain MCC's program.. Regarding lessons learned from the Madagascar termination, Mr. Bloom added that it enabled MCC to develop closeout procedures that would be applicable to other countries.
5. Mongolia Restructuring. Frances Reid, Deputy Vice President for Compact Implementation, reported on MCC's efforts to work with the Government of Mongolia (GOM) restructuring the compact after it became clear that the necessary conditions to move forward on the rail project, a large portion of the original Mongolia Compact, were absent. She emphasized that MCC had made clear that new or expanded projects would be considered but that there was no entitlement to the funds freed up by cessation of the rail project. Both the GOM and the MCA have been exceptional partners in this exercise. MCC management will be coming back to the Board at the next meeting with recommendations.
6. Moldova Compact. Darius Teter, Acting Vice President of Compact Implementation, updated the Board on the Moldova Compact currently under development. This Compact would spur growth and reduce poverty through investments in the transportation and agriculture sectors. In particular, the Board expressed interest in the provisions of a

potential compact that would allow MCC to suspend or terminate in the event Moldova drops into a Tier 3 status with respect to trafficking in persons.

7. Selection Criteria Topics. Sherri Kraham, Acting Vice President for Policy and International Relations, reported that the selection process for FY2010 candidate and threshold countries would be conducted at the December 2009 Board meeting. Ms. Kraham discussed the selection criteria and methodology report that accompanies the publication of the candidate country list. Ms. Kraham also highlighted issues related to country graduation to higher income categories. In their discussion of the report, the Board discussed the graduation issues, as well as the issue of second compacts.
8. Honduras Compact. The Board discussed terminating or suspending portions of the Honduras Compact given the current political situation in Honduras. The Board reviewed several options and concluded to terminate \$11 million related to transportation projects that were currently on hold. The Board further concluded to put another \$4 million obligated for resettlement on hold.
9. Secretary Clinton recognized member Kenneth Hackett for his five years of service to the Board. In particular, she acknowledged his contributions in the early years of MCC and the wealth of experience he brought to the Board through his expertise in foreign development assistance. Special note was made of Mr. Hackett's encouragement to the MCC to work on girls' education in Burkina Faso. Mr. Hackett, in turn, responded that it had been a wonderful experience to work with three Secretaries of State on the MCC and that he holds the MCC staff in high esteem.
10. The Board voted and unanimously approved the following resolutions: (i) to negotiate a \$262 million compact with Moldova; (ii) to adopt the country candidate list and the selection and criteria methodology report; and (iii) to terminate certain road activities currently on hold, totaling \$11 million and put the \$4 million related to resettlement with respect to Section 1 of the CA-5 Highway on hold.
11. The Board meeting was adjourned at 5:04 p.m.

Distribution: MCC Website