

**SUMMARY OF THE DECEMBER 11, 2008 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION**

The following is a summary of the December 11, 2008 meeting of the Board of Directors (the “Board”) of the Millennium Challenge Corporation (“MCC”), which was held in closed session at 2:00 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)
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:

Stephen J. Hadley, National Security Advisor

OTHER PARTICIPANTS (at all or a portion of the meeting): Reuben Jeffery, III (State +1); Karen Mathiasen (Treasury +1); Elena Bryan (USTR +1); James Kunder (USAID +1); Rodney Bent (MCC +1); Gretchen Birkle (Mr. Craner +1); Mauro De Lorenzo (Senator Frist +1); Dennis Shin (Mr. Hackett +1); Julie Sunderland (Mr. Patricof +1); Jon Brause (NSC +1); Henry C. Pitney (MCC); John Hewko (MCC); Maureen Harrington (MCC); Matthew McLean (MCC); Michael Casella (MCC); Darius Mans (MCC); Jonathan Bloom (MCC) Matthew Bohn (MCC); Paul Butki (MCC); Brian Finkelstein (MCC); Tom Kelly (MCC); Monica Kladakis (MCC); Sherri Kraham (MCC); John Mantini (MCC); James Mazzarella (MCC); Eyrique Miller (MCC); Richard Morford (MCC); Suzi Morris (MCC); Dennis Nolan (MCC); Bruce Overton (MCC); Bradley Parks (MCC); Frances Reid (MCC); Sara Rose (MCC); Aaron Sherinian (MCC); Gina Porto (MCC); Darius Teter (MCC); Robert Goldberg (OMB); Jacqueline Strasser (OMB); Karen Enstrom (State); and Suzanne Inzerillo (State)

2. Administrative Resolutions. The Board approved minutes of its September 17, 2008 meeting, as well as the minutes of the Audit Committee’s September 17, 2008 meeting.
3. CEO Update. The MCC CEO set forth the meeting agenda and asked the Board to consider the current budget and pipeline prior to the discussion of specific countries for selection. Ambassador Danilovich outlined that MCC is currently partnering with 39 countries in various stages of compact or threshold program implementation or

development. He also noted that in FY10 some of MCC's early compacts will be concluded which will trigger the issue of second compacts. Finally, Ambassador Danilovich reported that nearly all the FY08 funds have been allocated and that the FY09 budget is still uncertain given the transition and the fact the current Continuing Resolution expires March 6, 2009.

4. Discussion regarding FY 2009 MCA Eligibility and Threshold Selection. Thomas Kelly, Senior Director for Economic Policy, led a discussion through the selection process for compact countries. Sherri Kraham, Deputy Vice President, Department of Policy & International Relations (PIR), provided the background for threshold countries. Ambassador Danilovich introduced the countries that need to be re-selected. He had noted earlier that the Board would not be asked to re-select countries that are in implementation but that it would be necessary for the Board to re-select countries that were still developing compacts. Finally, PIR Vice President, Maureen Harrington, provided information on the performance of current compact partners.
5. Threshold and Compact Selection. Later, in executive session, the Board approved selection of Liberia as a new threshold county and also designated Timor-L' est as threshold eligible. In addition, the Board selected Zambia, Indonesia and Columbia as new compact eligible countries. The Board further approved five, previously selected countries that are currently developing compacts as eligible in fiscal year 2009: Jordan, Malawi, Moldova, Philippines and Senegal. Finally, the Board approved in principal a second stage threshold program for Paraguay.
6. Nicaragua Discussion and matters related to monitoring current compact countries. Ambassador Danilovich provided an update on the reception of letters by the Nicaraguan government detailing MCC's concerns with respect to recent municipal elections. Discussion ensued regarding the concerns of the Board both for the deteriorating policy situation and the status of MCC projects which have been very effective to date. The Board determined that it was best to suspend assistance for new activities under the \$175 million compact and call on the government of Nicaragua to develop and implement a comprehensive set of measures to address MCC's concerns regarding its commitment to democratic principals. The Board resolved to review the response of the government and determine subsequent actions at its next quarterly Board meeting in March 2009.

With respect to Armenia, the Board voiced its continued concerns regarding that country's performance on democracy related indicators and expressed its ongoing interest in monitoring Armenia's progress at fulfilling its commitments to substantive reforms. The status of Armenia's progress on these commitments will also be reviewed at the March Board meeting.

7. Audit Committee Report. Treasury Deputy Secretary Kimmitt provided a follow-up report on the progress of MCC's compliance under the Federal Information Security Management Act. In addition, he reported that the Office of the Inspector General and MCC management had come to agreement on the text of a new Audit Committee charter and recommended that it be adopted. By vote, the Board approved the new charter.

8. The meeting adjourned at approximately 3:50 p.m.

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