

## SUMMARY OF LIMITATIONS ON THE USE OR TREATMENT OF MCC FUNDING AND OTHER PROHIBITED ACTIVITIES

This summary is intended to provide an overview for the convenience of the reader. To the extent that there is a conflict or inconsistency between these summarized provisions and the Compact, the actual provisions of the Compact shall prevail. Please consult the Compact for the full text of the relevant provisions. Any capitalized terms used but not defined herein shall have the meaning given to them in the Compact.

### I. Limitations on Use.<sup>1</sup>

- a. ***Abortions and Involuntary Sterilizations:*** No MCC Funding shall be used to undertake, fund or otherwise support any of the following activities:
  - (1) the performance of abortions as a method of family planning or the motivation or coercion of any person to practice abortions,
  - (2) the performance of involuntary sterilizations as a method of family planning or the coercion or provision of any financial incentive to any person to undergo sterilizations,
  - (3) any biomedical research which relates to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning, or
  - (4) any program which supports or participates in coercive abortion or involuntary sterilization, or family planning projects other than voluntary programs that offer, provide referral to, or information about access to, a broad range of family planning methods and services, in addition to other requirements.
- b. ***United States Job Loss or Displacement of Production:*** No MCC Funding shall be used to undertake, fund or otherwise support any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production.
- c. ***Military Assistance and Training:*** No MCC Funding shall be used to undertake, fund or otherwise support the purchase or use of goods or services for military purposes, including military training, or to provide any assistance to the military, police, militia, national guard or other quasi-military organization or unit.
- d. ***Prohibition of Assistance Relating to Environmental, Health or Safety Hazards:*** No MCC Funding shall be used to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health, or safety hazard as described in the Environmental Guidelines.

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<sup>1</sup> See **Section 2.3** in each of the Benin, Cape Verde, Georgia, Honduras, Madagascar, Nicaragua, and Vanuatu Compacts.

- II. **Taxation.**<sup>2</sup> The Program, Program Assets, MCC Funding and Accrued Interest, including any Exempt Uses, shall be free from all Taxes imposed under laws in effect in the country during the Compact Term. If a Tax has been levied and paid contrary to these requirements, the Government shall refund promptly to MCC the amount of such Tax in the currency of the country. MCC Funding, Accrued Interest, or Program Assets may not be applied by the Government in satisfaction of its Tax refund obligations.
- III. **Alteration.**<sup>3</sup> No MCC Funding, Accrued Interest or Program Assets shall be subject to any impoundment, rescission, sequestration or any provision of law now or later in effect in the country that would have the effect of requiring or allowing any impoundment, rescission or sequestration of any MCC Funding.
- IV. **Liens or Encumbrances.**<sup>4</sup> No MCC Funding, Accrued Interest, or Program Assets shall be subject to any Lien, except with the prior approval of MCC in accordance with the Compact. In the event of the imposition of any unapproved Lien, the Government shall seek its release and pay any amounts owed to obtain such release. No MCC Funding, Accrued Interest, or Program Assets may be applied by the Government in satisfaction of its Lien release obligations.
- V. **Other Limitations.**<sup>5</sup> The use or treatment of MCC Funding, Accrued Interest, and Program Assets shall be subject to other limitations: (i) as required by the applicable law of the United States of America now or later in effect during the Compact Term, (ii) as advisable under or required by applicable United States Government policies now or later in effect during the Compact Term, or (iii) to which MCC and the Government may otherwise agree in writing.
- VI. **Utilization of Goods, Services and Works.**<sup>6</sup> Any Program Assets, services, facilities or works funded by MCC Funding shall be used solely in furtherance of the Compact, unless otherwise agreed.

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<sup>2</sup> See **Section 2.3(e)** in each of the Benin, Cape Verde, Georgia, Honduras, Madagascar, Nicaragua, and Vanuatu Compacts.

<sup>3</sup> See **Section 2.3(f)** in each of the Benin, Cape Verde, Georgia, Honduras, Madagascar, Nicaragua, and Vanuatu Compacts.

<sup>4</sup> See **Section 2.3(g)** in each of the Benin, Cape Verde, Georgia, Honduras, Madagascar, Nicaragua, and Vanuatu Compacts.

<sup>5</sup> See **Section 2.3(h)** in each of the Benin, Cape Verde, Georgia, Honduras, Madagascar, Nicaragua, and Vanuatu Compacts.

<sup>6</sup> See **Section 2.3(i)** in each of the Benin, Cape Verde, Georgia, Honduras, Madagascar, Nicaragua, and Vanuatu Compacts.

VII. **Incorporation; Notice; Clarification.**<sup>7</sup>

- a. The Government shall ensure that all of the limitations on use or treatment of MCC Funding contained in the Compact are included in all Supplemental Agreements to which MCC is not a party and shall use its best efforts to ensure that no Supplemental Agreement is implemented in violation of such requirements.
- b. The Government shall ensure that any Government Affiliate or Permitted Designee involved in any activities in furtherance of the Compact or any Provider and all relevant officers, directors, employees, agents, representatives, contractors, grantees, subcontractors and sub-grantees of the Government or any Provider, are notified of the requirements described above.
- c. In the event any party requires clarification from MCC as to whether any contemplated activity violates any limitation on use or treatment of MCC Funding included in the Compact, such party shall notify MCC in writing and provide a detailed description of the proposed activity. Such party shall refrain from such activity until MCC advises that the activity is permissible.

VIII. **Other Prohibited Activities.**<sup>8</sup> MCC may terminate or suspend the Compact or MCC Funding, if it determines that:

- a. Any use of MCC Funding or Program Assets or continued implementation of the Compact would violate applicable law or United States Government policy;
- b. Any party receiving MCC Funding or using Program Assets is engaged in activities that are contrary to the national security interests of the United States;
- c. The Government or any Permitted Designee has committed an act or omission or an event has occurred that would render the country ineligible to receive United States economic assistance under Part I of the Foreign Assistance Act of 1961, as amended (22 U.S.C 2151 *et seq.*), by reason of the application of any provision of the Foreign Assistance Act of 1961 or any other provision of law;
- d. The Government or any Permitted Designee has engaged in a pattern of actions or omissions inconsistent with the MCA Eligibility Criteria, or a significant decline has occurred in the performance of the country on one or more of the eligibility indicators contained in the MCA Eligibility Criteria;
- e. The Government or any Provider has materially breached any of its obligations under the Compact or any Supplemental Agreement;

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<sup>7</sup> See **Section 2.4** in each of the Benin, Cape Verde, Georgia, Honduras, Madagascar, Nicaragua, and Vanuatu Compacts.

<sup>8</sup> See **Section 5.4** in each of the Benin, Cape Verde, Georgia, Honduras, Madagascar, Nicaragua, and Vanuatu Compacts.

- f. Any document delivered in furtherance of the Compact or any Supplemental Agreement or any other evidence reveals that actual expenditures for any part of the Program were or will be greater than the projected expenditures for such activities identified in the applicable Detailed Financial Plan;
- g. If, to the extent applicable, the Government: (A) materially reallocates or reduces the allocation in its national budget or any other Government budget of the normal resources that the Government would have otherwise received or budgeted for the activities contemplated herein, (B) fails to provide the required resources to effectively carry out the Government Responsibilities, or (C) fails to pay any of its obligations as required under the Compact or any Supplemental Agreement;
- h. If any party receiving MCC Funding or using Program Assets, or any of their respective directors, officers, employees, Affiliates, contractors, sub-contractors, grantee, sub-grantee, representatives or agents, is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking;
- i. Any MCC Funding or Program Asset is applied to support individuals or organizations associated with terrorism, sex trafficking or prostitution;
- j. An event or condition has occurred that: (A) does, or is likely to, materially and adversely affect the ability of the Government or any other party to effectively implement the Program or any Project or to otherwise carry out its obligations, or exercise its rights, under the Compact or any Supplemental Agreement, (B) makes it improbable that the Objectives will be achieved during the Compact Term, (C) materially and adversely affects the Program Assets or any Permitted Account, or (D) constitutes misconduct injurious to MCC, or constitutes a fraud or a felony, by the Government, any Government Affiliate, Permitted Designee or Provider, or any officer, director, employee, agent, representative, Affiliate, contractor, grantee, subcontractor or sub-grantee of any of the foregoing;
- k. The Government or any Permitted Designee or Provider has taken any action or omission or engaged in any activity inconsistent with the requirements of the Compact or any Supplemental Agreement to which it is a party;
- l. A condition precedent or any other requirement in connection with MCC Disbursement has not been met in accordance with any Supplemental Agreement between the Parties; or
- m. Any MCC Funding, Accrued Interest or Program Asset becomes subject to a Lien without the prior approval of MCC, and the Government fails to obtain the release of such Lien (out of national funds) within thirty (30) days after imposition of such Lien.