



CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform you that the Millennium Challenge Corporation (MCC) will terminate assistance to Mali as set forth in the attached notification and accompanying report. The report summarizes the determination by MCC that the Government of the Republic of Mali has engaged in a pattern of actions inconsistent with the criteria used to determine eligibility of Mali for MCC assistance.

We are available to meet with you at your convenience to discuss this termination. If you or your staff would like to arrange a meeting please contact me or Jim Mazarella at (202) 521-2695. The attached notification is being sent to Congress on August 7, 2012.

Sincerely,

T. Charles Cooper
Vice President
Congressional and Public Affairs

**MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION**

August 7, 2012

This notification is submitted pursuant to section 611(c) of the Millennium Challenge Act of 2003 as amended (22 USC 7701 *et seq.*)(Act) to report that the Millennium Challenge Corporation (MCC) will terminate assistance to the Government of Mali (GoM).

MCC and the GoM entered into a \$460,811,164 Millennium Challenge Compact (Compact) on November 13, 2006, and such Compact was amended on September 11, 2008. As set forth in the accompanying report, the GoM has engaged in a pattern of actions contrary to MCC's eligibility criteria. On March 22, 2012, MCC declared a provisional halt to Mali Compact activities following reports of a military mutiny in Bamako.

On May 4, 2012, MCC's Board of Directors concurred with the recommendation of MCC's Chief Executive Officer (CEO) to terminate assistance to Mali at a date not later than August 31, 2012. The Board also authorized the CEO to take, where feasible given the evolving circumstances on the ground, those actions necessary to wind-up Compact activities, including steps to secure Compact work sites; preserve the value of MCC's Compact investments to date; and protect beneficiaries to ensure that they will not be left worse off than before the Compact.

The attached report summarizes MCC's actions to date, as well as the determination by the CEO, pursuant to section 611(a)(2) of the Act, that Mali has engaged in a pattern of actions inconsistent with MCC's eligibility criteria.

**REPORT ON THE DETERMINATION BY THE CHIEF EXECUTIVE OFFICER THAT
THE GOVERNMENT OF MALI HAS ENGAGED IN A PATTERN OF ACTIONS
INCONSISTENT WITH THE ELIGIBILITY CRITERIA OF THE
MILLENNIUM CHALLENGE CORPORATION**

Background

The Millennium Challenge Corporation (MCC) and the Government of the Republic of Mali (GoM) entered into a \$460,811,164 Millennium Challenge Compact (Compact) on November 13, 2006, and that Compact was subsequently amended on September 11, 2008. The Compact entered into force on September 17, 2007 and was scheduled to conclude on September 17, 2012.

On March 22, 2012, a group of mutinous Malian army soldiers orchestrated an undemocratic transfer of power from the elected civilian government to a military junta. In response to the military mutiny, the Chief Executive Officer of MCC (MCC CEO) immediately halted normal compact operations in Mali. On April 10, the Department of State determined that the events of March 22 constituted a military coup d'état.

On May 4, 2012 MCC's Board of Directors concurred with the recommendation of the MCC CEO to terminate assistance to the Government of Mali, based on the finding that the GoM has engaged in a pattern of actions inconsistent with the criteria used to determine the eligibility of Mali for assistance, under 611(a)(2) of the Millennium Challenge Act of 2003, as amended (22 USC 7701 *et seq.*) (Act).

Pattern of Actions

The basis for this determination centers on the sustained, undemocratic transfer of power which began March 21-22, when a group of mutinous army soldiers suspended the Malian constitution, detained senior Malian officials, and forcibly removed then-President Amadou Toumani Touré from power.

The unconstitutional seizure of power, combined with the still-evolving role of the military junta in Mali, represents a clear pattern of actions that is inconsistent with MCC's eligibility criteria and the agency's commitment to work only in those countries committed to democratic governance and the rule of law. Specifically, the pattern of actions in Mali is inconsistent with good performance in the policy areas measured by the *Political Rights*, *Civil Liberties*, and *Rule of Law* indicators.

Although not part of the formal pattern of actions, increased instability and insecurity in the northern region of Mali have further diminished performance on *Rule of Law and Government Effectiveness* indicators. In April, armed rebel groups in the northern Mali took advantage of the

power struggle in Bamako and declared independence from the central government. Human rights groups report increasing concern about chaos, lawlessness, and confirmed rights abuses.

Immediately following the military coup d'état, MCC initiated a review and analysis of the situation in Mali and the future of MCC assistance to the country in light of MCC's operating principles, applicable U.S. statutory and policy provisions, as well as the terms of the Compact and related agreements.

Under the terms of the Act, other applicable law, and the Compact itself, MCC assistance to the GoM could either be suspended or terminated. For both policy and implementation reasons, MCC decided that termination of the Compact was the appropriate institutional response to the military coup d'état in Mali.

MCC considers the beneficiaries of MCC's investment in Mali to be distinct from the mutineers involved in the coup d'état. Consistent with its mission, governing policies, and applicable legislative framework, MCC initiated a wind-up of Compact activities to be complete prior to Compact termination. In order to facilitate a responsible closure of the Compact projects, MCA-Mali will remain in operation long enough to ensure, in so far as possible, that Compact termination is orderly and that MCC has taken the necessary steps to secure the Compact worksites, preserve MCC's compact investments to date and protect program beneficiaries.

MCC is working to ensure that program assets are properly accounted for as part of this process and has strengthened internal systems and processes for this wind-up process. There will be a limited administrative closure period following the termination date of the Compact. The final unexpended amount for the Compact will not be determined until all invoices are paid and the administrative closure period is complete.