

For Immediate Release

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MCC Board of Directors Meets to Address U.S. Government Global Development Priorities

Partial termination of assistance to Nicaragua announced

Hold on funding for Armenia to remain in force

Washington D.C – The U.S. Government's Millennium Challenge Corporation (MCC) Board of Directors, chaired by U.S. Secretary of State Hillary Rodham Clinton, today held its quarterly meeting to discuss the progress of its poverty reduction programs worldwide. The Board received updates on engagement with those countries seeking MCC funding, including **Moldova, Senegal, Jordan, Malawi, and the Philippines**. Board discussions also included the compact development process for **Colombia, Indonesia, and Zambia** – three new countries selected by the Board last December as eligible for MCC compact assistance.

The Board reviewed how MCC investments and programs around the world are helping address priority issues such as long-term economic growth, global food security, maternal and child health and safety, transportation infrastructure improvements, secure land tenure, and environmental protection.

"MCC's commitment to performance-based foreign assistance is at the forefront of the U.S. Government's 'smart power' approach to create economic growth. Today's Board meeting makes it clear that these programs are having a significant, positive impact on the lives of the world's poor," said Acting MCC Chief Executive Officer Rodney Bent.

The Board approved action to partially terminate MCC's compact assistance to Nicaragua for activities previously suspended in December 2008. These activities include a property regularization project and a major road. The Board reiterated that its commitment to helping the people of Nicaragua reduce poverty through economic growth will continue through MCC assistance for a rural business development project benefiting small and medium agriculture-related enterprises, including some 30,000 people in rural areas. MCC also will complete three roads already under construction in the departments of León and Chinandega. The termination will result in a reduction of approximately \$62 million from Nicaragua's original \$175 million compact with MCC.

"Although the Board would like to continue in full MCC's support for Nicaragua's economic development, we remain committed to upholding MCC's founding principles of working with those countries whose governments actively demonstrate a commitment to democracy and the rule of law, as well as economic freedom and social investment," said Mr. Bent. **"Given the lack of meaningful reforms or progress in these areas by the government of Nicaragua, the Board has agreed to terminate these projects."**

"This decision is made with deep disappointment, as our partnership with Nicaragua has yielded tremendous progress over the past years in reducing poverty through innovative economic growth projects. MCC regrets that the government of Nicaragua has not taken steps to respond to concerns expressed by its people and the international community surrounding the recent municipal elections. This has made it impossible for us to fully continue our collaboration with the government of Nicaragua," stated Mr. Bent.

The Board also addressed the future of MCC engagement with Armenia. As a result of the meeting, MCC will not resume funding for any further road construction and rehabilitation. This hold on funding is a result of actions by the government of Armenia that are inconsistent with MCC principles promoting democratic governance. MCC's Board unanimously expressed regret that this action means that MCC will not be able to fully fund this project during the compact term.

"MCC regrets that it cannot move forward with funding road construction in Armenia," Mr. Bent said. **"The responsibility for this outcome remains with the government of Armenia, whose actions have been inconsistent with the eligibility criteria that are at the heart of the MCC program. It is particularly disappointing that MCC will not be able to partner with Armenia on completing the roads that will benefit Armenia's rural poor who are our friends and partners in creating growth for the future,"** continued Mr. Bent. **"I do not anticipate that the Board will revisit this issue in the future."**

The MCC Board is a unique mix of distinguished public and private sector representatives consisting of five public sector officials and four private sector officials. The MCC Board, chaired by the U.S. Secretary of State, includes the U.S. Secretary of Treasury, U.S. Trade Representative, MCC Chief Executive Officer, and the Administrator of the U.S. Agency for International Development (USAID). In addition, four private sector Board representatives serve on the Board: Alan Patricof, Founder and Managing Director of Greycroft LLC, Ken Hackett, President of Catholic Relief Services, Lorne Craner, President of the International Republican Institute, and former Senate Majority Leader Bill Frist.

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