

**SUMMARY OF THE SEPTEMBER 15, 2010 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the September 15, 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:

Ambassador Ron Kirk, United States Trade Representative (Chair);
Ambassador William J. Burns, Under Secretary for Political Affairs
for Hillary R. Clinton, Secretary of State;
Neal S. Wolin, Deputy Secretary
for Timothy F. Geithner, Secretary of Treasury (Vice Chair);
Dr. Rajiv Shah, Administrator, U.S. Agency for International Development;
Daniel W. Yohannes, Chief Executive Officer, MCC; and
Senator William H. Frist, 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): Steve Radelet (State +1); Mary Ryckman (USTR+1); Mauro DeLorenzo (Sen. Frist+1); Carol Grigsby (USAID+1); Scott Morris (Treasury+1); Steven Kaufmann (MCC+1); Chris Broughton (NSC+1); Christa Capazzola (OMB); Elizabeth Lien (OMB+1); John Hurley (Treasury); Fran Huegel (USTR); Samantha Carl Yoder (State); David Schnier (State); David Young (State); Cassandra Butts (MCC); Gina Porto (MCC); Frances Reid (MCC); Melvin Williams, Jr. (MCC); Sheila Herrling (MCC); Victoria Wassmer (MCC); Patrick Fine (MCC); Chuck Cooper (MCC); Henry Pitney (MCC); Andrew Mayock (MCC); Jay Scheerer (MCC); Tom Hohenthauer (MCC); Lia Arnold (MCC); Jonathan Bloom (MCC); John Mantini (MCC); Nasserie Carew (MCC); Dennis Nolan (MCC); Sherri Kraham (MCC); Bruce Kay (MCC); Darius Teter (MCC); Bruce Overton (MCC); Tom Kelly (MCC); Alicia Mandaville (MCC); Franck Wiebe (MCC); Susie Crocker (MCC); and Romell Cummings (MCC).

2. Administrative Resolutions. The Board approved the minutes from the June 16, 2010, meeting, as well as the Minutes of the Audit Committee’s June 16, 2010, meeting.

3. CEO Update. MCC CEO Daniel Yohannes opened his remarks by thanking Ambassador Kirk for chairing the meeting in the absence of Secretary Clinton. Mr. Yohannes thanked the Board for approving the Philippines compact, and mentioned that the signing ceremony for the compact would take place in New York on September 23, 2010. Both President Benigno Aquino and Secretary Clinton will be presiding over the signing ceremony. MCC has established a resident country mission in Manila, and is now working toward the compact's entry into force. Mr. Yohannes then reported that MCC's \$262 million compact with Moldova entered into force on September 1, 2010, and on September 24, 2010, Senegal's \$540 million compact would enter into force as well. Mr. Yohannes added that MCC is working with the Department of State's Africa Bureau to continue monitoring issues in Senegal.

Mr. Yohannes also briefed the Board on his upcoming travel to Honduras to take part in the compact closeout celebrations. Mr. Yohannes commented that Honduras has been a good compact partner, and has produced some impressive results. Due to this compact, more than 7,400 farmers received technical training, 8,200 hectares of land are under production, at least \$9 million in loans have been extended, over 560 kilometers of roads have been rehabilitated, and more than 6,000 Honduran farmers are now earning at least \$2,000 per hectare annually.

Mr. Yohannes also called to the Board's attention the letter from Congressman Frank Wolf concerning the deportation of Christian American citizens from Morocco. Mr. Yohannes stated that MCC is working closely with the Department of State, but at this time MCC does not believe that there is a pattern of action that would trigger either suspension or termination of Morocco's compact.

4. Discussion of the Jordan Compact. Patrick Fine, Vice President of MCC's Department of Compact Operations (DCO), provided a brief overview of the Jordan Compact. The proposed compact grant includes \$275.1 million to address Jordan's severe water shortages, which are a critical constraint to economic growth in the country. With limited access to surface water or naturally recharged aquifers, Jordan ranks among the five most water-poor countries in the world. The compact will increase the supply of available water by improving the efficiency of water delivery, wastewater collection, and wastewater treatment.
5. Strategic Planning Update. Frances Reid, the newly-appointed Senior Investment and Risk Officer, provided a brief overview of MCC's recent strategic management planning activities. Ms. Reid stated that MCC aligned its strategic planning with the Presidential Study Directive and the Quadrennial Diplomacy and Development Review. The strategic planning team looked at what has been accomplished over the past five years, identified

opportunities for improvement and forecasted MCC's priorities for the next five years with an eye on how to best accomplish them.

6. Revised Threshold Program Update. Sheila Herrling, Vice President of the Department of Policy and Evaluation provided an update on the status of the Threshold Program. The Threshold Program will continue assisting countries to become compact eligible by supporting policy and institutional reforms. However, the program will no longer aim to boost a country's indicator scores within a two to three-year period, but rather focus on the broader policies, captured by the MCC indicators. USAID will remain the primary administrator of MCC's threshold program.
7. FY 2011 Selection Criteria & Methodology Report. Vice President Sheila Herrling stated that the indicator criteria will remain the same as last year, but that they may change for FY 2012 depending on the results of a comprehensive review of the indicators currently underway.
8. Compact Operations Update. Patrick Fine, Vice President of DCO, reported that there was a high volume of activity across MCC's portfolio of investments this quarter, seeing an increase in disbursements as well as a steady increase in commitments. Mr. Fine stated that the issues with the compacts in Benin and Mali have been resolved and that work is back on track. With MCC's first compacts coming to a close, Andrew Mayock, Deputy Vice President of DCO, made a presentation discussing the issues surrounding closure of compacts. Lastly, Jonathan Bloom, Deputy Vice President of DCO, gave a presentation on the Cape Verde compact, as it is coming to a close, highlighting some of the results of the three key projects and their impact.
9. Farewell to Board Member. Before going into Executive Session, the Board passed a motion to recognize the dedication and hard work of Senator Bill Frist, whose term is coming to an end in October. Senator Frist was presented with an award of appreciation commemorating his service, signed by Secretary Clinton.
10. Executive Session. At this time, the Board took up the resolutions before them and voted to approve the Selection Criteria and Methodology Report and the Jordan compact.

The Board meeting was adjourned at 11:55 a.m.

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