

**SUMMARY OF THE MARCH 23, 2011
MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the March 23, 2011, 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:

Hillary Rodham Clinton, Secretary of State (Chair);

Marisa Lago, Assistant Secretary

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

Ambassador Demetrios Marantis, Deputy USTR

for Ambassador Ron Kirk, United States Trade Representative;

Donald Steinberg, Deputy Administrator

for Dr. Rajiv Shah, Administrator, U.S. Agency for International Development;

Daniel W. Yohannes, Chief Executive Officer, MCC;

Ambassador Mark Green, Private Sector Member; and

Alan Patricof, Private Sector Member.

OTHER PARTICIPANTS (at all or a portion of the meeting): Cheryl Mills (State +1); Mary Ryckman (USTR+1); Chris Tuttle (Amb. Green+1); Julie Sunderland (Mr. Patricof+1); Carol Grigsby (USAID+1); Donald Reese (USAID); Christopher McCoy (Treasury+1); Steven Kaufmann (MCC+1); Keri Lowry (NSC+1); Maya Seiden (State); Roland DeMarcellus (State); David Young (State); Jenny Cordell (State); Cassandra Butts (MCC); Gina Spiro (MCC); Frances Reid (MCC); Melvin Williams, Jr. (MCC); Victoria Wassmer (MCC); Patrick Fine (MCC); Chuck Cooper (MCC); Sheila Herrling (MCC); Henry Pitney (MCC); Margaret Yao (MCC); Jonathan Bloom (MCC); John Mantini (MCC); Bruce Overton (MCC); Nasserie Carew (MCC); Elizabeth Lien (OMB); Sarah Lucas (MCC); Tom Kelly (MCC); Susie Crocker (MCC); and Romell Cummings (MCC).

2. Administrative Resolutions. The Board approved the minutes from the January 5, 2011, meeting, as well as the minutes of the Audit Committee’s January 5, 2011, meeting.
3. CEO Update. MCC CEO Daniel Yohannes opened his remarks by updating the Board on the outlook for MCC appropriations for FY 2011, and the President’s budget request for MCC for 2012. Mr. Yohannes informed the Board that the proposed double-digit cuts to

MCC's budget would mean significant scaling back of compacts with: Indonesia, Zambia, and Cape Verde. These countries are at an advanced stage of compact development. For FY 2012 President Obama's budget included a request of \$1.125 billion for MCC, which is a slight increase over the FY 2010 enacted level. Mr. Yohannes also reported that on March 15, he testified before the House Appropriations Subcommittee on State and Foreign Operations to discuss the President's FY 2012 budget request, and on March 16, Mr. Yohannes testified before the House Foreign Affairs Committee with colleague and fellow board member, Dr. Rajiv Shah. Mr. Yohannes reported that both committees had good questions for him and were well informed on MCC's compact activity.

Mr. Yohannes mentioned that at the last meeting that the Board approved a \$350 million dollar compact to revamp Malawi's electrical power sector. The Malawi Compact signing was placed on hold while MCC reviewed two amendments to the Malawi penal code that impacted press freedoms and penalized lesbian behavior. Mr. Yohannes sent two of MCC's Vice Presidents to Lilongwe, Malawi to raise concerns directly to the Government of Malawi (GoM) at the highest levels. After these discussions, MCC moved forward with the signing of the compact, which is an investment that will benefit over five million Malawians, with household incomes expected to increase by \$2.24 billion over twenty-five years.

Mr. Yohannes then provided a short update on the Threshold Program and stated that MCC remains committed to the new concept of the Threshold Program which will focus on constraints to growth and not just assisting countries to improve performance on the indicators. Mr. Yohannes said he hoped to come back to the Board with a proposal for a new Threshold program at a future meeting.

Mr. Yohannes concluded his update by summarizing some of MCC's public outreach activity. MCC continues to promote gender integration as a key component of development work. MCC participated in two events celebrating the one hundredth anniversary of International Women's Day, including a White House event, where two students from an MCC-funded school in Burkina Faso traveled to Washington, D.C. to participate, with one of the girls introducing the First Lady. MCC also participated in a Capitol Hill event highlighting the importance of gender integration in the success of development projects.

4. Compact Closeout Update. Patrick Fine, Vice President of MCC's Department of Compact Operations (DCO), provided a brief overview of the MCC's compact closeout activities with Honduras and Cape Verde. Some of the lessons learned during these closeouts included that country ownership was critical to the success of these compacts, and program preparatory work before signing a compact is important.

5. Results Reporting Update. Patrick Fine, Vice President of DCO, and Sheila Herrling, Vice President of the Department of Policy and Evaluation (DPE), reported on MCC's approach to reporting results of MCC's programs. The primary goal of reporting results is to show the return U.S. taxpayers are getting on MCC investments. MCC's results exist along a continuum—from policy changes countries may make to become compact eligible, to interim outputs and outcomes as compacts mature, to post-compact increases in incomes. MCC's focus on results begins well before investments are made, in that MCC applies an evidence and performance-based approach to selecting countries. The final stage of measuring results is impact evaluations conducted after the compact closes; however, MCC measures for interim results throughout the implementation phase. Mr. Fine stated that as a result of MCC's compacts beneficiaries have experienced increased income, more farmers have been trained, travel time to markets has been reduced, and farmers are applying new techniques resulting in increased crop yields. Ms. Herrling added that the increased income to these beneficiaries will last long after compacts end, which further enhances the benefits to the overall population.

6. Compact Operations Update. Patrick Fine, Vice President of DCO, reported that five countries currently have compacts in development with MCC: Cape Verde, Georgia, Ghana, Indonesia, and Zambia. He added that MCC expects to present the Indonesia and second Cape Verde Compacts to the Board in September..

The Board meeting was adjourned at 11:31 a.m.

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