

**SUMMARY OF THE SEPTEMBER 17, 2008 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the September 17, 2008 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:

Condoleezza Rice, Secretary of State (Chair)
Ambassador Susan C. Schwab, United States Trade Representative
Henrietta Fore, Administrator, USAID
Robert M. Kimmitt, Deputy Secretary,
for Henry M. Paulson, Jr. (Vice Chair), Secretary of Treasury
John J. Danilovich, Chief Executive Officer, MCC
Lorne W. Craner, Private Sector Member
William H. Frist, Private Sector Member
Kenneth F. Hackett, Private Sector Member
Alan J. Patricof, Private Sector Member

INVITED GUEST:

Daniel M. Price, Assistant to the President and Deputy National Security Advisor for International Economic Affairs, for Stephen J. Hadley, National Security Advisor

OTHER PARTICIPANTS (at all or a portion of the meeting): Reuben Jeffery, III (State); Karen Mathiasen (Treasury); Mary Ryckman (USTR); James Kunder (USAID); Rodney Bent (MCC +1); Gretchen Birkle (Mr. Craner +1); Mauro DeLorenzo (Former Senator Frist +1); Dennis Shin (Mr. Hackett +1); Julie Sunderland (Mr. Patricof +1); William G. Anderson, Jr. (MCC); Matthew Bohn (MCC); Jonathan Bloom (MCC); Michael Casella (MCC); Richard Day (MCC); Maureen Harrington (MCC); John Hewko (MCC); Sherri Kraham (MCC); Matthew McLean (MCC); Darius Mans (MCC); James Mazarella (MCC); Eyrique Miller (MCC); Suzi Morris (MCC); Dennis Nolan (MCC); Gina Porto (MCC); Frances Reid (MCC); W. Stacy Rhodes (MCC); Bruce Overton (MCC); Tanya Southerland (MCC); Darius Teter (MCC); Christa Capozzola (OMB); Jacqueline Strasser (OMB); and Jason Mack (State).

2. Administrative Resolutions. The Board approved the minutes of the June 17, 2008 Board meeting.
3. CEO Update. The MCC CEO updated the Board on MCC operations, including recent meetings with members of Congress and opportunities MCC has had to participate in bipartisan panels of recognized development experts and in meetings with diaspora communities in New York, Chicago, and Detroit. In addition to the signing of the

Burkina Faso and Namibia compacts since the last Board meeting, MCC will soon sign threshold program agreements with Rwanda and Albania.

4. Georgia Update Discussion. The MCC CEO provided a status of U.S. Government efforts to assist Georgia, and the Board heard first-hand accounts of the situation from Under Secretary of State Reuben Jeffery and Deputy CEO Rodney Bent's participation in a U.S. delegation to Georgia. MCC is considering adding as much as \$100 million to its existing compact program. Any additional funding would be used to further support the original compact objectives of reducing poverty in Georgia through economic growth, including through expanding certain existing compact projects. Additional funding would require approval of MCC's Board, notification to Congress, and approval by the government of Georgia. MCC is currently awaiting a proposal from the government of Georgia. Board members reiterated the importance of messaging the unique nature of this circumstance (i.e., Georgia's needs are within current compact, strong implementation capabilities already on the ground, opportunity to finish what was originally planned, and the country passes the eligibility criteria) to avoid a perception that MCC funds are available for emergency relief.
5. MCC – Past, Present, and Future. The vice president for compact development walked the Board through some of the highlights in the development of MCC and its programs over the past four years. The vice president for congressional and public affairs outlined MCC's efforts to capture and report on results. The vice president for compact implementation highlighted compact results, and the vice president for policy and international relations shared threshold program results and lessons learned. There was general agreement on the successful achievement of standing up a new model for foreign assistance that had committed \$6.7 billion to 35 compact and threshold partner countries in little over four years.
6. MCC Lessons Learned. The vice president for policy and international relations provided a number of examples of how MCC is making a difference and what MCC has learned over the past four years related to its three core principles. Not only have there been identifiable policy improvements among the countries seeking MCC funding, MCC partner countries in some cases were adopting MCC methods of analysis to take their development further. One noted business school is doing a case study of MCC that will highlight MCC's approach to development assistance.
7. Compact Development Process Refinements. The deputy vice president for compact development presented details on changes to the compact development process. The new approach primarily seeks to reduce all types of investment risk, by (i) helping partner countries focus on their primary constraints to economic growth, (ii) greater upstream engagement on potential investment projects that are within the implementation capacity of the sponsor, and (iii) completing feasibility studies and environmental and social assessments earlier in the process. This will result in better compacts with more accurate cost estimates. In addition, MCC is beginning capacity-building efforts in such areas as procurement and fiscal management at an early stage. These changes should eventually lead to earlier and more predictable disbursements to the recipient countries.

8. Pipeline Update. The vice president for compact development provided an update on each of the countries that is currently in the pipeline. Although any new compacts in FY09 will be subject to the availability funds, it is anticipated that MCC could conclude compacts with four eligible counties: Moldova, Timor Leste, Malawi, and Jordan.
9. Approval of the FY09 Budget for the Inspector General. Deputy Secretary Kimmitt (Audit Committee chair) reported on the earlier discussions of the Audit Committee and recommended that the Board approve the budget and work plan submitted by the Inspector General for FY09. The Board unanimously approved the plan and budget in the amount of approximately \$4,865,000. On the recommendation of the Audit Committee chair, the Board deferred voting on the Audit Committee charter, pending efforts to reach acceptable language.
10. The meeting adjourned at approximately 11:40 a.m.

Distribution: MCC Website