

**SUMMARY OF THE SEPTEMBER 12, 2007 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION
a U.S. Government Corporation**

The following is a summary of the September 12, 2007 meeting of the Board of Directors (the “Board”) of the Millennium Challenge Corporation (“MCC”), which was held in closed session at 2:07 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:

Condoleezza Rice, Secretary of State (Chair)

Robert Kimmitt, Deputy Secretary of the Treasury (Representing Henry H. Paulson, Jr. (Vice Chair), Secretary of Treasury)

Susan C. Schwab, United State Trade Representative

James Kunder, Acting Deputy Administrator, USAID (Representing Henrietta Holsman Fore, Acting Administrator, USAID)

John J. Danilovich, Chief Executive Officer, MCC

Lorne W. Craner

Alan J. Patricoff

OTHER PARTICIPANTS (at all or a portion of the meeting): Daniel Sullivan (State); Clay Lowery (Treasury); Rodney Bent (MCC); Mary Ryckman (USTR); Karen Turner (USAID); Gretchen Birkle (for Mr. Craner); Julie Sunderland (for Mr. Patricoff); Michael Magan (NSC, for Mr. Hadley); William G. Anderson, Jr. (MCC); Dennis Shin (CRS Observer); Maureen Harrington (MCC); John Hewko (MCC); John Mantini (MCC); Matthew McLean (MCC); Frances McNaught (MCC); Suzi Morris (MCC); Bruce Overton (MCC); Henry Pitney (MCC); Michael Ryan (MCC); Charles Sethness (MCC);

DeAndra Beck (MCC); Gretchen Brevnov (MCC); Bunyan Bryant (MCC); Malik Chaka (MCC); Nancy Convard (MCC); Benjamin Dennis (MCC); Himesh Dhungel (MCC); James Hallmark (MCC); Burak Inanc (MCC); Matthew Kavanagh (MCC); Thomas Kelly (MCC); Sherri Kraham (MCC); Monica Kladakakis (MCC); Sam Kwon (MCC); Darius Mans (MCC); Jeanmarie Meyer (MCC); Suzi Morris (MCC); Patricia Moser (MCC); Bradley Parks (MCC); Alicia Phillips Mandeville (MCC); Paul Pleva (MCC); Chaim Poran (MCC); Frances Reid (MCC); Leonard Rolfes (MCC); Molly Teas (MCC); Darius Teter (MCC); Pauline Kao (State); Jason Mack (State).

2. **Administrative Resolution.** The Board approved the minutes of the June 27, 2007 Board meeting.
3. **CEO Update.** The MCC CEO reviewed implementation issues and provided a status of MCC’s anticipated appropriations for fiscal year 08, and efforts to educate Congress as to why MCC’s funding should be at a level for MCC to continue to sign compacts. The CEO also summarized his outreach efforts since the last board meeting, including the signing of the Morocco Compact. Ambassador Danilovich discussed the outside audits conducted by the General Accountability Office and confirmed that MCC is still pursuing

legislative changes to the Millennium Challenge Act (the Act) that would provide for longer and concurrent compacts. The activity on legislative changes is in parallel to MCC efforts on securing an adequate level of appropriations.

4. **FY 2008 Selection Timeline, and Selection Criteria & Methodology.** MCC Managing Director Sherri Kraham provided a summary of the proposed two new indicators covering National Resource Management and Land Rights and Access, including a discussion of the regulatory effect of these indicators on MCC scorecards. Ms. Kraham also explained that MCC will combine the “days to start a business” and “costs to start a business” indicators into a “business start-up” indicator. This change will better reflect a country’s overall economic policies. In response to board member questions, Ms. Kraham explained that the new environmental indicators are designed so that the impetus for improvement comes from the private sector.
5. **Mongolia Compact Briefing.** The MCC Mongolian transaction team provided a short briefing on the proposed compact. The projects highlighted in the five-year compact are designed to improve the rail system, secure property rights, increase employment and income through a vocational education project, and a health project to reduce non-communicable diseases and injuries. The team assured the board that the lease arrangement for rail assets should help ensure the project moves forward as predicted.
6. **Tanzania Compact Briefing.** The MCC Tanzania transaction team provided a short briefing on the proposed compact. The discussion included an explanation as to why funding for the compact will come from FY ’08 funds. . The team explained the elements of the proposed compact, including the projects to improve infrastructure through road construction, sanitation and drinking water, and Tanzania’s energy sector. The team also responded to questions regarding the scope of the roads infrastructure project and explained how this compact project will impact the overall Tanzanian road structure.
7. **Audit Committee Report.** Deputy Secretary Kimmitt provided a summary of the Audit Committee meeting that occurred immediately prior to the Board meeting and highlighted the major areas of discussion, which included: MCC’s improvement in cash management in regard to compact countries, MCC’s efforts to secure a better system for financial systems integration, and funds accountability, i.e., program audits, and the IG’s audit plan and budget. Deputy Secretary Kimmitt also reported that the committee reviewed the Inspector General’s budget for FY08, the proposed budget for FY ’09, and the FY ’08 Annual Plan. Deputy Secretary Kimmitt stated that the committee will be recommending board approval of the Inspector General’s FY ’08 budget.
8. **Sao Tome & Principe Threshold Country Program.** MCC’s vice president for policy and international relations briefed the board on the pending threshold proposal from Sao Tome & Principe. She highlighted that this will be a program targeted to increase revenue collection through improved tax and customs administration and to reduce the days and costs required to start a business. In addition, she reported that this program will be the first to be implemented by Treasury’s Financial Management Service.

9. **Yemen Threshold Country Program.** MCC's managing director for threshold programs briefed the board, and the board discussed, the proposed MCC threshold program addressing corruption, democratic governance, and the enhancement of the investment climate.

10. **Executive Session.** The board voted and approved the FY '08 country selection criteria and methodology, the Compact for Mongolia, the Yemen and Sao Tome & Principe threshold programs, and the FY '08 Office of Inspector General budget (the Chair amended the board meeting agenda to include this item for board approval prior to the vote on the Inspector General's FY '08 budget).

The meeting adjourned at approximately 3:12 p.m.

Distribution:

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