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Description of document: Meeting Minutes of the Board of Directors of the Millennium Challenge Corporation (MCC), 2004-2006

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Source of document: Millennium Challenge Corporation
Attn: Chief FOIA Officer
1099 14th Street N.W., Suite 700
Washington, DC 20005-3550
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From: MCC FOIA
Date: Nov 30, 2016 7:41:39 PM
Subject: RE: Freedom of Information Act request

Please be advised that the Millennium Challenge Corporation (MCC) has partially granted your request for information pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. §552.

MCC conducted a search in all locations that could reasonably be expected to maintain records and determined that there were 82 pages responsive to your request. The responsive documents are attached.

- The Minutes of the May 6, 2004 Meeting of the Board of Directors of the MCC
- The Minutes of the July 20, 2004 Closed Session Meeting of the Board of Directors of the MCC
- The Minutes of the May 20, 2005 Meeting of the Board of Directors of the MCC
- The Minutes of the June 13, 2005 Meeting of the Board of Directors of the MCC
- The Minutes of the July 28, 2005 Meeting of the Board of Directors of the MCC
- The Minutes of the November 8, 2005 Meeting of the Board of Directors of the MCC
- The Minutes of the February 8, 2006 Meeting of the Board of Directors of the MCC
- The Minutes of the February 2, 2004 Closed Session Meeting of the Board of Directors

MCC has also determined that certain documents that may be responsive to your request have been withheld in their entirety as they are currently undergoing declassification and unavailable:

- The Minutes of the June 16, 2006 Meeting of the Board of Directors of the MCC
- The Minutes of the September 12, 2006 Meeting of the Board of Directors of the MCC

If you determine that the response to your FOIA request necessitates an appeal, you must initiate your appeal in writing and it must be electronically transmitted or postmarked by MCC within ninety (90) days after your receipt of this notice. Your appeal must identify the designated reference number (FOIA 16-xx) and include a statement that clearly specifies why you believe an error exists. Your appeal shall be sent to the following address:

Millennium Challenge Corporation
ATTN: FOIA Appeals Officer
1099 Fourteenth Street, NW, 7th Floor
Washington, DC 20005

You may also submit an appeal to MCC's FOIA e-mail address at FOIA@mcc.gov. If you have any questions please feel free to contact me at atfoia@mcc.gov.

Cordially,

Udvaldo Lopez
Chief FOIA Officer (Acting)

(U) Attachment A
(U) MINUTES OF THE FEBRUARY 2, 2004 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION
a U.S. Government Corporation

CLOSED SESSION

(U) The closed portion of the first meeting of the Board of Directors (the "Board") of the Millennium Challenge Corporation (the "Corporation") was held on February 2, 2004, at approximately 4:35 p.m. in the Secretary's Conference Room at the U.S. Department of State, Washington, D.C.

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)

(U) The Directors present at the meeting were:

Declassified on: MAY 04 2016

Secretary of State, Colin L. Powell (Chairman)
Secretary of Treasury, John W. Snow (Vice Chairman)
U.S. Trade Representative, Robert B. Zoellick
Administrator of USAID, Andrew S. Natsios

(U) Others present at all or a portion of the closed session of the meeting were Alan Larson (State; Interim CEO of MCC), John Taylor (Treasury), Josette Shiner (USTR), Steve Brent (USAID), Paul Applegarth (Senior Advisor to the Secretary of State), Clay Lowery (Treasury), Drew Luten (USAID), Jon Dyck (Commerce), Maureen Harrington (State) and Jendayi Frazer (NSC).

(U) The Chairman recognized that a quorum of the Board was present and made brief introductory remarks. The Chairman then moved on to the first item of business of the closed session: the identification of candidate countries.

Candidate Country Selection

(U) The Chairman asked the Interim CEO to lead a discussion on the identification by the Board of countries that will be candidates for Millennium Challenge Account ("MCA") assistance in FY 2004. The Board discussed the methodology for selecting the candidate countries. Candidate countries are defined under Section 606 of the Millennium Challenge Act of 2003 (the "Act") as those countries that are eligible for assistance from the International Development Association and not ineligible to receive assistance from the United States under the Foreign Assistance Act of 1961 or other applicable law.

(U) Following the discussion, the Chairman invited a motion that the proposed list of candidate countries be approved. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 606 of the Act provides that the Board must identify each candidate country for purposes of eligibility for assistance under the Act, it is hereby:

~~SECRET~~ **DECLASSIFIED**

(U) Attachment A

RESOLVED, that the Board has identified each of the countries in the list previously circulated to the Board, and that will be attached as [Attachment C] to the minutes of this meeting, as either a candidate country for purposes of eligibility for assistance for FY 2004 or a non-candidate country that the Board would have identified as a candidate country but for its ineligibility to receive assistance under the Act due to the requirements of Section 606(a)(1)(B) of the Act; and

FURTHER RESOLVED, that if the legal eligibility to be a candidate for assistance of any country on [Attachment C] changes due to the requirements of Section 606(a)(1)(B) of the Act or any other applicable provision of law, each such country shall be added or removed, as appropriate, from the list of approved candidate countries without further action of the Board.

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)

Declassified on: MAY 04 2016

Other business

(U) The Chairman asked the Interim CEO to lead a brief discussion on how the Corporation intends to handle the criteria and methodology for determining which of the candidate countries are eligible for MCA assistance in FY 2004. The Board discussed the interagency process used to develop the 16 criteria and the four additional factors Congress instructed the Corporation to consider: the sustainable management of natural resources, respect for worker rights, treatment of women and children, and respect for the rights of people with disabilities. The Board discussed the time frames for developing the eligibility criteria and their desire for publication of the proposed criteria and methodology within 30 days.

(U) Following this discussion, the Chairman moved on to the next item of business: a discussion of personnel matters, including the appointment of officers.

(At this point, Mr. Brent, Ms. Harrington, Mr. Lowery, Mr. Lutten, and Mr. Dyck left the meeting.)

Personnel Matters

(U) The Board then discussed personnel matters related to the Corporation, including the appointment of initial officers. Following this discussion, the Chairman recommended that the appointment of particular officers be handled by written consent subsequent to the Board meeting.

(U) There being no further business for the closed session of the meeting, the Chairman adjourned the closed session at approximately 5:25 p.m.

Dated: April 23, 2004



Alan Larson
Interim CEO

~~SECRET~~ DECLASSIFIED

(U) Attachment B
MCA Eligible Countries for FY 2004

Armenia
Benin
Bolivia
Cape Verde
Georgia
Ghana
Honduras
Lesotho
Madagascar
Mali
Mongolia
Mozambique
Nicaragua
Senegal
Sri Lanka
Vanuatu

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

**MINUTES OF THE JULY 20, 2004 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION
a U.S. Government Corporation**

CLOSED SESSION

A closed session of the July 20, 2004 meeting of the Board of Directors (the "Board") of the Millennium Challenge Corporation (the "Corporation") was held at approximately 10:25 a.m. in the Principals Conference Room at the U.S. Department of State, Washington, D.C.

The Board members present at the meeting were:

Colin L. Powell, Secretary of State (Chairman)
Robert B. Zoellick, U.S. Trade Representative
Paul V. Applegarth, CEO
Kenneth Hackett
Christine Todd Whitman

The following individuals were present on behalf of absent Board members (indicated in parentheses) consistent with the requirements of Article 1, Section 1 of the Corporation's Bylaws:

Samuel Bodman, Deputy Secretary of the Treasury (for the Secretary)
Frederick Schieck, Deputy Administrator of USAID (for the Administrator)

Others present at the beginning of the closed session of the meeting were Assistant Secretary Anthony Wayne (State), Assistant Secretary Randal Quarles (Treasury), Brian Gunderson (USTR), Steve Brent (USAID), Jon Dyck (MCC), John Hewko (MCC), Clay Lowery (MCC), Drew Luten (MCC) and Maureen Harrington (MCC).

A quorum being present, Chairman Powell began the closed portion of the meeting by noting that Dr. Condoleeza Rice, the President's National Security Advisor, planned to join the portion of the meeting relating to the discussion of candidate countries but would leave before the Board finalized its discussion and voted on any matters.

Approval of minutes of closed session of May 6 Board meeting

The Chairman noted that all of the Board members had a chance to review the minutes of the closed session of the May 6, 2004 Board meeting and asked for a resolution to approve these minutes and certify that the minutes accurately reflect the proceedings at that portion of the meeting. Upon a motion duly made and seconded, the following resolution was unanimously carried:

SENSITIVE BUT UNCLASSIFIED

WHEREAS, the Board members have reviewed the minutes of the closed session of the May 6, 2004 Board meeting and have determined that they accurately reflect the proceedings at that meeting, it is hereby:

RESOLVED, that the minutes of the closed session of the May 6, 2004 Board meeting previously circulated to the Board under separate cover due to the classified nature of the minutes are true and correct and are hereby approved as the official minutes of that portion of the meeting.

The Chairman then moved on to the first item of business of the closed session: a discussion of FY 2005 candidate countries.

Discussion of FY 2005 candidate countries

The Chairman asked CEO Paul Applegarth to highlight any issues related to the identification by the Board of countries that will be candidates for Millennium Challenge Account ("MCA") assistance in FY 2005.

(b) (5)
[Redacted text block]

[Redacted text block]

The Board members briefly discussed several issues relating to the candidate country selection process, (b) (5)

[Redacted text block]

Mr. Applegarth also noted that countries that were ineligible in FY05 based on increased per capita income from FY04 (i.e. (Albania, Bosnia and Herzegovina, Cape Verde, and Tonga) would become candidate countries again in FY06 under Section 606(b) of the Act, but

that they would be competing against a stronger performing group of lower middle-income countries.

(b) (5)

FY 2005 Selection Criteria and Methodology

The Chairman noted that, while the Board would not be asked to take any action on this agenda item at this meeting, he wanted to highlight some of the issues related to the selection criteria and methodology the Board would be asked to approve prior to the next Board meeting. He then asked Mr. Applegarth to highlight relevant issues for Board consideration.

Mr. Applegarth summarized the current selection criteria and methodology and noted that the process for selecting candidate countries that would be explained in a forthcoming report

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to Congress. (b) (5)

[REDACTED]

[REDACTED]

[At this point, Dr. Rice and John Simon (NSC) joined the meeting.]

(b) (5)
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Threshold Program

Mr. Applegarth briefly updated the Board on the status of the Threshold Country Program. He noted that MCC staff had worked on the issue with staff from other Board agencies and particularly USAID, which would be the principal implementer of the program on MCC's behalf. He noted that MCC management and USAID agreed the Threshold Program should be "rules based" like the rest of MCC and should be a manageable program in terms of size (i.e., less than 10 countries). (b) (5)

[REDACTED]

(b) (5)

[REDACTED]

[REDACTED]

The Board agreed that Mr. Applegarth should circulate a recommended list of Threshold countries for Board approval following additional discussions with Board member agencies.

[At this point, Dr. Rice and Mr. Simon left the meeting]

Personnel

[At this point, the MCC staff other than the Corporate Secretary left the meeting for the consideration of a personnel matter]

The Board briefly discussed the proposed appointment of Clay Lowery to the position of Vice President, Substantive Programs. Mr. Applegarth expressed Mr. Lowery's qualifications

SENSITIVE BUT UNCLASSIFIED

and Board expressed general approval for Mr. Lowrey's appointment. After some discussion, the Board agreed that the name of the position should be changed from "Substantive Programs" to an alternative title. The Board agreed to approve the resolution appointing Mr. Lowery as V.P. with the proviso that a new title be recirculated for written approval by the Board following the meeting. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, the Board has deemed it advisable to approve the appointment by the Chief Executive Officer (CEO) of Clay Lowery as Vice President, Substantive Programs, and having been consulted by the CEO in a manner that satisfies the requirements of Section 604(b)(6) of the Act, it is hereby:

RESOLVED, that the appointment by the CEO of Mr. Lowery to the position of Vice President, Substantive Programs is hereby approved; and

FURTHER RESOLVED, that Mr. Lowery shall carry out such duties and responsibilities as may be assigned to such office from time to time by the CEO.

The Chairman noted that there were no more agenda items and the Sunshine Act meeting ended at approximately 11:20 a.m.

Dated: September 13, 2004



Jon A. Dyck
Vice President and General
Counsel, Corporate Secretary

Attachment A

MCA Candidate Countries for FY 2005

1. Afghanistan
2. Angola
3. Armenia
4. Azerbaijan
5. Bangladesh
6. Benin
7. Bhutan
8. Bolivia
9. Burkina Faso
10. Cameroon
11. Chad
12. China
13. Comoros
14. Congo, Dem. Rep.
15. Congo, Rep. (Brazzaville)
16. Djibouti
17. Egypt, Arab Rep. Of
18. Equatorial Guinea
19. Eritrea
20. Ethiopia
21. Gambia
22. Georgia
23. Ghana
24. Guinea
25. Guyana
26. Haiti
27. Honduras
28. India
29. Indonesia
30. Iraq
31. Kenya
32. Kiribati
33. Kyrgyz Republic
34. Lao PDR
35. Lesotho
36. Madagascar
37. Malawi
38. Mali
39. Mauritania
40. Moldova
41. Mongolia
42. Morocco
43. Mozambique
44. Nepal
45. Nicaragua
46. Niger
47. Nigeria
48. Pakistan
49. Papua New Guinea
50. Paraguay
51. Philippines
52. Rwanda
53. Sao Tome and Principe
54. Senegal
55. Sierra Leone
56. Solomon Islands
57. Sri Lanka
58. Swaziland
59. Tajikistan
60. Tanzania
61. Timor-Leste
62. Togo
63. Turkmenistan
64. Tuvalu
65. Uganda
66. Ukraine
67. Vanuatu
68. Vietnam
69. Yemen, Rep.
70. Zambia

SENSITIVE BUT UNCLASSIFIED DRAFT

List of Ineligible Countries Under Section 606(a)(1)(b)
of the Millennium Challenge Act of 2003

1. Burma
2. Burundi
3. Cambodia
4. Central African Republic
5. Cote d'Ivoire
6. Cuba
7. Guinea-Bissau
8. Liberia
9. Somalia
10. Sudan
11. Syrian Arab Republic
12. Uzbekistan
13. Zimbabwe

**MINUTES OF THE JULY 20, 2004 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION
a U.S. Government Corporation**

OPEN SESSION

A meeting of the Board of Directors (the "Board") of the Millennium Challenge Corporation ("MCC" or the "Corporation") was held on July 20, 2004, at 10:00 a.m. in Room 1107 at the U.S. Department of State, Washington, D.C.

The Board members present at the meeting were:

Colin L. Powell, Secretary of State (Chairman)
Paul V. Applegarth, CEO
Kenneth Hackett
Christine Todd Whitman
Robert B. Zoellick, U.S. Trade Representative

The following individuals were present on behalf of absent Board members (indicated in parentheses) consistent with the requirements of Article 1, Section 1 of the Corporation's Bylaws:

Samuel Bodman, Deputy Secretary of the Treasury (for the Secretary)
Frederick Schieck, Deputy Administrator of USAID (for the Administrator)

The Chairman recognized that a quorum of Board members was present and called the meeting to order. The Chairman began his remarks by welcoming on behalf of the Board and President Bush the newest members of the MCC Board of Directors: Christine Todd Whitman, former Governor of New Jersey and former Administrator of the EPA, and Kenneth Hackett, President of Catholic Relief Services.

The Chairman noted that due to the limited duration of the Board's public session, MCC would be holding a more extended public outreach session on July 27, 2004 at GSA where Mr. Applegarth and other MCC staff would update the public on MCC operations since the May 6 Board meeting and take public questions and comments on MCC operations. He noted that the reports from Mr. Applegarth and embassies regarding recent trips by MCC staff to each of the MCA-eligible countries were encouraging.

The Chairman then moved on to the first item of business: the approval of the minutes of the open session of the May 6, 2004 Board meeting.

Approval of minutes of open session of May 6, 2004 Board meeting

The Chairman noted that all of the Board members had a chance to review the minutes of the open session of the May 6, 2004 Board meeting, included in Tab 1 of their Board books, and asked for a resolution to approve these minutes and certify that the minutes accurately reflect the proceedings at that portion of the meeting. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, the Board members have reviewed the attached minutes of the open session of the May 6, 2004 Board meeting and have determined that they accurately reflect the proceedings at that meeting, it is hereby:

RESOLVED, that the minutes of the open session of the May 6, 2004 Board meeting, attached hereto as [Attachment A], are true and correct and are hereby approved as the official minutes of that portion of the meeting.

The Chairman then asked CEO Paul Applegarth to report on recent MCC operations.

CEO update on MCC operations

Mr. Applegarth gave a brief report on MCC operations since the May 6 Board meeting. He explained that the focus of much of MCC's recent activity was related to the Board's previous selection of the first 16 MCA-eligible countries and approval of the Threshold Program. He noted that MCC met with the ambassadors of the selected countries soon after their selection and that President Bush hosted a well-attended ceremony in the East Room of the White House to recognize and congratulate the ambassadors for their countries' selection.

Mr. Applegarth updated the Board on the recent visits to each of the 16 MCA-eligible countries. He noted the cooperation and assistance of various officials from USAID, State, Treasury and elsewhere in preparing for the trips. He highlighted common experiences among the teams that visited countries, including that they were received at the highest levels of government (typically including the president and prime minister) and that the countries were uniformly proud of being recognized and enthusiastic about participation in MCC. He cited positive examples of MCC experiences in Armenia, Mongolia and Cape Verde.

He cautioned that the timing of initial proposal submissions would vary in light of the requirements of extensive in-country consultation and because the specifics of proposal development are unique to each country. He noted that predicting when the first MCA Compacts would be completed was difficult, but that MCC had encouraged countries to take the time to get their proposals right. He added that the countries' growing recognition of what was expected of them, and the flexibility offered by MCC, had likely slowed down the submission process.

He noted the work currently underway at MCC to develop a proposal evaluation process, plan for implementation of the threshold program, begin the candidate country selection process for 2005, and continue public outreach. He noted that MCC staff had spent

a considerable amount of time meeting with Congress and their staff to keep interested members up to date on MCC activities, and that he had testified before the HIRC and House Appropriations Foreign Operations Subcommittee. He noted that the House passed an appropriation bill that included \$1.25 billion for '05 and that the Administration continues to make the case for the President's original request of \$2.5 billion. He expressed appreciation for the leadership and support of Chairman Kolbe and the bipartisan support that MCC enjoys.

He noted ongoing outreach efforts with NGOs, business groups, and international donors, and recognized Administrator Natsios' efforts in coordinating recent meetings with G-8 development ministers.

He noted that MCC continues to build the team and infrastructure necessary to support MCC operations and put in place appropriate financial and administrative procedures. He noted extensive discussions with Hill staff, the GAO and the Inspector General staff regarding their oversight efforts and recognized the need for transparency and the importance of generating confidence in MCC activities during the start-up phase.

Chairman Powell thanked Mr. Applegarth for his remarks and thanked MCC staff for the work they had accomplished in recent months and the fast ramp up of MCC. He described the many visits and calls from representatives of countries that were selected as well as those that were not selected, noting the importance of continued policy reform and improvement in eligible countries and the future prospects for those not yet eligible but committed to reform.

The Chairman reemphasized that MCA assistance is additional and not at the expense of traditional foreign assistance efforts. He noted the Administration's various assistance efforts over the past three and an half years and MCA's unique contribution to these efforts. He also noted that the Board would be talking about threshold funding for countries that were not yet eligible but were getting closer, to help "bring them along" towards improvement on the MCA selection criteria.

He concluded that he and the President were very pleased about the progress of MCC to date and even more optimistic about MCC's future potential.

Closing the remainder of the meeting

The Chairman then explained the basis for closing the remainder of the meeting to the public and recommended that the Board vote to do so, after which the Chairman invited a motion that the meeting be closed. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 606 of the Millennium Challenge Act of 2003 (the "Act") requires the Board to identify countries that will be candidates for MCA assistance in FY 2005 as well as countries that would be candidates for MCA

assistance in FY 2005 but for their ineligibility to receive assistance under Part I of the Foreign Assistance Act of 1961; and

WHEREAS, Section 608(b) of the Act provides that the Board approve the eligibility criteria and methodology that it will use to determine the eligibility of each candidate country to receive assistance under the Act; and

WHEREAS, the Board expects to discuss certain classified information which relates to U.S. foreign relations during its discussion of the process for determining countries eligible for assistance during FY 2005, in furtherance of Sections 606 and 608(b) of the Act, which provides a proper basis for closing this portion of the meeting to public observation pursuant to subsection (c)(1) of the Government in the Sunshine Act (5 U.S.C. 552b) (the "Sunshine Act"); and

WHEREAS, the Board expects to discuss certain internal personnel-related matters of the Corporation, which provides a proper basis for closing this portion of the meeting to public observation pursuant to subsection (c)(2) of the Sunshine Act; it is hereby:

RESOLVED, that the portion of the Board meeting relating to the process for determining eligible countries during FY 2005 in furtherance of Sections 606 and 608(b) of the Act, is hereby authorized to be closed to public observation pursuant to subsection (c)(1) of the Sunshine Act; and

FURTHER RESOLVED, that the portion of the Board meeting relating to personnel matters of the Corporation is hereby authorized to be closed to public observation pursuant to subsection (c)(2) of the Sunshine Act.

The Chairman then directed the Board to regroup in the Principals Conference Room in five minutes for the closed session.

The open session of the Sunshine Act meeting adjourned at approximately 10:20 a.m.

Dated: September 2, 2004



Jon A. Dyck
Vice President and General
Counsel, Corporate Secretary

Attachment A

[Insert minutes of May 6, 2004 open session]

**(U) MINUTES OF THE JULY 28, 2005 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION
a U.S. Government Corporation**

CLOSED SESSION

(U) A closed session of the July 28, 2005 meeting of the Board of Directors (the "Board") of the Millennium Challenge Corporation (the "Corporation") was held at 2:00 p.m. in the Principals Conference Room at the U.S. Department of State, Washington, D.C.

(U) Directors present at the meeting were:
Condoleezza Rice (Chair), Secretary of State
Randall Quarles, Under Secretary of the Treasury
(Representing John W. Snow (Vice Chair), Secretary of Treasury)
Andrew S. Natsios, Administrator of USAID
Paul V. Applegarth, MCC Chief Executive Officer
Kenneth F. Hackett
Christine Todd Whitman

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)
MAY 04 2016

(U) Board member Rob Portman (U.S. Trade Representative) was unable to attend. His signed proxy documents were submitted to the Chair.

(U) Others present at the meeting: Anthony Wayne (State); Bobby J. Pittman, Jr. (Treasury); Jon Dyck (MCC); Mary Ryckman (USTR); R. Stephen Brent (USAID); Jamieson Davies (Hackett Plus One); John Hewko (MCC); Clay Lowery (MCC); Margot Machol (MCC); Frances McNaught (MCC); Charles Sethness (MCC); Joyce B. Lanham (MCC); Faraaz Siddiqi (USTR); and Christina Tomlinson (State).

(U) Others present for a portion of the meeting: Stephen B. Hadley (NSC); John Simon (NSC); Dr. Stephen Krasner (State); Steven C. Anderson (MCC); Gretchen Brevnov (MCC); Harry C. Carr (MCC); Melinda Good (MCC); Stephen Groff (MCC); Sherri G. Kraham (MCC); Margaret L. Kuhlow (MCC); Ellen K. Moran (MCC); Kristen Penn (MCC); and G. Kevin Saba (MCC).

(U) A quorum being present, Secretary Rice opened the meeting by inviting a motion that the minutes of the May 20, 2005 Board meeting be approved. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, the Board members have reviewed the minutes of the May 20, 2005 Board meeting and have determined that they accurately reflect the proceedings at that meeting, it is hereby:

RESOLVED, that the minutes of the May 20, 2005 Board meeting, previously distributed for Board review, attached hereto as Exhibit A, are true and correct and are hereby approved as the official minutes of the meeting.

(U) Secretary Rice then invited a motion that the minutes of the June 13, 2005 Board meeting be approved. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, the Board members have reviewed the minutes of the June 13, 2005 Board meeting and have determined that they accurately reflect the proceedings at that meeting, it is hereby:

RESOLVED, that the minutes of the June 13, 2005 Board meeting, previously distributed for Board review, attached hereto as Exhibit [B], are true and correct and are hereby approved as the official minutes of the meeting.

Candidate Countries for Fiscal Year 2006

[Ms. Kraham and Ms. Good joined the meeting.]

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)
MAY 04 2010
Declassified on:

(U) Mr. Applegarth provided a brief overview of MCC's process for the Fiscal Year 2006 ("FY06") selection of Millennium Challenge Account ("MCA")-eligible countries, noting that (i) for the first time, candidate countries would be categorized as either "low income" countries or "lower middle income" countries; (ii) after further discussion and consideration, Nigeria can be on the candidate country list and the lists previously distributed to the Board would be amended to reflect the change; (iii) the current "core" candidate list might be further amended as countries move above and below the income ceiling set by legislation or as legal provisions permit under the Foreign Assistance Act (FAA); and (iv) within 30 days, Board members would receive a list of proposed criteria for candidate country review.

(U) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Georgia Compact Discussion

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)

[Ms. Kraham departed the meeting and Georgia transaction and computer (the team) joined the meeting.]

Declassified on:

MAY 04 2016

(U) (S)

[REDACTED]

Secretary Rice thanked Ms. Brevnov for her presentation and opened the floor for questions.

(U) (S)

[REDACTED]

[REDACTED]

[REDACTED]

(S)

(S)

[REDACTED]

(S)

(S)

[REDACTED]

[Georgia Transaction Team members departed and Mr. Saba joined the meeting.]

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)
MAY 04 2016
Declassified on:

Threshold Program Update

(U) (S) Mr. Saba provided a brief overview of the current status of Albania's and Malawi's Threshold Programs. Albania update: Albania (i) has 3.5 million people; (ii) is MCC's only European Threshold country; (iii) is below the median on the corruption indicator; (iv) fails 4 out of 6 economic freedom indicators; (v) has a robust black market; and (vi) its Threshold Program would focus on Tirana, the capital, which has the largest percentage of taxpayers. Mr. Saba explained that the two major components of Albania's Threshold Program

(reforming the tax system in Tirana and reforming government procurement practices) are intended to attack corruption and improve performance on the indicators (Trade Policy, Fiscal policy, Days to Start a Business and Credit Rating). [REDACTED]

[REDACTED]

[REDACTED]

(U) (S) Malawi update: Mr. Saba noted that Malawi's Threshold Program also focuses on the elimination of corruption and gave examples of significant steps President Mutharika has taken in support of the Program. Malawi's Threshold Program has three main components: (i) balancing power among legislative, executive and oversight bodies within Malawi; (ii) enhancing the role of civil society and the media; and (iii) building the capacity of the Ministry of Finance and the Revenue Authority. [REDACTED]

[REDACTED]

(U) [REDACTED]

Secretary Rice thanked Mr. Saba for his update and invited Mr. Applegarth to provide an update on the Compact pipeline.

[Kevin Saba departed the meeting.]

Compact Development Update

(U) Mr. Applegarth provided Board members with a brief update regarding MCC's (i) growth; (ii) move to headquarters; (iii) staffing; (iv) lessons learned; (v) feedback from partner

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)
MAY 04 2010
Declassified on:

(U) [REDACTED]

(U) [REDACTED]

(U) [REDACTED]

Declassified by
Vice President, General Counsel
and Corporate Secretary (Acting)
MAY 04 2010
Declassified on:

[Mr. Hadley and Mr. Simon departed the meeting.]

(U) Secretary Rice invited a motion to approve the candidate country list for FY06. Mr. Dyck noted that votes on the resolution would be amended to move Nigeria from the list of countries that would be candidate countries but for statutory provisions that prohibit assistance to the list of candidate countries in the low income category. Upon a motion duly made and seconded, the following resolutions were unanimously carried (Ambassador Portman voted by proxy):

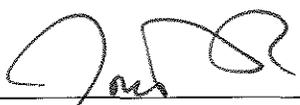
WHEREAS, Section 606 of the Millennium Challenge Act of 2003, as amended (the "Act"), provides that the Board must identify each candidate country for purposes of eligibility for assistance under the Act, it is hereby:

RESOLVED, that the Board has identified each of the countries in the list previously circulated to the Board and attached hereto as Exhibit [C] as either a candidate country for the purposes of eligibility for assistance under the Act for FY 2006 or a non-candidate country that the Board would have identified as a candidate country but for its ineligibility to receive assistance under the Act due to the requirements of Section 606(a)(1)(B) of the Act (with respect to low income countries) or Section 606(b)(1)(B) of the Act (with respect to lower middle income countries); and

FURTHER RESOLVED, that if the legal eligibility to be a candidate for assistance of any country on Exhibit C changes due to the requirements of Section 606(a)(1)(B) of the Act, Section 606(b)(1)(B) of the Act or any other applicable provision of law, each such country shall be added or removed, as appropriate, from the list of approved candidate countries without further action of the Board.

(U) Secretary Rice thanked the Board members and Mr. Applegarth and adjourned the meeting.

Dated: November 8, 2005



Jon A. Dyck
Vice President and General Counsel,
Corporate Secretary

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

EXHIBIT A

(U) Minutes of the May 20, 2005 Board Meeting

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

EXHIBIT B

(U) Minutes of the June 13, 2005 Board Meeting

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2010

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)

EXHIBIT C

Declassified on: MAY 04 2016

Proposed List of MCA Candidate Countries for FY 2006

Low Income Category

- | | |
|-----------------------------------|---------------------------|
| 1. Afghanistan | 35. Lao PDR |
| 2. Angola | 36. Lesotho |
| 3. Armenia | 37. Liberia |
| 4. Azerbaijan | 38. Madagascar |
| 5. Bangladesh | 39. Malawi |
| 6. Benin | 40. Mali |
| 7. Bhutan | 41. Mauritania |
| 8. Bolivia | 42. Moldova |
| 9. Burkina Faso | 43. Mongolia |
| 10. Cameroon | 44. Morocco |
| 11. Chad | 45. Mozambique |
| 12. China | 46. Nepal |
| 13. Comoros | 47. Nicaragua |
| 14. Congo, Democratic Republic of | 48. Niger |
| 15. Congo, Republic of | 49. Pakistan |
| 16. Djibouti | 50. Papua New Guinea |
| 17. East Timor | 51. Paraguay |
| 18. Egypt, Arab Republic of | 52. Philippines |
| 19. Eritrea | 53. Rwanda |
| 20. Ethiopia | 54. Sao Tome and Principe |
| 21. Gambia | 55. Senegal |
| 22. Georgia | 56. Sierra Leone |
| 23. Ghana | 57. Solomon Islands |
| 24. Guinea | 58. Sri Lanka |
| 25. Guinea-Bissau | 59. Tajikistan |
| 26. Guyana | 60. Tanzania |
| 27. Haiti | 61. Togo |
| 28. Honduras | 62. Turkmenistan |
| 29. India | 63. Uganda |
| 30. Indonesia | 64. Ukraine |
| 31. Iraq | 65. Vanuatu |
| 32. Kenya | 66. Vietnam |
| 33. Kiribati | 67. Yemen, Rep. |
| 34. Kyrgyz Republic | 68. Zambia |

Proposed List of MCA Candidate Countries for FY 2006

Lower Middle Income Category

- | | |
|-----------------------|---------------------------|
| 1. Albania | 16. Macedonia, FYR |
| 2. Algeria | 17. Maldives |
| 3. Belarus | 18. Marshall Islands |
| 4. Brazil | 19. Micronesia, Fed. Sts. |
| 5. Bulgaria | 20. Namibia |
| 6. Cape Verde | 21. Peru |
| 7. Colombia | 22. Romania |
| 8. Dominican Republic | 23. Samoa |
| 9. Ecuador | 24. Suriname |
| 10. El Salvador | 25. Swaziland |
| 11. Fiji | 26. Thailand |
| 12. Guatemala | 27. Tonga |
| 13. Jamaica | 28. Tunisia |
| 14. Jordan | 29. Tuvalu |
| 15. Kazakhstan | |

**Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)**
MAY 04 2016

**List of Ineligible Countries
under Section 606(a)(1)(B) and Section 606(b)(1)(B)
of the Millennium Challenge Act of 2003**

- | | |
|-----------------------------|---------------------------|
| 1. Bosnia and Herzegovina | 9. Nigeria |
| 2. Burma | 10. North Korea |
| 3. Burundi | 11. Serbia and Montenegro |
| 4. Cambodia | 12. Somalia |
| 5. Central African Republic | 13. Sudan |
| 6. Cote d'Ivoire | 14. Syrian Arab Republic |
| 7. Cuba | 15. Uzbekistan |
| 8. Islamic Republic of Iran | 16. Zimbabwe |

**(U) MINUTES OF THE MAY 20, 2005 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION
a U.S. Government Corporation**

CLOSED SESSION

(U) A closed session of the May 20, 2005 meeting of the Board of Directors (the "Board") of the Millennium Challenge Corporation ("MCC" or the "Corporation") was held at approximately 10:45 a.m. in the Principals Conference Room at the U.S. Department of State, Washington, D.C.

(U) The Directors present at the meeting were:

Condoleezza Rice (Chair), Secretary of State

John W. Snow (Vice Chair), Secretary of the Treasury

Frederick Schieck, Deputy Administrator of USAID

(representing Andrew S. Natsios)

Rob Portman, U.S. Trade Representative

Paul V. Applegarth, MCC Chief Executive Officer

Kenneth Hackett

Christine Todd Whitman

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

(U) Others present at the meeting were: Anthony Wayne (State), John Hurley (Treasury), Jon Dyck (MCC), Mary Ryckman (USTR), R. Stephen Brent (USAID), Thomas Gibson (Whitman Plus One), Jamie Davies (Hackett Plus One), John Hewko (MCC), Clay Lowery (MCC), Frances McNaught (MCC), Charles Sethness (MCC), Margot E. Machol (MCC), John Mantini (MCC), Patricia Trefry (MCC) and Joyce Lanham (MCC).

(U) Others present for a portion of the meeting were: Stephen Hadley (NSA), Faryar Shirzad (NSA), John Wingle (MCC), Margaret Kuhlrow (MCC), Ellen Moran (MCC), Felipe Mantiega (MCC), James B. Hallmark (MCC), Jonathan Brooks (MCC), Thomas Campbell (MCC), Anne Rothbaum (MCC), Laura Trimble (MCC), James Vermillion (MCC), G. Kevin Saba (MCC), Christina Tomlinson (State).

(U) A quorum being present, Secretary Rice opened the closed session of the Board meeting with the first item of business: approval of the minutes of the March 14, 2005 Board meeting. The Chair invited a motion that the minutes of the March 14, 2005 Board Meeting be approved. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, the Board members have reviewed the attached minutes of the March 14, 2005 Board meeting and have determined that they accurately reflect the proceedings at that meeting, it is hereby:

RESOLVED, that the minutes of the March 14, 2005 Board meeting, attached hereto as Exhibit A, are true and correct and are hereby approved as the official minutes of the meeting.

The Chair then moved to the next item of business: approval of the MCC Compact with Honduras. [Some members of MCC's Honduras transaction team joined the meeting.]

Discussion to Approve the MCC Compact with Honduras

(U) Mr. Applegarth opened the Honduras Compact discussion by noting that the proposed Compact amount had been increased to \$215 million because of further refinement of the budget.

(U)(b) (5) [Redacted text block]

~~SECRET~~
and Corporate Secretary (Acting)

(U) [Redacted text block]

(U)(b) (5) [Redacted text block]

(b) (5)

[Redacted]

[Redacted]

the President, General Counsel
and Corporate Secretary (Acting)

(U) Secretary Rice asked about participation by members of civil society on the Board of

MCA- (b) (5)

Declassified on: May 11, 2016

[Redacted]

[Redacted]

(b) (5) [Redacted]

[Redacted]

[Redacted]

(U) Secretary Rice invited comments and questions. [Honduras Transaction Team departed the meeting.] Secretary Rice moved the meeting to a discussion relating to the Threshold Program. [Kevin Saba joined the meeting.]

**Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016**

Threshold Program Update and Discussion

(U) Mr. Applegarth gave the Board members an update on the status of the Threshold Program: (i) all thirteen Threshold countries met the deadline for submission of their “concept papers”; (ii) eight countries were approved to go forward into implementation planning; and (iii) five countries were given an additional 60 days to improve their concept papers (Tanzania and Uganda met the 60-day deadline; Kenya did not). Mr. Applegarth then invited Mr. Saba and Mr. Lowery to further discuss recent developments in the Threshold Program.

(U) (S) Mr. Saba briefly reviewed the Threshold Program, the process of moving into the Threshold Country Plan, and funding. Mr. Lowery clarified that an overhead fee is paid to USAID out of the Threshold Program funding. Mr. Applegarth explained why additional funding is being requested for the Threshold Program and requested input from the Board members. Secretary Rice noted that Uganda and Tanzania had submitted proposals and were on track but Kenya seems questionable and invited comments from Board members. (b) (5)

[Redacted]

(b) (5) [Redacted]

[Redacted]

Compact Development Update

President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

(S) (b) (5) [Redacted]

[Redacted]

Secretary Rice queried the Board members for additional discussion. [Mr. Hadley and Mr. Simon departed the meeting.]

(U) Secretary Rice invited a motion that the Honduras Compact be approved. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 609(a) of the Millennium Challenge Act of 2003 (the "Act") provides that the Board of Directors (the "Board") of the Millennium Challenge Corporation (the "Corporation"), acting through the Chief Executive Officer ("CEO") of the Corporation, may provide Millennium Challenge Account ("MCA") assistance for an eligible country selected pursuant to Section 607 of the Act only if the country enters into an agreement with the United States, known as a Millennium Challenge Compact ("Compact"), that establishes a multi-year plan for achieving shared development objectives in furtherance of the purposes of the Act;

WHEREAS, Corporation staff have negotiated a proposed Compact with the Government of the Republic of Honduras ("GOH") based on a proposal submitted by GOH to the Corporation on August 23, 2004 and further refined based on negotiations and discussions between the Corporation and GOH;

WHEREAS, the CEO has recommended that the Board approve the Compact on substantially the terms, and in substantially the form, of the Compact attached hereto as Exhibit B;

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2010

WHEREAS, Section 609(h) of the Act requires that each Compact be approved by the Board before the United States enters into the Compact; and

WHEREAS, the Board members have reviewed the proposed Compact and the proposed Program described therein; it is hereby:

RESOLVED, that the Corporation, on behalf of the United States and acting through the CEO, is hereby authorized to conclude a Compact with the GOH on substantially the terms, and in substantially the form, of the Compact attached hereto as Exhibit B;

FURTHER RESOLVED, that as provided in Section 610(b) of the Act, the CEO is authorized and directed to provide notification of the Compact to the appropriate congressional committees, including a detailed summary of the Compact and a copy of the text of the Compact, and to publish such detailed summary and the text of the Compact in the Federal Register and on the Internet website of the Corporation, not later than 10 days after the Corporation enters into the Compact with GOH; and

FURTHER RESOLVED, that the CEO is authorized and directed to take such other actions, and enter into such other agreements, as are necessary to carry out the purposes of the Compact and to give effect to the foregoing resolutions.

(U) Secretary Rice then invited a motion for an increase in the amount available to the Threshold Program be approved. Upon a motion made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 616 of the Millennium Challenge Act of 2003 (the "Act") authorizes the Board of Directors (the "Board") of the Millennium Challenge Corporation (the "Corporation"), acting through the Chief Executive Officer ("CEO"), to provide assistance under Section 616 of the Act ("Threshold Program assistance") to candidate countries that demonstrate a significant commitment to meet the requirements of Section 607(b) of the Act for selection as eligible countries, but failed to meet such requirements for FY 2005;

WHEREAS, Section 616(d) of the Act provides that not more than ten (10) percent of the amounts appropriated for a fiscal year may be made available to carry out the Section 616 program (the "Threshold Program");

WHEREAS, in September 2004 the Board selected seven (7) FY 2004 candidate countries to invite to apply for FY 2004 Threshold Program assistance and initially reserved and authorized to be made available up to \$40 million of appropriated funds for the Threshold Program; and

WHEREAS, on November 8, 2004 the Board selected thirteen (13) FY 2005 candidate countries as eligible to receive assistance from such amounts of FY 2005 Threshold Program funding as may be approved by the Board from time to time, including seven (7) countries previously invited to apply for FY 2004 Threshold Program assistance and six (6) new countries invited to apply for FY 2005 Threshold Program assistance; and

WHEREAS, MCC has reviewed Threshold Program concept papers from each of the FY 2004 and FY 2005 Threshold Program countries and currently estimates that approximately \$185 million may be required to carry out the FY 2004 and FY 2005 Threshold Programs; it is hereby:

RESOLVED, that up to \$30 million of additional FY 2004 appropriated funds and up to \$115 million of FY 2005 appropriated funds are reserved and authorized to be made available to carry out the FY 2004 and FY 2005 Threshold Programs, respectively.

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

(U) The Chair noted that there were no more agenda items and adjourned the meeting at approximately 12:30 pm.

Dated: July 28, 2005



Jon A. Dyck
Vice President and General Counsel,
Corporate Secretary

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

EXHIBIT A

(U) Minutes of the March 14, 2005 Board Meeting

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

~~SECRET~~ DECLASSIFIED

Exhibit B

(U) Form of Compact

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

~~SECRET~~ DECLASSIFIED ¹⁰ ~~SECRET~~

Derived from multiple sources.
Declassify on: July 28, 2015

**(U) MINUTES OF THE JUNE 13, 2005 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION
a U.S. Government Corporation**

CLOSED SESSION

(U) A closed session of the June 13, 2005 meeting of the Board of Directors (the "Board") of the Millennium Challenge Corporation (the "Corporation") was held at approximately 11:30 a.m. in the Principals Conference Room at the U.S. Department of State, Washington, D.C.

(U) The Directors present at the meeting were:

**Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016**

Condoleezza Rice (Chair), Secretary of State
Arnold Havens, Acting Deputy Secretary of the Treasury
(Representing John W. Snow (Vice Chair), Secretary of Treasury)
Josette Sheeran Shiner, Deputy U.S. Trade Representative
(Representing Ambassador Rob Portman, U.S. Trade Representative)
Frederick Schieck, Deputy Administrator of USAID
(Representing Andrew S. Natsios, USAID Administrator)
Paul V. Applegarth, MCC Chief Executive Officer
Kenneth Hackett

(U) Public Board member Christine Todd Whitman was unable to attend due to overseas travel. Her signed proxy documents were submitted to the Chair.

(U) Others present at the meeting were: Ambassador C. Lawrence Greenwood (State); Bobby J. Pittman, Jr. (Treasury), Jon Dyck (MCC), Mary Ryckman (USTR), R. Stephen Brent (USAID), Jamie Davies (Hackett Plus One), Thomas Gibson (Whitman Plus One), John Hewko (MCC), Clay Lowery (MCC), Frances McNaught (MCC), Charles Sethness (MCC), Jonathan Bloom (MCC), Margot Machol (MCC), James Hallmark (MCC), John Mantini (MCC), Maura Griffin (MCC), Patricia Trefry (MCC) and Joyce Lanham (MCC).

(U) Others present for a portion of the meeting were: Stephen Hadley (NSA), John Simon (NSA), Matthew Bohn (MCC), Harry Carr (MCC), Cassia Carvalho-Pacheco (MCC), Stephen Gaul (MCC), Maureen Harrington (MCC), Margaret Kuhlow (MCC), Ellen Moran (MCC), David Nummy (MCC), Gene Philhower (MCC), Anne Rothbaum (MCC), Jolyne Sanjak (MCC), Laura Trimble (MCC), Rebecca Tunstall (MCC) and James Vermillion (MCC).

(U) A quorum being present, Secretary Rice opened the meeting noting that the purpose of the Board meeting was to discuss the Cape Verde and Nicaragua Compacts and invited Mr. Applegarth to begin the discussion. Mr. Applegarth thanked everyone for attending the Board meeting on short notice. [The Cape Verde Transaction Team members joined the meeting.]

(U) Mr. Applegarth noted that a Compact with Honduras would be signed later in the afternoon at the State Department and expressed his hope that the Board members would be able

to attend. Mr. Applegarth briefly discussed MCC's first signing of a 609(g) agreement (pre-Compact development funding) with Lesotho, signed in Maseru the week before, the events surrounding the signing, and the positive impact the 609(g) funding will provide. He also noted conversations he had with President Mkapa (Tanzania) and President Chissano (Mozambique) regarding their enthusiasm about country ownership and MCC programs. Mr. Applegarth updated the Board on 609(g) funding approval for Ghana and Georgia, 609(g) funding for Senegal in the near future, 2006 country selection in the fall, a recommendation for the Georgia Compact, the Threshold Program in Burkina Faso and MCC's move to its new headquarters.

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel

Discussion to Approve the MCC Compact with Cape Verde

(b) (5) [Redacted]

[Redacted]

(U) (b) (5) [Redacted]

(U) Mr. Hackett congratulated the Team and recognized that the consultative process in the country was good. Mr. Hackett asked the Team to discuss (i) tourism's impact on poverty reduction in Cape Verde; (ii) whether Cape Verde will be positively impacted by the debt reduction and what will be done with the proceeds; and (iii) implementation of the Compact. Mr. Gauld responded that debt reduction in Cape Verde is a moot issue because it never had to request relief and noted Cape Verde's history of using donor funds effectively for implementation. Ms. Moran added that the port project is larger than any other project that ENAPOR (Empresa Nacional de Administracao dos Portos), the entity that manages the port, has managed, so an international project management firm has been retained to oversee the overall port project and an independent construction monitoring firm will be brought in for oversight during the construction period. For implementation of the roads project, Ms. Moran explained that, with MCC oversight, the services of a project implementation unit of the Ministry of Infrastructure and Transportation would be utilized and noted the link between improved roads and ports to poverty reduction.

(U) (b) (5) [Redacted]

(U) (b) (5) [Redacted]

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel

Discussion to Approve the MCC Compact with Nicaragua and Corporate Secretary (Acting)

Declassified on: MAY 04 2016

(U) (b) (5) [Redacted]

WHEREAS, Section 609(a) of the Millennium Challenge Act of 2003 (the "Act") provides that the Board of Directors (the "Board") of the Millennium Challenge Corporation (the "Corporation"), acting through the Chief Executive Officer ("CEO") of the Corporation, may provide Millennium Challenge Account ("MCA") assistance for an eligible country selected pursuant to Section 607 of the Act only if the country enters into an agreement with the United States, known as a Millennium Challenge Compact ("Compact"), that establishes a multi-year plan for achieving shared development objectives in furtherance of the purposes of the Act;

WHEREAS, Corporation staff have negotiated a proposed Compact with the Government of the Republic of Cape Verde ("GOCV") based on a proposal submitted by GOCV to the Corporation on August 10, 2004 and further refined based on negotiations and discussions between the Corporation and GOCV;

WHEREAS, the CEO has recommended that the Board approve the Compact on substantially the terms, and in substantially the form, of the Compact attached hereto as Exhibit A;

WHEREAS, Section 609(h) of the Act requires that each Compact shall be approved by the Board before the United States enters into the Compact; and

WHEREAS, the Board members have reviewed the proposed Compact and the proposed Program described therein; it is hereby

RESOLVED, that the Corporation, on behalf of the United States and acting through the CEO, is hereby authorized to conclude a Compact with the GOCV on substantially the terms, and in substantially the form, of the Compact attached hereto as Exhibit A;

FURTHER RESOLVED, that as provided in Section 610(b) of the Act, the CEO is authorized and directed to provide notification of the Compact to the appropriate congressional committees, including a detailed summary of the Compact and a copy of the text of the Compact, and to publish such detailed summary and the text of the Compact in the Federal Register and on the internet website of the Corporation, not later than 10 days after the Corporation enters into the Compact with GOCV; and

FURTHER RESOLVED, that the CEO is authorized and directed to take such other actions, and enter into such other agreements, as are necessary to carry out the purposes of the Compact and to give effect to the foregoing resolutions.

(U) Secretary Rice invited a motion that the Nicaragua Compact be approved with the understanding that there will be additional Congressional consultation prior to signing. Upon a motion duly made and seconded, the following resolutions were unanimously carried:

WHEREAS, Section 609(a) of the Millennium Challenge Act of 2003 (the "Act") provides that the Board of Directors (the "Board") of the Millennium Challenge Corporation (the "Corporation"), acting through the Chief Executive Officer ("CEO") of the Corporation, may provide Millennium Challenge Account ("MCA") assistance for an eligible country selected pursuant to Section 607 of the Act only if the country enters into an agreement with the United States, known as a Millennium Challenge Compact ("Compact"), that establishes a multi-year plan for achieving shared development objectives in furtherance of the purposes of the Act;

Declassified by Thomas G. Hohenhaner,
Vice President, General Counsel
and Corporate Secretary (Acting)

WHEREAS, Corporation staff have negotiated a proposed Compact with the Government of the Republic of Nicaragua ("GON") based on a proposal submitted by GON to the Corporation on October 25, 2004 and further refined based on negotiations and discussions between the Corporation and GON;

Declassified on: MAY 04 2016

WHEREAS, the CEO has recommended that the Board approve the Compact on substantially the terms, and in substantially the form, of the Compact attached hereto as Exhibit [B];

WHEREAS, Section 609(h) of the Act requires that each Compact shall be approved by the Board before the United States enters into the Compact; and

WHEREAS, the Board members have reviewed the proposed Compact and the proposed Program described therein; it is hereby

RESOLVED, that the Corporation, on behalf of the United States and acting through the CEO, is hereby authorized to conclude a Compact with the GON on substantially the terms, and in substantially the form, of the Compact attached hereto as Exhibit [B];

FURTHER RESOLVED, that as provided in Section 610(b) of the Act, the CEO is authorized and directed to provide notification of the Compact to the appropriate congressional committees, including a detailed summary of the Compact and a copy of the text of the Compact, and to publish such detailed summary and the text of the Compact in the Federal Register and on the internet website of the Corporation, not later than 10 days after the Corporation enters into the Compact with GON; and

FURTHER RESOLVED, that the CEO is authorized and directed to take such other actions, and enter into such other agreements, as are necessary to carry out the purposes of the Compact and to give effect to the foregoing resolutions.

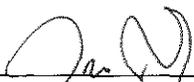
(S) (8) Ms. McNaught noted that she would contact [Congressman Kolbe] that evening for final consultation. Mr. Dyck (Vice President, General Counsel) asked for clarification that no further Board action is required if final consultations regarding the Nicaraguan Compact are

satisfactory. Secretary Rice confirmed that as correct. Mr. Havens noted the requirement to return to the Board with regard to the Monitoring and Evaluation Plan and Disbursement Agreement per prior Compacts. (b) (5)

[REDACTED]

(U) The Chair noted that there were no more agenda items and adjourned the meeting at approximately 1:00 pm.

Dated: July 28, 2005



Jon A. Dyck
Vice President and General Counsel,
Corporate Secretary

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

Exhibit A

(U) Form of Compact

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

~~SECRET~~ DECLASSIFIED

Exhibit B

(U) Form of Compact

Declassified by Thomas G. Hohenthauer,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016

SECRET DECLASSIFIED

**(U) MINUTES OF THE FEBRUARY 8, 2006 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION
a U.S. Government Corporation**

(U) A meeting of the Board of Directors (the "Board") of the Millennium Challenge Corporation (the "Corporation") was held in closed session at 10:00 a.m. on February 8, 2006 in the Principals Conference Room at the U.S. Department of State, Washington, D.C.

Directors present at the meeting:

Condoleezza Rice (Chair), Secretary of State

Robert Kimmitt, Deputy Secretary of the Treasury

(Representing John W. Snow (Vice Chair), Secretary of Treasury)

Rob Portman, U.S. Trade Representative

Frederick Schieck, Acting Administrator of USAID

John J. Danilovich, MCC Chief Executive Officer

Kenneth F. Hackett

Christine Todd Whitman

(U) Others present at the meeting: Josette Shiner (State); John Hurley (Treasury); Karan Bhatia (USTR); Walter North (USAID); Jon Dyck (MCC); Jamieson Davies (Hackett Plus One); Thomas Gibson (Whitman Plus One); Rodney Bent (MCC); Gary Keel (MCC); John Hewko (MCC); Matthew McLean (MCC); Frances McNaught (MCC); Charles Sethness (MCC); John Mantini (MCC); Bruce Overton (MCC); Patricia Trefry (MCC); Joyce Lanham (MCC); and Christina Tomlinson (State).

(U) Others present for portions of the meeting: Stephen Hadley (National Security Advisor); John Simon (NSC); Bunyan Bryant (MCC); Monika Kladakis (MCC); and Kevin Saba (MCC).

(U) A quorum being present, the Chair called the meeting to order and moved to the first item of business, a resolution to approve the minutes of the November 8, 2005 Board meeting. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, the Board members have reviewed the minutes of the November 8, 2005 Board meeting and have determined that they accurately reflect the proceedings at that meeting, it is hereby:

RESOLVED, that the minutes of the November 8, 2005 Board meeting, previously distributed for the Board review, attached hereto as [Exhibit A], are true and correct and are hereby approved as the official minutes of the meeting.

Declassified by *Sarah E. Fandell*
Thomas G. Henthorn,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: AUG 30 2016

Discussion of Two Proposed Changes to the Bylaws

(U) The Chair invited Ambassador Danilovich to discuss proposed changes to the Bylaws. Ambassador Danilovich noted that the first proposed change to the Bylaws would provide ten (10) "working" days advance notice of meetings to Board members or Board actions without meetings, rather than ten (10) "calendar" days. Upon a motion duly made and seconded, the following resolution to amend Article 1, Section 11 of Bylaws was unanimously carried:

WHEREAS, Article 1, Section 11 of the Bylaws of the Millennium Challenge Corporation (the "Corporation") provides that at least ten (10) days notice must be given to a Board member prior to any Board meeting or Board action without a meeting; and

WHEREAS, the Board has determined that such provision should be amended to include only "working" days in the calculation of such period; it is hereby

RESOLVED, that the first sentence of Article 1, Section 11 of the Bylaws is hereby amended by striking the words "ten (10) days prior to a meeting" and inserting in their place "ten (10) working days prior to a meeting or requested date for action without a meeting in accordance with Section 10 of this Article."

(U) Ambassador Danilovich then described a proposed change to the Bylaws to explicitly provide Board members who cannot attend meetings the opportunity to vote by proxy. Upon a motion duly made and seconded, the following resolution to amend Article I, Section 6 of Bylaws, was unanimously carried:

WHEREAS, Article 1, Section 6 of the Bylaws of the Millennium Challenge Corporation (the "Corporation") describes the voting and quorum requirements of meetings of the Corporation's Board of Directors (the "Board"); and

WHEREAS, the Board has determined that the Bylaws should specifically provide for a Board member who is unable to attend a meeting of the Board to vote by delivery of a proxy vote to the Secretary; it is hereby

RESOLVED, that Article 1, Section 6 of the Bylaws is hereby amended by adding to the end of such Section the following text: "A Board member who is unable to attend a meeting of the Board and who is not represented at such meeting by a designee authorized to vote in such member's place pursuant to Article 1, Section 1 of these Bylaws may authorize another person or persons to act for him or her by proxy, provided such duly executed proxy is filed with the Secretary prior to the commencement of the Board meeting."

(U) Ambassador Danilovich noted for the record that Treasury Secretary John Snow was absent from the meeting and previously appointed by the Chair as

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Thomas G. Hohenhamer
General Counsel
Vice President, Secretary and Corporate Secretary (Acting)
AUG 9 2016

Committee, would be represented at the meeting by Deputy Secretary Robert Kimmitt, and that Secretary Snow had also designated Deputy Secretary Kimmitt to chair the Audit Committee meeting immediately following the Board meeting, which designation was acknowledged by the Chair without objection.

Declassified by ^{Sarah E. Fandell} Thomas G. Hohenhar
Vice President, General Counsel
and Corporate Secretary (Acting)

Threshold Program Discussion

[Mr. Bryant, Ms. Kladakis, and Mr. Saba joined the meeting]

Declassified on: AUG 30 2016

(U) The Chair moved the discussion to the Threshold Program. Ambassador Danilovich noted that Threshold programs for Albania and Paraguay would be discussed for approval and invited Mr. Bent to provide a presentation on both countries. Mr. Bent began by providing an overview of steps being taken to speed up the design and negotiation of Threshold country programs, including: (i) conducting a more extensive and detailed indicator analyses; (ii) providing more guidance and feedback to countries earlier in the process; and (iii) engaging more extensively with U.S. country teams and other donors (State Department and USAID) in threshold countries to better understand the purpose and nature of the Threshold program. Mr. Bent then provided a brief update regarding each country.

(U) **Albania.** Albania's proposed Threshold Program (\$13.85 million) has two main parts: (i) tax administration (speeding up the collection of taxes and reducing the costs and days to register a business) and (ii) reducing corruption (corrupt officials and public procurements of contracts). (Mr. Bent noted a typographical error in the memo to the Board (dated January 25, 2006) regarding reducing corruption in public procurement; he indicated that the program aimed to reduce such corruption from six percent to two percent, rather than to four percent as indicated in the memo.)

(U) **Paraguay.** Paraguay's Threshold Program will be the largest to date (\$34.65 million) and the primary focus will be on governance (tax administration, procurement, and business registration), customs, smuggling, and corruption. Mr. Bent noted in particular the enormity of the tax administration problem, where only 1,500 of the approximately 300,000 registered taxpayers actually pay any tax.

(U) (b) (5) [Redacted text block]

(b) (5) [Redacted]

[Redacted]

[Mr. Bryant, Ms. Kladakis, and Mr. Saba departed the meeting and Mr. Hadley and Mr. Simon joined the meeting]

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~~Thomas C. Hohenhaner~~,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: AUG 30 2016

Compact Pipeline Discussion

(U) The Chair noted that resolutions on the Albania and Paraguay Threshold Programs would be voted on at the end of the meeting and turned the discussion to the Compact pipeline. Ambassador Danilovich provided an update of the pipeline and noted funding estimates and obligations through 2007. Ambassador Danilovich noted that changes will occur as Compacts and countries evolve but that he was confident that the pipeline and estimated levels of obligations were fair representations of what to expect in FY07. However, based on estimates of a \$3 billion appropriation for FY07, which should result in an accumulative balance at the end of FY07, Ambassador Danilovich cautioned that there was a strong likelihood of insufficient funds getting through FY07. The Chair noted that this should be raised with Congress.

(u) (b) (5) [Redacted]

(b) (5)

[REDACTED]

[Mr. Hadley and Mr. Simon departed the meeting.]

(U) The Chair noted that the Audit Committee's first meeting would follow today's Board meeting and that it would include a discussion with the new Inspector General (IG), Donald Gambatesa.

(U) The Chair moved to the next item of business, a resolution to approve Albania's Threshold Program. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 616 of the Millennium Challenge Act of 2003, as amended (the "Act"), authorizes the Board of Directors (the "Board") of the Millennium Challenge Corporation ("the Corporation"), acting through the Chief Executive Officer ("CEO") of the Corporation, to provide assistance to candidate countries that demonstrate a significant commitment to meet the requirements of Section 607(b) of the Act for selection as eligible countries, but failed to meet such requirements;

WHEREAS, the Board previously authorized and approved a program to provide assistance under Section 616 of the Act (the "Threshold Program") to countries that the Board has determined meet the requirements of such Section, as identified by the Board;

WHEREAS, the Board previously identified Albania as eligible for the Threshold Program for fiscal year 2004;

WHEREAS, the Corporation, in accordance with section 619(b)(1), has allocated to the United States Agency for International Development ("USAID") some of the Corporation's funds to administer the Threshold Program, and plans to allocate additional funds for such purpose;

WHEREAS, the Government of Albania has proposed to use Threshold Program assistance for a program focused on improving Albania's performance on the Ruling Justly and Economic Freedom indicators (the "Albania Program");

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WHEREAS, the CEO has presented an action memorandum to the Board recommending that the Board approve the Albania Program, which action memorandum, on the subject "MCC Threshold Country Program - Albania," is attached hereto as [Exhibit B]; and

WHEREAS, the Board has determined that the Albania Program meets the requirements of the Threshold Program; it is hereby

RESOLVED, that up to \$13,850,000 of the Corporation's funds allocated to USAID is authorized to be used to carry out the Albania Program substantially as described in [Exhibit B]; and

FURTHER RESOLVED, that the CEO and other officers of the Corporation are authorized to take such actions, and to execute such documents, as may be necessary to carryout the Albania Program and the purposes of this resolution, which authority may be further delegated.

(U) The Chair moved to the next item of business, a resolution to approve Paraguay's Threshold Program. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 616 of the Millennium Challenge Act of 2003, as amended ("the Act"), authorizes the Board of Directors ("the Board") of the Millennium Challenge Corporation (the "Corporation"), acting through the Chief Executive Officer ("CEO") of the Corporation, to provide assistance to candidate countries that demonstrate a significant commitment to meet the requirements of Section 607(b) of the Act for selection as eligible countries, but failed to meet such requirements;

WHEREAS, the Board previously authorized and approved a program to provide assistance under Section 616 of the Act (the "Threshold Program") to countries that the Board has determined meet the requirements of such Section, as identified by the Board;

WHEREAS, the Board previously identified Paraguay as eligible for the Threshold Programs for fiscal years 2005 and 2006;

WHEREAS, the Corporation, in accordance with section 619(b)(1) of the Act, has allocated, and plans to allocate additional funds, to the United States Agency for International Development ("USAID") some of the Corporation's funds to administer the Threshold Program;

WHEREAS, the Government of Paraguay has proposed to use Threshold Program assistance for a program focused on improving Paraguay's performance on the Ruling Justly and Economic Freedom indicators (the "Paraguay Program")

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Declassified by Thomas C. [unclear]
Vice President, General Counsel
and Corporate Secretary (Acting)

(U) Ambassador Zoellick noted that he agreed with multi-year financing of Compacts. He added that Congressman Kolbe had expressed his commitment to the MCC and had cautioned the Board to be careful about “dissipating the money among too many countries” in order to preserve the programs’ impact and continue to build political support for the MCA initiative. The Chairman agreed with this point, noted the importance of Rep. Kolbe’s support, and indicated that he wanted to ensure that the absorptive capacity of these countries was taken into account in determining the appropriate number of countries.

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Vice President, General Counsel

(S) (b) (5) [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

(S) (b) (5)

[REDACTED]

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[REDACTED]

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(b) (5)

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(b) (5)

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(S)

(b) (5)

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[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

(b) (5) [Redacted text block]

(U) The Chairman then asked for Dr. Rice and Ms. Frazier to leave the meeting for the Board's executive session.

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[At this point, Dr. Rice and Ms. Frazier left the meeting.]

(U) The Chairman then moved on to the next item of business of the closed session: the selection of eligible countries.

Selection of Eligible Countries

(U) The Chairman indicated his intent to summarize the discussion and identify his understanding of which of the countries the Board favored.

(S) (b) (5) [Redacted text block]

(U) The Chairman then took a "straw poll" which resulted in a list of 16 countries that the Board was supportive of. He then invited a motion that the proposed list of eligible countries be approved. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 607 of the Millennium Challenge Act of 2003 (the "Act") requires the Board to identify countries that will be eligible for Millennium Challenge Account ("MCA") assistance in FY 2004 and with whom the Corporation will initially seek to enter into a Millennium Challenge Compact ("Compact"); and

WHEREAS, the Board members have reviewed the candidate countries' scores on the MCA eligibility indicator data as well as additional information previously

provided to the Board on the candidate countries, and have discussed the selection of eligible countries at this Board meeting; it is hereby:

RESOLVED, that each of the countries included on the list attached hereto as [Attachment B] is eligible for MCA assistance in FY 2004 and is invited to submit a proposal to the Corporation for MCA assistance;

FURTHER RESOLVED, that the Corporation should seek to negotiate an MCA Compact, as described in Section 609 of the Act, with each of the countries identified in [Attachment B] hereto that, in the opinion of the CEO, has developed a proposal that justifies beginning such negotiations; and

FURTHER RESOLVED, that, as required by Section 610(a) of the Act, the CEO is authorized and directed to consult with the appropriate congressional committees at least 15 days prior to the start of negotiations of a Compact with an eligible country identified in [Attachment B] hereto.

Threshold Country Program

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and Corporate Secretary (Acting)**

(U) The Chairman then invited a motion that the proposed Threshold Program described earlier in the meeting be approved and that \$40 million of FY 04 funds be initially reserved for the program. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 616 of the Millennium Challenge Act of 2003 (the "Act") authorizes the Board, acting through the Chief Executive Officer, to provide assistance to certain candidate countries that demonstrate a significant commitment to meet the requirements of section 607(b) of the Act but fail to meet such requirements ("Threshold Countries"), for the purpose of assisting such Threshold Countries to become eligible for Millennium Challenge Account ("MCA") assistance; and

WHEREAS, the Board believes that implementation of a Threshold Countries program as described in the next paragraph (a "Threshold Program") would provide an added incentive to countries that are committed to reform but have not yet demonstrated adequate policy performance to qualify for MCA assistance; it is hereby:

RESOLVED, that the CEO may invite the submission of policy reform proposals from, and is authorized to provide assistance under Section 616 of the Act to countries that have demonstrated a significant commitment to meet the requirements of section 607(b) of the Act; and

FURTHER RESOLVED, that, consistent with Section 616(d) of the Act, the CEO may authorize that the Threshold Program assistance described in the previous paragraph be provided through the United States Agency for International Development or other third parties; and

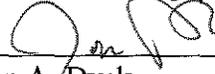
FURTHER RESOLVED, that up to \$40 million is reserved and authorized to be made available to carry out the above-described Threshold Program.

(U) The members then agreed that the CEO should notify interested members of Congress of the country selections and then make a public announcement at 3:00 p.m.

(U) There being no further business for the closed session of the meeting, the Chairman adjourned the meeting at approximately 10:55 a.m.

Dated: July 15, 2004

Declassified by Thomas G. Hohenthanner,
Vice President, General Counsel
and Corporate Secretary (Acting)
Declassified on: MAY 04 2016



Jon A. Dyck
Vice President and General
Counsel, Corporate Secretary

**MINUTES OF THE MAY 6, 2004 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION
a U.S. Government Corporation**

OPEN SESSION

A meeting of the Board of Directors (the "Board") of the Millennium Challenge Corporation ("MCC" or the "Corporation") was held on May 6, 2004, at 9:00 a.m. in the Loy Henderson Auditorium at the U.S. Department of State, Washington, D.C.

The Directors present at the meeting were:

Secretary of State, Colin L. Powell (Chairman)
Secretary of Treasury, John W. Snow (Vice Chairman)
U.S. Trade Representative, Robert B. Zoellick
Administrator of USAID, Andrew S. Natsios

The Chairman recognized that a quorum of the Board was present and welcomed the public attendees and his fellow Board members to the meeting. The Chairman then made brief introductory remarks.

The Chairman noted that the bulk of the meeting would relate to the selection of eligible countries for the Millennium Challenge Account ("MCA") and thus be closed to the public due to the consideration of certain classified information relating to candidate countries. He also indicated that the Board might discuss certain internal personnel matters during the closed session of the meeting. The Chairman expressed hope that interested members of the public were able to attend the more extended public session held on May 3 at GSA, where Under Secretary of State Alan Larson, the Interim CEO of the Corporation, and other MCC staff updated the public on MCC operations since the February 2 Board meeting and took public questions and comments on MCC operations.

The Chairman then noted that Paul V. Applegarth was confirmed by the Senate the previous night as CEO of MCC and was awaiting the President's attestation to the confirmation and signing of the appointment papers in order to make the appointment official. He congratulated Mr. Applegarth and welcomed him to the Corporation.

The Chairman then moved on to the first item of business: the approval of the minutes of the open session of the February 2, 2004 Board meeting.

Approval of minutes of open session of February 2, 2004 Board meeting

The Chairman noted that all of the Board members had a chance to review the minutes of the open session of the February 2, 2004 Board meeting, included in Tab 1 of their Board books, and asked for a resolution to approve these minutes and certify that the minutes

accurately reflect the proceedings at that portion of the meeting. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, the Board members have reviewed the attached minutes of the open session of the February 2, 2004 Board meeting and have determined that they accurately reflect the proceedings at that meeting, it is hereby:

RESOLVED, that the minutes of the open session of the February 2, 2004 Board meeting, attached hereto as [Attachment A], are true and correct and are hereby approved as the official minutes of that portion of the meeting.

The Chairman then moved to the next item business: a report on MCC operations.

CEO Update on Operations

Mr. Applegarth thanked Under Secretary Larson for his efforts as Interim CEO and expressed the appreciation he and the MCC staff felt about his work with MCC and that they looked forward to work with him on MCC matters in the future. Mr. Applegarth noted that in the fourteen weeks since the inception of MCC much work had been done, including setting up new office space, hiring staff, and putting in place financial administrative procedures to ensure MCC was accountable to the Board, to Congress, and the American taxpayer. He noted that MCC was working with the Inspector General and the GAO to establish governance and transparency procedures.

Mr. Applegarth noted that the Board would later in the meeting select countries that are eligible to present compact proposals to MCC based on selection criteria and methodology previously approved by the Board; that a synopsis of the public comments on the selection methodology were posted on the website along with data for all of the countries under those criteria; and that communications and outreach have been a major focus of MCC, including by holding two large public outreach meetings (including a May 3 meeting that was well attended and lasted more than an hour), two open meetings for ambassadors and ministers from candidate countries, and a number of meetings with NGOs, think tanks, other domestic groups, and with staff and members of Congress. Mr. Applegarth noted that the public outreach meetings were webcast globally and that the tapes of those meetings are available on the MCC website (www.mcc.gov).

Mr. Applegarth indicated that a key principle of MCC is a focus on performance and measuring results and that MCC has been trying to set a standard for itself in that regard and it was not coincidental that the Board meeting was being held on the 90th day after the Board approved the list of candidate countries for this year -- the earliest possible date under the legislation when the Board could meet to approve eligible countries. He also noted that among the MCC's work on operational issues was the publication on the MCC website of guidance for what should be included in compact proposals from eligible countries.

Mr. Applegarth reiterated the importance of the MCC as a component of overall U.S. international efforts and stated that he looked forward to making progress with the

eligible countries, to serving the President and the Board and working with the bipartisan support of Congress, and to working with the Board, the MCC team, Under Secretary Larson and others to carry the initiative forward.

The Chairman thanked Mr. Applegarth for his remarks and thanked Under Secretary Larson and the MCC staff for their hard work. He concluded that this was an historic day for the MCA initiative with the appointment of the first CEO, the designation of eligible countries and the fact that the President's vision had come to pass. He stated that MCC was prepared to execute the program in a manner that is consistent with the President's vision and the Congress' intent. The Chairman also noted the important roles played by other development initiatives, such as HIV/AIDS and other foreign policy and development assistance programs, and that MCC would work closely with other U.S. Government agencies (both those represented on the MCC Board and others such as Commerce and Agriculture) to make the MCA a success.

The Chairman then thanked the members of the public for attending and directed the Board to regroup in the Principals Conference Room in five minutes for the closed session.

There being no further business for the open session of the meeting, the Chairman adjourned the open session of the meeting at approximately 9:20 a.m.

Dated: July 20, 2004



Jon A. Dyck
Vice President and General
Counsel, Corporate Secretary

**Proposed Resolution to Approve Minutes of the Closed Session
of the February 2, 2004 Board Meeting**

WHEREAS, the Board members have reviewed the attached minutes of the closed session of the February 2, 2004 Board meeting and have determined that they accurately reflect the proceedings at that meeting, it is hereby:

RESOLVED, that the minutes of the closed session of the February 2, 2004 Board meeting, attached hereto as Exhibit A, are true and correct and are hereby approved as the official minutes of that portion of the meeting.

Attachment C

Proposed List of MCA Candidate Countries for FY2004

1. Afghanistan
2. Albania
3. Angola
4. Armenia
5. Azerbaijan
6. Bangladesh
7. Benin
8. Bhutan
9. Bolivia
10. Bosnia and Herzegovina
11. Burkina Faso
12. Cameroon
13. Cape Verde
14. Chad
15. Comoros
16. Congo, Dem. Rep.
17. Congo, Rep.
18. Djibouti
19. East Timor
20. Eritrea
21. Ethiopia
22. Gambia
23. Georgia
24. Ghana
25. Guinea
26. Guyana
27. Haiti
28. Honduras
29. India
30. Indonesia
31. Kenya
32. Kiribati
33. Kyrgyz Republic
34. Lao PDR
35. Lesotho
36. Madagascar
37. Malawi
38. Mali
39. Mauritania
40. Moldova
41. Mongolia
42. Mozambique
43. Nepal
44. Nicaragua
45. Niger
46. Nigeria
47. Pakistan
48. Papua New Guinea
49. Rwanda
50. Sao Tome and Principe
51. Senegal
52. Sierra Leone
53. Solomon Islands
54. Sri Lanka
55. Tajikistan
56. Tanzania
57. Togo
58. Tonga
59. Uganda
60. Vanuatu
61. Vietnam
62. Yemen, Rep.
63. Zambia

List of Ineligible Countries Under Section 606(a)(1)(b) of the Act

1. Burma
2. Burundi
3. Cambodia
4. Central African Republic
5. Cote d'Ivoire
6. Guinea-Bissau
7. Liberia
8. Serbia and Montenegro
9. Somalia
10. Sudan
11. Uzbekistan
12. Zimbabwe

**(U) MINUTES OF THE NOVEMBER 8, 2005 MEETING OF
THE BOARD OF DIRECTORS
OF THE MILLENNIUM CHALLENGE CORPORATION
a U.S. Government Corporation**

CLOSED SESSION

(U) A closed session of the November 8, 2005 meeting of the Board of Directors (the "Board") of the Millennium Challenge Corporation (the "Corporation") was held at 10:00 a.m. in the Principals Conference Room at the U.S. Department of State, Washington, D.C.

Directors present at the meeting were:

Condoleezza Rice (Chair), Secretary of State

Robert Kimmitt, Deputy Secretary of the Treasury

(Representing John W. Snow (Vice Chair), Secretary of Treasury)

Karan Bhatia, Deputy U.S. Trade Representative

(Representing Rob Portman, U.S. Trade Representative)

Andrew S. Natsios, Administrator of USAID

John J. Danilovich, MCC Chief Executive Officer

Kenneth F. Hackett

Christine Todd Whitman

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Vice President, General Counsel
and Corporate Secretary (Acting)
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(U) Others present at the meeting: Josette Shiner (State); Clay Lowery (Treasury); Jon Dyck (MCC); Charles Sethness (MCC); Mary Ryckman (USTR); Frederick Schieck (USAID); Jamieson Davies (Hackett Plus One); Thomas Gibson (Whitman Plus One); John Hewko (MCC); Matthew McLean (MCC); Frances McNaught (MCC); Maura Griffin (MCC); Pat Trefry (MCC); Joyce B. Lanham (MCC); Meredith Cabelka (MCC); Susan Meyers (State) and Christina Tomlinson (State).

(U) Others present for a portion of the meeting: John Simon (NSC); Keith Krulak (NSC); Steven C. Anderson (MCC); Lucas Black (MCC); Jonathan Bloom (MCC); Robert Fishbein (MCC); Stephen Groff (MCC); Michael Grossman (MCC); Sherri G. Kraham (MCC); Seannon Meeks (MCC); Bradley Parks (MCC); Kristin Penn (MCC); Kumar Ranganathan (MCC); Alex Russin (MCC); Bernadette Ryan (MCC); Jonathan Saiger (MCC); Jolyne Sanjak (MCC) and David Weld (MCC).

(U) A quorum being present, the Chair called the meeting to order. The Chair welcomed and thanked Ambassador Danilovich for his expedient arrival from Brazil to attend the Board meeting and thanked Mr. Sethness for his "expert leadership" at MCC during the CEO interim period. The Chair moved to the first item of business, a resolution to approve the minutes of the July 28, 2005 Board meeting. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, the Board members have reviewed the minutes of the July 28, 2005 Board meeting and have determined that they accurately reflect the proceedings at that meeting, it is hereby:

RESOLVED, that the minutes of the July 28, 2005 Board meeting, previously distributed for the Board review, attached hereto as [Exhibit A], are true and correct and are hereby approved as the official minutes of the meeting.

(U) The Chair, noting a full agenda for the meeting, invited Ambassador Danilovich to lead the discussion on MCA-eligibility and Threshold-eligibility selection.

Discussion of FY 2006 Millennium Challenge Account (MCA)-Eligibility and Threshold Program-Eligibility Selection

[Ms. Kraham and Mr. Parks joined the meeting.]

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Vice President, General Counsel
and Corporate Secretary (Acting)

Declassified on

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(U) Ambassador Danilovich thanked the Chair and opened the discussion by noting that, during discussions with Board staff and "plus ones," no objections were raised to re-selecting for MCA-eligibility the following countries that were MCA-eligible in FY05: Armenia, Bolivia, Benin, Georgia, Ghana, Honduras, Lesotho, Madagascar, Mali, Mongolia, Morocco, Mozambique, Nicaragua, Senegal, Sri Lanka and Vanuatu. He also noted his sense that there was no objection to the selection of Tanzania and East Timor as newly eligible countries in the low-income category. Ambassador Danilovich noted concerns by MCC and Board staff regarding democracy issues in four countries (Bhutan, China, Egypt and Vietnam) and noted that each of these countries had failed all three of the "democracy" indicators. The Chair noted a strong Presidential directive on corruption and several Board members noted that corruption is a major indicator and that if countries do not pass the corruption indicator, they should not be considered for MCA-eligibility. The Chair then opened the discussion regarding the issue of establishing a formal democracy "screen."

(U) (b) (5) [Redacted text block]

(U) (b) (5)

[REDACTED]

FY06 MCA-Eligible Countries

(U) The Chair moved the discussion to potentially new FY06 MCA-eligible countries. [Note: For purposes of clarity, certain parts of the discussion among the Board members regarding MCA-eligibility selection and Threshold Program assistance are summarized below by country. As such, views expressed by the Board members and others are not necessarily included in the precise order in which they were expressed during the meeting.]

Declassified by Thomas G. Hohenmayer,
Vice President, General Counsel
and Corporate Secretary (Acting)
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(U) (S) Burkina Faso. (b) (5)

[REDACTED]

(U) (S) The Philippines and Uganda. (b) (5)

[REDACTED]

[Mr. Krulak joined the meeting.]

(S) (b) (5)

[REDACTED]

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(b) (5)

(U) Preliminary consensus was expressed among the Board members that Burkina Faso and The Gambia should be further considered for FY06 MCA-eligibility and that The Philippines and Uganda would likely not make the list.

(U) (S) (b) (5)

[REDACTED]

FY06 Threshold Program Assistance

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Vice President, General Counsel

(U)

(S) (b) (5)

[REDACTED]

(U) The Chair moved the discussion to new candidate countries for Threshold status, noting her understanding that several countries (including Indonesia, Moldova, Ukraine, and Kyrgyz Republic) were non-controversial.

(U)

(S) Rwanda. (b) (5)

[REDACTED]

Chair noted her sense that Rwanda should be provisionally off of the Threshold list pending final Board decision.

(U) (S) Kyrgyz Republic. (b) (5)

[REDACTED]

(U) (S) Jordan. (b) (5)

[REDACTED]

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Vice President, General Counsel
and Corporate Secretary (Acting)
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(U) FY06 Lower-Middle Income MCA-Eligible Countries

(S) (b) (5)

[REDACTED]

(U) (S) (b) (5)

[REDACTED]

[Ms. Kraham and Mr. Parks departed the meeting and the Armenia Transaction Team joined the meeting.]

Transaction Team Briefings

(U) The Chair then invited MCC Transaction Teams to present to the Board on Compacts that would be ready for Board decision prior to the next Board meeting.

(U) **Armenia.** (b) (5)

[REDACTED]

(S)

(S) (b) (5)

[REDACTED]

Declassified by Thomas G. Honemann,
Vice President, General Counsel
and Corporate Secretary (Acting)
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[The Armenia Team departed the meeting and the Benin Team joined the meeting, the Chair proposed to the Board members that a dinner among the Board members be held the night before the next Board meeting scheduled for February 2006.

(U) **Benin.** Representing the Benin Transaction Team, Mr. Weld provided a brief overview of the Benin MCA-Program and noted (i) that one-third of Beninois live in poverty; (ii) that MCA-funding would be directed towards increasing investment and private sector activity in four key sectors (land, financial services, markets and justice); (iii) key constraints to growth; (iv) key policy reforms; (v) risks; (vi) beneficiaries of the Program; (vii) economic rates of return; (vi) the expected impact of the Program; and (vii) two key concerns relating to the Port of Cotonou (corruption and the lack of existing, comprehensive environmental studies at the Port).

(U) Board members queried (a) the focus of the Access to Land Project; (b) how much training will be provided in the Access to Justice Project and its benefit; (c) timing and the earliest negotiations could begin; (d) preventing corruption at the port facility; (e) implementation of the projects; and (f) the environmental impact of the Port Project. The Team responded that the precise focus for the Land Project is still being defined but will combine areas where poor people have significant needs; the Justice Project will focus on training judges and court system staffers; negotiations should begin around the second week of December; a customs processing system that will limit access to goods, restructuring the concession agreements and encouraging more privatization are mechanisms being put into place to prevent corruption at the port; implementation of the Projects will involve third party companies and MCA-Benin, which will be governed by a Board of Directors to oversee a staff, National coordinator and a manager for each major project; and Mr. Saiger briefly described a two-part environmental assessment process for the Port Project. Noting no further questions, the Chair thanked the Benin Team and invited the Vanuatu Team to join the meeting.

[The Benin Team departed the meeting and the Vanuatu Team joined the meeting.]

(U) **Vanuatu.** Representing the Vanuatu Transaction Team, Mr. Black provided a brief overview of the Vanuatu MCA-Program and noted (i) that half of Vanuatu's population lives in poverty; (ii) that MCA-funding will address Vanuatu's extremely poor transportation infrastructure; (iii) the beneficiaries of the Program; (iv) the expected transformative impact; (v) the estimated rates of return; (vi) sustainability issues; (vii) other donor coordination; and (viii) risks.

(S) (S) Mr. Hackett questioned having Vanuatu's Department of Public Works serve as the project manager for the infrastructure project and requested assurance from the Team that it is an effective, functioning, and non-corrupt Department. The Team responded that, during due diligence, particular attention was given to the effectiveness and past performance of the Public Works Department, which proved to be one of the better functioning entities in Vanuatu, and noted that they are comfortable with having it serve as project manager for the infrastructure project. Noting no further questions or comments from Board members, the Chair thanked the Vanuatu Team.

[The Vanuatu Team departed the meeting.]

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**Discussion of Proposed MCC Policy on Suspension or Termination of MCA Assistance
and/or Eligibility for Assistance**

(U) (b) (5) [REDACTED]

(b) (5)

[At this point, Mr. Simon and Mr. Krulak left the meeting.]

(U) (S) The Chair queried the maximum amount of funding for the Threshold Program (overall) and next steps for Jordan if selected to participate in the Threshold Program for FY06. Board members briefly discussed possibilities, procedures and appropriations requirements for Threshold countries and the best message to send to Jordan. The Chair then moved to the next item of business of the closed session: the selection of countries that will be eligible for FY06 MCA assistance.

Selection of FY06 MCA-Eligible Countries

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FY06 Low Income MCA-Eligible Countries

(U) The Chair invited a motion that twenty countries, including 16 previously eligible countries and four new countries (Tanzania, East Timor, Burkina Faso and The Gambia), be selected as FY06 Low Income MCA-Eligible Countries. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 607 of the Millennium Challenge Act of 2003 (Act) requires the Board to identify countries that will be eligible for Millennium Challenge Account (MCA) assistance in FY 2006 and with whom the Corporation will seek to enter into a Millennium Challenge Account Compact (Compact); and

WHEREAS, the Board members have reviewed the scores of candidate countries in the "Low Income Countries" category on the MCA eligibility indicator data as well as additional information previously provided to the Board with respect to these candidate countries, and have discussed the selection of eligible countries at this Board meeting, it is hereby;

RESOLVED, that each of the countries included on the list attached hereto as [Exhibit B] is eligible for assistance in FY 2006 in the Low Income Countries category defined in Section 606(a)(2) of the Act, and is invited to submit a proposal to the Corporation for MCA assistance;

FURTHER RESOLVED, that the Corporation should seek to negotiate a Compact, as described in Section 609 of the Act, with each of the countries identified in [Exhibit B] hereto that, in the opinion of the Chief Executive Officer (CEO), has developed a proposal that justifies beginning such negotiations; and

FURTHER RESOLVED, that as required by Section 610(a) of the Act, the CEO is authorized and directed to consult with the appropriate congressional committees at least 15 days prior to the start of negotiations of a Compact with an eligible country identified in [Exhibit B] hereto.

FY06 Lower-Middle Income MCA-Eligible Countries

(U) The Chair invited a motion that three countries, including two new MCA countries (El Salvador and Namibia) and one country previously eligible for the Low Income Country program (Cape Verde), be selected as FY06 Lower-Middle Income MCA-Eligible Countries. Upon a motion duly made and seconded, the following resolution was unanimously carried:

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WHEREAS, Section 607 of the Millennium Challenge Act of 2003 (Act) requires the Board to identify countries that will be eligible for Millennium Challenge Account (MCA) assistance in FY 2006 and with whom the Corporation will seek to enter into a Millennium Challenge Account Compact (Compact); and

WHEREAS, the Board members have reviewed the scores of candidate countries in the "Lower-Middle Income Countries" category on the MCA eligibility indicator data as well as additional information previously provided to the Board with respect to these candidate countries, and have discussed the selection of eligible countries at this Board meeting, it is hereby;

RESOLVED, that each of the countries included on the list attached hereto as [Exhibit C] is eligible for assistance in FY 2006 in the Lower-Middle Income Countries category defined in Section 606(b) of the Act, and is invited to submit a proposal to the Corporation for MCA assistance;

FURTHER RESOLVED, that the Corporation should seek to negotiate a Compact, as described in Section 609 of the Act, with each of the countries identified in [Exhibit C] hereto that, in the opinion of the Chief Executive Officer (CEO), has developed a proposal that justifies beginning such negotiations; and

FURTHER RESOLVED, that as required by Section 610(a) of the Act, the CEO is authorized and directed to consult with the appropriate congressional committees at least 15 days prior to the start of negotiations of a Compact with an eligible country identified in [Exhibit C] hereto.

Threshold Program Country Selection

(U) The Chair invited a motion that 13 countries, including five new countries (Indonesia, Moldova, Ukraine, Kyrgyz Republic and Jordan (added from the lower-middle income category)) be selected for FY06 Threshold Program status. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 616 of the Millennium Challenge Act of 2003 (the "Act") authorizes the Board of Directors of the Millennium Challenge Corporation (the "Corporation"), acting through the Chief Executive Officer ("CEO"), to provide assistance to candidate countries that demonstrate a significant commitment to meet the requirements of Section 607(b) of the Act for selection as eligible countries, but fail to meet such requirements for FY 2006;

WHEREAS, the Board previously authorized and approved a program to provide assistance under Section 616 of the Act (the "Threshold Program") to countries that have demonstrated a significant commitment to meet the requirements of section 607(b) of the Act; and

WHEREAS, the Board has reviewed the performance indicators of the FY 2006 candidate countries and considered the commitment of FY 2006 candidate countries to meet the requirements of Section 607(b) of the Act; it is hereby:

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and Corporate Secretary (Acting)**

RESOLVED, that from among the FY 2006 candidate countries, the countries identified in [Exhibit D] of this resolution have demonstrated a significant commitment to meet the requirements of Section 607(b) of the Act and shall be invited to apply for assistance in FY 2006 under Section 616 of the Act under review and approval procedures adopted by the Corporation, as may be revised from time to time, and from such amounts of FY 2006 Threshold Program funding as may be approved by the Board from time to time; and

FURTHER RESOLVED, that, consistent with Section 616(d) of the Act, the CEO may authorize that the Threshold Program assistance described in the previous paragraph be provided through the United States Agency for International Development or other third parties.

(U) The Chair summarized the preceding votes, noting that (i) there are seven new MCA-eligible countries (three lower-middle income and four low income), which combined equals 23 current MCA-eligible countries for FY06; (ii) there are five new Threshold countries, which equals 13 countries selected to participate in the FY06 Threshold Program; (iii) Albania is not eligible for FY06 Threshold funds but may continue to pursue a Threshold Program with FY05 funds; (iv) Yemen should be suspended from participation in the Threshold Program; and (v) Tanzania, Burkina Faso and East Timor, now MCA-Eligible, may continue to work on FY04/05 Threshold Programs but are not eligible for FY06 Threshold funds.

(U) The Chair moved to the last business item of the meeting, a resolution to approve the MCC Policy on Suspension or Termination of MCA Assistance and/or Eligibility for Assistance. Noting no objections from Board members, the Chair invited a motion that the Policy be approved, as amended per the Board discussion. Upon a motion duly made and seconded, the following resolution was unanimously carried:

WHEREAS, Section 607 of the Millennium Challenge Act of 2003, as amended (Act), requires the Millennium Challenge Corporation (MCC) Board of Directors (Board) to identify countries that will be eligible for Millennium Challenge Account (MCA) assistance and with whom the Corporation will seek to enter into a Millennium Challenge Compact (Compact);

WHEREAS, Section 605 of the Act authorizes the Board, acting through the Chief Executive Officer (CEO), to provide assistance to countries that enter into a Compact and Section 609(g) of the Act authorizes the CEO to provide assistance for countries to facilitate the development and implementation of such Compacts;

WHEREAS, Section 616 of the Act authorizes the Board, acting through the CEO, to provide assistance to countries under the MCA, including to

WHEREAS, the Board has the inherent authority to suspend or terminate assistance or eligibility for assistance previously authorized by MCC, including but not limited to explicit authority to terminate or suspend assistance under a Compact under Section 611(a) of the Act; and

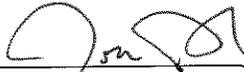
WHEREAS, the Board has reviewed the MCC Policy on Suspension or Termination of MCA Assistance and/or Eligibility for Assistance, attached hereto as [Exhibit E]; it is hereby:

RESOLVED, that the MCC Policy on Suspension or Termination of MCA Assistance and/or Eligibility for Assistance, as amended per the Board discussion and attached hereto as [Exhibit E], is hereby approved.

(U) The Chair noted the conclusion of the business portion of the meeting and queried Ambassador Danilovich for any issues that he would like to bring before the Board. Ambassador Danilovich extended his appreciation to Mr. Sethness for acting as Interim CEO during the CEO transition period and noted that he is looking forward to working with Board members and embraced the challenge of leading MCC. Board members discussed the proposed Strategic Plan previously circulated to the Board and Mr. Sethness noted that MCC intended to send it to OMB (Office of Management and Budget) for approval subject to any Board objection. The Chair indicated that MCC should finalize and send the Plan for OMB approval and directed the Board to provide any additional comments to MCC within the next 48 hours. The Board also briefly discussed the FY07 Budget Submission. Mr. Sethness noted that there has been extensive discussion with OMB about increasing staff and space needs. A brief discussion ensued regarding administrative expenses, country selection (i.e., countries that pass the criteria but are not selected), public communication of decisions and communications with the Embassies regarding country selection and coordinating democracy programs with NGOs.

(U) The Chair thanked Board members and wished everybody a happy holiday. The Sunshine Act meeting adjourned at approximately 11:59 a.m.

Dated: February 8 , 2006



Jon A. Dyck, Vice President and
General Counsel, Corporate Secretary

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and Corporate Secretary (Acting)
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~~SECRET~~
~~DECLASSIFIED~~

Exhibit A

[Insert Board minutes from July 28, 2005 meeting]

Note: Minutes contain classified information and will be sent under separate cover.

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Exhibit B

FY06 Low Income MCA-Eligible Countries

Armenia
Bolivia
Benin
Burkina Faso*
East Timor*
Gambia (The)*
Georgia
Ghana
Honduras
Lesotho
Madagascar
Mali
Mongolia
Morocco
Mozambique
Nicaragua
Senegal
Sri Lanka
Tanzania*
Vanuatu

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* New in FY06.

Exhibit C

FY06 Lower-Middle Income MCA-Eligible Countries

Cape Verde^{*}
El Salvador^{**}
Namibia^{**}

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* Previously selected as MCA-eligible in the low income category.

** New in FY06.