

**Minutes No. four (4) of the Extraordinary Board of Directors of the MCA-
Nicaragua Association**

In Managua, at two o'clock in the afternoon of August seven of the year two thousand and six, at the Office of the Technical Secretariat of the Presidency, the following members met:

1. **PRESIDENT:** Mr. Alvaro Montalvan, on behalf of the Technical Secretariat of the Presidency (SETEC)
2. **GOVERNMENT DIRECTOR:** Mr. Mario Flores, on behalf of the Ministry of Finance and Public Credit (MHCP)
3. **GOVERNMENT DIRECTOR:** Mr. Alejandro Arguello, on behalf of the Ministry of Development, Industry and Commerce (MIFIC)
4. **GOVERNMENT DIRECTOR:** Leonardo Somarriba, on behalf of the Secretariat of the Presidency
5. **CIVIL DIRECTOR:** Jilma Balladares, on behalf of FUNDAPADELE
6. **CIVIL DIRECTOR:** Julio Cesar Montealegre, on behalf of APEN

As Observers with the right to voice, but not with the right to vote, the following were present:

1. **CIVIL OBSERVER:** Mr. Rigoberto Sampson Granera, on behalf of the Departmental Council for Development of Leon.
2. **CIVIL OBSERVER:** Mr. Santos Méndez Zepeda, on behalf of the Departmental Council of Chinandega.
3. **MAYOR OBSERVER:** Mr. Agrecio Osejo, on behalf of the City Halls of the Department of Chinandega.
4. **GOVERNMENT OBSERVER:** Mrs. Nena Vega, on behalf of the Ministry of Transport and Infrastructure (MTI).
5. **GOVERNMENT OBSERVER:** Mr. Cristobal "Tito" Sequiera, on behalf of the Ministry of the Environment and Natural Resources (MARENA)
6. **MCC OBSERVER:** Sr. Matthew L. Bohn

We attest that the attendees were duly convened according to the applicable laws, the Bylaws of the Association and the Millennium Challenge Agreement signed between the Government of Nicaragua (the "Government") and the United States of America, acting through the Millennium Challenge Corporation ("MCC"), dated July 14, 2005 (the "Agreement") and the Governance Agreement.

Mr. Alvaro Montalvan, presiding the meeting as President of the Association, declares the meeting of the Board of Directors opened and proceeds to announce the items of the agenda:

1. Verification of the Quorum
2. Ratification of the previous Minutes
3. Presentation of the progress report in charge of the Director General of the Program
4. Approval of the minor amendments to the Bylaws of the Millennium Challenge Association – Nicaragua
5. Approval of the following professional service contracts: (i) *Director of Communications*; (ii) *Link with PRODEP*.
6. Approval of the Cooperation Agreement with PRONICARAGUA, for the execution of the component Investment Promotion for the Western part of the country.

7. Approval of the changes to the Governance Agreement.
8. Approval of the approval mechanisms through the written vote.
9. Approval of the amendments to the General Power of Attorney of Administration of the Director General.
10. Approval of the Expressions of Interest, Feasibility Study, Assessment of the Environmental and Social Impact and Final Road Designs.
11. Miscellaneous

Once the items of the agenda were known and duly approved by all the Directors, we proceed according thereof.

FIRST: Verification of the Quorum

The President verifies the quorum and attests that the majority of the directors of the Board of Directors are present; therefore, there is a legal quorum to start the meeting.

SECOND: Ratification of the previous Minutes

The President of the Board of Directors gives the floor to Mr. Juan Sebastian Chamorro, Director General of the Association, who as Secretary of the Board of Directors reads the Minutes No. three (3) of the previous meeting, in order to submit it and obtain the approval of the Board of Directors. With no objection, the decisions taken during the previous meeting of the Board of Directors are ratified and they proceed to sign the respective minutes.

Decision: *The decisions taken in the previous meeting are ratified and the respective minutes are signed.*

THIRD: Submission of the Progress Report in charge of the Director General of the Program

The Secretary of the Board of Directors continues to hold the floor and proceeds to submit the Progress Report of the Program, informing as follows:

1. Progress in the execution of the Program.

To date, as part of the execution of the different components of the Program, and specially in relation to “Rural Business”, we have been working on: (i) the definition of the launching projects, together with the MCC mission; (ii) the preparation of guidelines for the selection of projects to be considered by the Office for Rural Business; (iii) the preparation of the terms of reference for the handling of the basins; and (iv) the carrying out of meetings with the producers of the region, specially with the:

- *Shrimp Trade Unions*
- *Diary Development Project in El Sauce, Achuapa*
- *Plantain Growers Trade Unions “La Unión, Oro Verde and La Esperanza” of Tonalá*
- *Salt producers in Salinas Grandes*
- *COOPRESEPROC*

– *Presentation of the project for the expansion of the raising and slaughtering of tropical lamb (pelibuey).*

It was explained to the Board of Directors that the logic behind the pilot projects and initiatives to be implemented during the first six months of the program will be to:

- *Show what the Millennium Account means*
- *Show that we are already acting in the field*
- *Encourage the submission of business proposals*
- *Explain the procedures for the selection of clients*
- *Establish strategic alliances*

It was also announced that there has been attendance to the meetings of the bio-energy committee, and also that negotiations have started and are about to finish, in order to sign a Cooperation Agreement with PRO-NICARAGUA, who is implementing the campaign for the promotion of investments as set up in Annex 1 of the Compact, as one of the activities of the “Rural Business” Project.

Likewise, information was given that on July 18, the program for the Development of the Municipalities known as the “Saints” at the North of Chinandega was launched; and that for August 6, the first exchange with the Honduras producers of milk will take place.

Recommendation: *The Directors suggest that the proposals with the selection criteria of the members (producers) be forwarded to them with the purpose that they can also give their contribution; they also recommend that the consultations to take place with the corresponding sectors be done taking into account the sensitivity of this matter (selection of beneficiaries).*

Following the recommendation, each of the members of the Board received a printed copy of the document “General Guidelines to deal with the Requests for Support of Rural Business Projects”, where the criteria for selection and the forms for the requests for funds are established. The said documents shall be tested with the pilot projects.

2. Procurement

In regards to procurement, Mr. Juan Sebastian Chamorro informed that, to date, the *Advertisement for General Procurement* has been prepared and published in the media and in Internet, basic requirement to start any bidding process.

3. Roads

In regards to the component of infrastructure (roads), it was announced that in this Board of Directors the request form for the Expressions of Interest was submitted for the companies designing roads, in order to be published, with the intention that the companies would send their expressions of interest at the end of August.

It was explained to the Board of Directors, that once the expression of interest forms are received, these would be assessed with the purpose to make a short list of companies to which the corresponding documents with the basis and conditions shall be sent for the

preparation of the technical and economic offers. It is scheduled that at the latest, in the month of December, the corresponding contracts shall be awarded.

4. Fitting-out/Refurbishment of offices

With regards to this matter, Mr. Juan Sebastian Chamorro informed on the following progress:

- The facilities already count with Internet, telephones and three-phase energy.
- A general clearing and fumigation was done to the premises
- The existing furniture of the Center was repaired and with this initiative resources were saved and employment created.

FOURTH: Amendments to the Bylaws of the Millennium Challenge Corporation-Nicaragua were approved

Mr. Juan Sebastian Chamorro informs that due to the Governance Agreement signed between the Millennium Challenge Corporation, the Government of the Republic of Nicaragua and the Millennium Challenge Corporation-Nicaragua on May 26, 2006, it was signed after the approval of the Bylaws of the Association, and due to the fact that in the said Agreement sets out specific obligations in relation to the performance thereof, it is necessary to reform the Bylaws of the Association so they are according to the Agreement referred to above. Pursuant the foregoing, the Bylaws of the Association, specifically Articles One, Seven, Eight and Articles Ten, Eleven and Twelve shall be amended, which once reformed shall read as follows:

Article One: Nature and Definitions: The Association is a non profit organization of a civil nature, with the purpose to be of public use according to the Compact. All the terms used in these Bylaws, but not defined, shall have the meaning given for such term in the Compact and in the Governance Agreement (hereinafter, the “**Governance Agreement**”) between the MCC, the Government and the Millennium Challenge Corporation-Nicaragua (hereinafter, the “**Corporation**”) on May 26, 2006.

Article Seven: The Board of Directors: The Board of Directors shall be composed of seven directors (hereinafter, the “**Directors**”), all with the right to vote, among which the President shall be elected and the Observers without the right to vote (hereinafter, the “**Observers**”, and together with the Directors, the “**Members of the Board**”. Of the seven Directors of the Board, four shall represent the Executive with the rank of Minister or Secretary, appointed by the President of the Republic of Nicaragua, subject to the previous approval of the MCC, according to the Compact, being these representatives referred to as “**Government Directors**”. Each Government Director shall have the post in the capacity of government employee and not in a personal capacity. The rest of the Directors of the Board of Directors, two shall be elected among the Civil Observers of the Association and, the last one shall be elected among the Mayor Observers thereof, as defined in the following Article Eight. The Government Directors can be replaced by the Executive for other government employees with a similar rank from other relevant government institutions for the implementation of the programs of the Association and it would be necessary to have the previous approval in writing of the MCC. In case of resignation or removal of a Government Director, the

Executive shall proceed to appoint a new Government Director who shall comply with the guideless set out herein, with the previous approval of the MCC.

Article Eight: Election of the President of the Board of Directors. The President of the Board of Directors shall be appointed among the Government Directors, with the mutual consent of the Executive and the MCC. All the activities of the Board of Director shall be handled by the President of the Board of Directors. The President of the Board of Directors elected shall serve as President for a period of two years and a half. The President of the Board of Directors shall preside all the meetings of the Board. In case of the absence of the President of the Board of Directors (or his proxy with a power of attorney letter), the Directors shall elect a Director who shall act as President for the purpose of the Board.

Article Ten: The Directors elected among the Civil Observers.

The Government and the MCC shall directly appoint, under mutual consent, the first Civil Directors among the four Civil Observers (each one a “**Civil Director**”) who will be part of the Board of Directors for two non consecutive periods of fifteen (15) months each, starting the first period on the date the Compact comes into effect and, the second period, on the following date after thirty (30) months the Compact entered into force.

The two Civil Observers, not initially elected as Directors of the Corporation, shall serve as Civil Directors for a period of two non consecutive fifteen (15) months each, starting the period on the following date the Compact comes into effect and, the second period, on the following date after forty-five (45) months the Compact entered into force. In case there is agreement to have more than four Civil Observers, the Board of Directors shall proceed to reform the Bylaws. In case of resignation or removal of one Civil Observer who is acting as Director the day of the said resignation or removal, the Institution who appointed the said Civil Observer shall appoint a replacement, who shall continue serving as Director for the remaining period of time applicable, unless otherwise agreed by the Association, the Government and the MCC.

Article Eleven: The Elected Directors among the Mayor Observers. The Government and the MCC shall directly appoint, under mutual agreement, the first Mayor Director among the Mayor Observers (each one a “**Mayor Director**”), who shall act as a Director of the Association for two non consecutive periods of fifteen (15) months each, starting the first period on the same date the Compact enters into force and, the second period, the following date after thirty (30) months the Compact entered into force. The Mayor Observer not elected initially as Director of the Corporation, shall act as Mayor Director for two non consecutive periods of fifteen (15) months each, starting the first period on the following date after fifteen (15) months the Compact entered into force and, the second period, on the following date after forty-five (45) months the Compact entered into force. In case there is an agreement to appoint more Mayor Observers, the Board of Directors shall reform the Bylaws. In case of resignation or removal of a Mayor Observer who is acting at the time of the resignation or removal as Mayor Director, the Department who appointed the said Mayor Observer shall appoint a replacement, who shall continue serving as Director for the remaining period applicable, unless otherwise agreed by the Association, the Government and the MCC.

Article Twelve: Meetings of the Board of Directors. The Board of Directors shall meet ordinarily once a month and, extraordinarily, when its President deems it necessary or the majority of Directors would so require. Notice indicating the venue, date, hour and agenda of the meeting shall be given to each one of the Members of the Board by the Secretary of the Board, in the following manner: (a) in relation to the ordinary meetings, by mail, facsimile or electronic mail with at least seven (7) days in advance of the ordinary meeting; and, (b) in relation to an extraordinary meeting, by mail with at least forty-eight (48) hours in advance of the extraordinary meeting or by phone or telegram at least twenty-four (24) hours in advance of the extraordinary meeting. Despite the foregoing, any member of the Board can resign, in writing, to the requirement to receive the notice in relation to a meeting and the attendance of the said Member of the Board at the meeting of the Board of Directors is the resignation of the said Member of the Board to the requirement to receive notice of the said meeting. A Board of Directors cannot be held unless the Members of the Board have received the notice, or have resigned or carried out an act that it is considered as a resignation to the said meeting.

Quorum and Voting. There shall be a legal quorum if the majority of the Directors attend and the decisions to be taken shall be with the agreement of the majority of the attendees, with the exception of those decisions whereby the Bylaws require a larger number of votes. Each Director has the right to vote with regards to any vote for the decision-making of the Board. If there is no quorum in any meeting of the Board, the Members of the Board who are present can adjourn the meeting, without any further notice than the announcement made at the meeting, until there is a quorum.

Decisions by Written Consent. Any decision to be taken at any Board meeting could be taken without a meeting if (a) a notice of the proposed decision to be taken is sent to all the Directors, and (b) all the Directors consent in writing to the said decision. Any decision approved by written consent shall be registered in the Book of Minutes of the Board.

Meetings by way of Telephone Conference. The Members of the Board can participate in the Meeting of the Board by way a telephone conference or by way of similar communication equipment that shall allow all the participants in the meeting to listen and speak to each other. To participate in a meeting in this way, it shall be considered as if the person was present at the meeting.

Representation with a power of attorney letter. In case a Director cannot participate in a Board meeting, this Director could appoint a proxy by way of a power of attorney letter so the proxy can represent him/her at the Board meeting, save in the case of the Government Directors that the person who holds the second or equivalent position shall be appointed. In the case of a Civil Director, the representative shall be another member of the civil organization who holds the post of Civil Director. In the case of a Mayor Director, the representative shall be the person who holds the second post or equivalent at the city hall. The appointment of the representative shall be in writing and shall specify the duration of the appointment. Any appointment of a representative shall be subject to the approval of Board.

Requirement for Reports. The agenda of any Board meeting, the names of the attendees at a meeting, the subject matters discussed at the meeting, and all the decisions approved in the said meeting shall be in the minutes taken at the meeting, which shall be drafted by the Secretary of the Association, and the said minutes shall be signed by the President and the Secretary of the Board of Directors in order to be valid. The minutes of each Board of Directors shall be included in the WEB site of the Association within two weeks after the meeting and shall be translated into English.

Remuneration. The Members of the Board shall not receive any remuneration in relation to the performance of their obligations as members of the Board; nevertheless,

the Members of the Board could receive the refund for reasonable expenses incurred in relation to their attendance to the Board Meeting (which shall be proved through the reasonable documents), according to the decisions of the Board.

Article Thirteen: Faculties and Performance of the Board of Directors. The Board of Directors shall have the faculty of a general representative, with the limitations established in the Compact, the Governance Agreement and in these Bylaws. Among the performances of the Board of Directors of the MCA-Nicaragua, shall be to take the decisions as follows (“**Board Decisions**”): (a) Try to accomplish the implementation of the ends and objectives of the Association; (b) Exercise, administer and supervise the management of the Association and the objectives thereof, according to the Compact, as well as the implementation of the Program according to the Compact and the Supplementary Agreements, including the supervision of the Implementation Plan and any of the components thereof, as they shall be modified from time to time according to the Compact and the relevant Supplementary Agreements; (c) Comply and to make comply the provisions herein established, as well as the decisions of the Board of Directors; (d) Procure and/or dispose and/or donate the movable and immovable assets as well as the services required for the accomplishment of the objectives of the MCA-Nicaragua; (e) Hire the personnel of the Association, including the personnel of the Technical Secretariat (including the Director General) and any employee signing a contract with the Association with a salary of more than US\$3,000 a month, as well as the contracting terms applicable, including compensation, and the signing of the said contract with that person and any change thereof, as well as the termination; (f) Supervise the work of the Technical Secretariat; (g) Set up special working committees, in case necessary or opportune, as well as to establish the organization chart of the Association and delegate the faculties and powers of each one of its members. To do this, members of the Board shall be appointed or other persons with the purpose to serve in the said committees. The members of each committee shall be under the supervision and control of the Board and shall have limited faculties to make reasoned recommendations to the Board. The committees can bind neither the Association nor the Board. The appointment of the said committees nor the delegation of authority herein established can be construed as a relief of the responsibilities of the Board, established in these Bylaws, the Compact, any Supplementary Agreement and the Governance Agreement; (h) Hire external auditors; (i) Give the corresponding powers to the Board of Directors; (j) Establish and maintain communication relations and exchanges with related national and/or international organizations or with similar interests and objectives; (k) Expand, modify or reform the Association’s Bylaws, previous authorization of the MCC, according to the operational needs thereof, for which rules and regulations, guidelines and other similar documents could be approved through which the management of the MCA-Nicaragua can be arranged; (l) the compliance with the Responsibilities and Rights assigned, according to the terms defined in the Grant Agreement; (m) Comply with other obligations and supervise the performance in relation to the activities of the Association as they are contemplated in the Compact, these Bylaws, the Grant Agreement, the Governance Agreement and any Supplementary Agreement; (n) Any transaction, activity, agreement or document requiring an approval on behalf of the MCC according to the Compact or the Supplementary Agreement; except otherwise provided in writing by the MCC to the Association; (o) Re-disburse any Provider, provided that the MCC once notified the Association and the Fiscal Agent, instruct the Board to revise and approve the said Re-Disbursement; (p) Enter into any agreement that shall have contractual obligations for the Association of more than

one hundred thousand United States of America Dollars (US\$100,000.00), or any other amount agreed upon by the MCC and the Association, as well as any change or termination of the said agreement; (q) Any transaction or decision requiring the approval of the Board according to the Procurement Agreement; (r) Presentation of any Disbursement Request to the MCC, which shall include the approval of all the annexes of the said Request for Disbursement and the approval of the administrative discussions and the portions of the analysis of the said Disbursement Request; (s) Approval of (i) each component of the Implementation Plan (including the Financial Plan; the Procurement Plan, the Monitoring and Evaluation Plan (M&E); the Plan for Fiscal Responsibilities; the Plans of the Program and the Working Project; (ii) The Audit Plan; (iii) the personnel plans (and any changes or supplements to any of the plans described above); (iv) any answer to the findings in any identified audit within the Audit Plan; (t) Revise and approve any report, plan or any other document to be submitted to the MCC (either the said documents required or not the approval of the MCC) or to the Government as provided in the Compact, the Bylaws, The Governance Agreement or any Supplementary Agreement (the approval has to be prior to the presentation of the said reports, plans or any other document to the MCC or to the Government, as applicable); (u) Adjust the placement of funds between the lines of the items established in the Summary of the Multi-Annual Financial Plan of Annex II of the Compact, subject to the provisions of the Compact and the previous approval of the MCC); (v) Any change in the organization or number of members of the Board or the Technical Secretariat of the Association (the said change shall be subject to the previous approval of the MCC); (w) Any decision referred to (i) the reorganization of the Association; (ii) dissolution or liquidation of the Association or (iii) to make any change in the organization of the Association, save that the decision in regards to the subparagraphs (i) or (ii) mentioned above would require the approval of seventy-five per cent (75%) of the Directors present at the meeting in which there is a quorum. In relation to subparagraph (ii), the approval of seventy-five (75%) per cent of all the Directors is required. None of these decisions shall be taken through a written consent and shall be previously approved by the MCC. In case changes or modifications are made which are not material to the organization of the Association, the vote of the majority of the Directors present shall be required; (x) Any other activity, agreement, document or decision requiring the approval of the Board on behalf of the Compact, these Bylaws, the Governance Agreement and any Supplementary Agreement; (y) Enter into any material Supplementary Agreement in which the Association is a part, as well as any change or termination thereof, as well as to take decisions having an effect to modify, replace or terminate the said Supplementary Agreement; (z) Any proposal or decision that could modify, replace, terminate or suspend or in any way change the Decisions of the Board or any other matter previously approved by the Board; and aa) All those obligations consistent with the provisions of these Bylaws and the Law.

Article Fourteen: Responsibilities of the President of the Board of Directors. The President of the Board of Directors shall be the Legal Representative of the Association and shall have the responsibilities specifically granted by the Board. During his mandate, the President shall have the following responsibilities: (a) Exercise the judicial and extrajudicial representation of the Association in all public and private acts and before any authority, individual or entity; (b) Be the delegate with attributions of the Board of Directors; (c) Convene and preside the ordinary and extraordinary meetings, in its case, of the Board of Directors; (d) Draft the agenda of the meetings of

the Board of Directors and, if necessary, appoint among the Directors present, an ad-hoc and temporary secretary in order to enter and register the decisions of an specific meeting of the Board of Directors in the corresponding minutes; (e) Endorse with his signature the minutes of the meeting of the Board of Directors and certify the minutes of the Board of Directors; (f) Propose to the Board of Directors the setting up of specific commissions or management; (g) Comply and make to comply with all the agreements and provisions derived from the Board of Directors; (h) Administer all the assets and the budget of the Association according to the guidelines established by the Board of Directors in compliance with the terms and conditions of the Compact and of the Bylaws; (i) Authorize, together with the Secretary of the Board of Directors, the expenses and expenditures agreed upon by the Board of Directors and, (j) the other responsibilities that the Board shall expressly assign or delegate to the President.

Article Fifteen: Responsibilities of the Secretary of the Board of Directors. The Director General shall be responsible to act as Secretary of the Board. The responsibilities of the Secretary of the Board are as follows: (a) Draft the minutes a the different meetings held by the Association, with the signature thereof, together with the President of the Board; (b) Issue certifications of the minutes, agreements and decisions of the Association; (c) Verity the compliance with the agreement agreed upon by the Board of the Directors; (d) Convene for the ordinary and extraordinary meetings of the Board of Directors; (e) Handle the books and registries of the Association; and, (f) The other responsibilities assigned by the President or the same Board of Directors.

CHAPTER IV. TECHNICAL SECRETARIAT. Article sixteen: Responsibilities of the Technical Secretariat. The MCA-Nicaragua shall have a Technical Secretariat, organized according to the terms established in the Compact and with the responsibilities granted by Board of Directors, which shall be responsible to assist and/or asses the Board of Directors in the supervision and implementation of the objectives of the Association and, it shall have the main administrative responsibilities, the compliance with and the supervision of programs to be implemented by the Association for which it shall administer and coordinate the monitoring and evaluation of projects, keep the internal registries of accounts, carry out and verify the contracts and procurement of the Association and, in general, carry out all those tasks required by the Board of Directors. The Secretariat shall directly report, through the Director General, to the Board of Directors. The responsibilities of the Technical Secretariat shall be granted by the Board of Directors and those established in these Bylaws, the Compact and the Governance Agreement.

Article Seventeenth: Organization of the Technical Secretariat. The Technical Secretariat shall be organized according to the guideless fixed in the Compact, with the following personnel who shall be responsible, but not restricted to this list that could be modified in the future by a decision taken by the Board of Directors: (i) a Director General, hired by the Board of Directors, through an open selection process and, subject to the approval of the MCC, who shall have the responsibilities granted by the Board of Directors and those established in these Bylaws, the Compact and the Governance Agreement; (ii) a Sub-Director General; (iii) an Administrative and Financial Director; (iv) a Monitoring and Evaluation Director; (v) An Expert in Environmental and Social Impact; (vi) a Communications Director; (vii) an Information and Systems Director; (viii) an Expert in Infrastructure; (ix) an Expert and Rural Business; (x) a Legal

Advisor; (xi) a Procurement Director; (xii) as well as any other support or technical personnel that the Board of Directors deems necessary. The Technical Secretariat could also hire the services of external project administrators, in case deemed necessary for the achievement of the objectives and the implementation of the programs of the Association, all according to the guidelines established in the Compact for these purposes.

CHAPTER V. ASSOCIATION ASSETS. Article Eighteen. The assets of the Association shall come from the contributions and donations of the United States of America Government, through the MCC and the Government of the Republic of Nicaragua, destined exclusively for the fulfilment of the objectives. Likewise, the association assets of the MCA-Nicaragua shall be the movable and immovable assets procured under any title, all coming from the product and performance of the assets owned by the Association and, the all other income obtained, provided that they won't denaturalize the objectives of the Association. The total income obtained shall be channelled towards the execution of all the Programs and Projects for which they were destined according to the Compact. The Economic Year of the Association shall be a year, starting on January first and ending on December thirty-first of the same year. However, the fiscal year could be modified by the Board of Directors without having to amend the Bylaws. The first economic year of the MCA-Nicaragua shall start on the date of the Effectiveness of the Compact and shall end on December thirty-first of the same year. The Association shall keep the necessary book of minutes and the ledger taking into consideration its nature and objectives, according to the Compact and these Bylaws. Likewise, the Association shall be subject to the audits established by the Compact.

CHAPTER VI. DISSOLUTION AND LIQUIDATION. Article Nineteen. The Association could be dissolved by (a) a decision taken by the Board of Directors, through the vote of three quarters of the Directors, and implementing the guidelines of the Compact; or (b) the causes established in the General Law of Non Profit Legal Entities. In both cases, the previous approval in writing by the MCC shall be necessary. In case of dissolution of the Association, the Board of Directors shall appoint a commission formed by three Directors of the Board of Directors, who shall proceed to the liquidation in legal terms. The liquidation process shall include a general audit in compliance with the terms of the Compact; likewise, complying with the pending commitments, paying the debts and converting any credit into cash in favour of the Association. The resulting assets of the liquidation shall be returned to the MCC, direct provider and donor of funds of the Program, according to the provisions of the Compact and these Bylaws.

CHAPTER VII. THIRD BENEFICIARY. Article Twenty. The MCC could count with and exercise the corresponding rights of a third beneficiary, in addition to those established precisely in these Bylaws. Additionally to any other right granted to the MCC, the MCC shall have the right to approve the following: (a) a Re-Disbursement to any Provider in the case that the MCC had notified to the Association and to the Legal Agent that the MCC would like to revise and approve the said Re-Disbursement; (b) Any activity or decision that requires the approval of the MCC according to the Procurement Agreement; (c) Except the activities or decisions of (b) above, any contract with a value of more than one hundred thousand United States of America Dollars

(US\$100,000.00) or any other amount that could be agreed upon by the Association and the MCC, as well as any changes or termination thereof; (d) Any right of approval granted to the MCC through the Compact, including any transaction, activity, agreement or document described in Paragraph 3 (c) of Annex 1 of the Compact. Each approval shall be before the signing or compliance with the said transaction, activity, agreement or document, and before any Disbursement or Re-Disbursement; and (e) Any right of approval granted to the MCC through the Disbursement Agreement, the Procurement Agreement or any Supplementary Agreement.

Decision: The amendments in the Bylaws of the Millennium Challenge Association-Nicaragua are approved by unanimity.

Fifth: Approval of contacts for professional services.

Mr. Juan Sebastian Chamorro, Director General, states to the Board of Directors that it is necessary to continue with the formation of the working teams of the Association with whom the Program of the Millennium Challenge Agreement shall be executed, for which, according to Article Thirteen (e) of the Bylaws, the approval of the Board of Directors is required for the following contracts:

1. Working Contract for the Communications Director, attached as Annex 1.
2. Working Contract for the Link with PRODEP, attached as Annex 2.

Mr. Juan Sebastian Chamorro points out that the referred contracts have been negotiated under standard terms and, basically, the terms are as follows: (i) the duration of the contract shall be indefinite; (ii) the scope of the services are established; (iii) the salary; (iv) timetable; (v) confidentiality; (vi) conflict of interests, among other things.

The **Working Contract for the Communication Director** is submitted for approval; Ms. Judit Vanegas Ferrey has been awarded the contract, who has a vast experience in this field, had a high performance work in IICA; has an excellent professional training and is well connected to the media; in addition, she obtained the highest marks during the assessment. Vote takes place and she is unanimously approved.

Decision: The Working Contract for the Communication Director: Ms. Judit Vanegas Ferrey, is unanimously approved.

The **Working Contract for the Link with PRODEP** is submitted for approval; Mr. Kristian Garcia has been awarded the Contract, who has experience with inter-institutional work and has an excellent professional training and was the one who had the highest marks during the assessment. Vote takes place and he is unanimously approved.

Decision: The Working Contract to be the link with PRODEP, Mr. Kristian Garcia, is unanimously is unanimously approved.

It is suggested that the Board of Directors appoints someone to sign the Working Contracts previously approved.

Decision: *Mr. Juan Sebastian Chamorro, in his capacity as Director General, shall sign the contracts under the terms and conditions negotiated for the: (i) Communication Director; (ii) Link with PRODEP:*

Sixth: **Approval of the Cooperation Agreement with PRONICARAGUA, for the execution of the component Investment Promotion in the Western part of Nicaragua.**

Mr. Juan Sebastian Chamorro explains to the Board of Directors that as part of the execution under the component “Rural Business”, according to the Compact, it is necessary to sign a cooperation agreement with PRONICARAGUA, for the execution of the component Investment Promotion in the Western part of Nicaragua. An amount of US\$ 365.000 has been assigned for the execution during an eight-month period, as from the signing of this agreement and it could be extended in case this is necessary.

The main tasks established in the agreement are: (a) To carry out a summit meeting of investors for September; (b) Design and printing of materials to promote the region; (c) Opening in the territory of an office who shall take care of the investors; and (d) Development of a regional trademark.

The Terms of Reference and the Budget are submitted in Annex 3, as well as the draft agreement to be signed.

Decision: *The Terms of Reference and the Budget are approved and submitted for the execution of the component to promote investments in the Western part of the country, identifying the precise tasks and those at medium term. The Cooperation Contract mentioned above is unanimously voted by the Board of Directors in its Spanish version, and they recognize that the English version shall be signed by the MCA-Nicaragua; they agree that if there is any inconsistency between the Spanish version and the English version of the said Agreement, the English version will prevail. In addition, according to the Bylaws, it is resolved that Mr. Juan Sebastian Chamorro is appointed, in his capacity as Director General of the Association, to sign the above mentioned Agreement on behalf of the Association; and, at the same time, he is authorized to make the changes that are not substantial nor material to the said agreement without having to require the authorization of the Board of Directors.*

SEVENTH: Approval of the changes in the Governance Agreement

Mr. Juan Sebastian Chamorro submits to the Board of Directors a proposal to modify the Governance Agreement, specifically, Sections 1.7 (c) (x) and 3.3 (a) (iii), according to the text submitted in Annex 4, considering that the matters related to the hiring of consultants and experts are regulated by the Procurement Agreement; therefore, it is necessary to amend the Governance Agreement, deleting the category of consultants and experts in the said Agreement. Mr. Leonardo Somarriba suggests that, in the case of the contracts for consultants and experts of less than US\$ 50,000, the Board of directors should be informed after the date of the hiring; it shall also be appropriately informed of the results or outcome of the said consultancy.

Decision: *The proposed amendments of the Governance Agreement are unanimously approved, and it shall also include the recommendations made by the Board of Directors for its implementation.*

EIGHT: Approval of the Mechanism for Approval through a written vote.

Mr. Juan Sebastian Chamorro states to the Board of Directors the need to implement a mechanism to vote in writing through a fax, in order to approve urgent matters during the period that the Board of Directors is not held; it is submitted for consideration to the Board the form to be used according to Annex 5.

Decision: *The Mechanism for Approval through a written vote is unanimously approved together with its corresponding forms.*

NINTH: Approval for the amendments of the Administration General Power of Attorney for the Director General

Mr. Juan Sebastian Chamorro submits to the Board of Directors the amendments to the General Power of Attorney for the Administration, proposing to grant that faculty to the Director General so that he could grant special powers to the Director General in order to carry out the specific formalities before the administrative authorities according to the following:

Amend subparagraph (f) with the only clause of the General Power of Attorney for Administration which actually reads:

“(f) Grant special powers to criminally accuse those who have committed faults or offences against the Association and grant General Powers or Especial Judicial Powers when deemed convenient”,

which once amended should read as follows:

“(f) Grant special powers to criminally accuse those who committed faults or offences against the Association and grant General Powers or Special Judicial Powers when deemed convenient, *as well as to grant special powers to carry out the specific formalities before the administrative authorities of the Republic of Nicaragua*”

Decision: *The amendment of the General Power of Attorney for Administration of the Director General is unanimously approved with the purpose to include the faculty to grant special powers to carry out the specific formalities before the administrative authorities of the Republic of Nicaragua.*

TENTH: Approval of the Expression of Interest for the Feasibility Study, the Assessment of the Environmental and Social Impact and the Final Design of Roads.

Mr. Juan Sebastian Chamorro submits to the approval of the Board of Directors the form with the Expressions of Interest for the Feasibility Study, the Assessment of the Environmental and Social Impact and the Final Design of Roads, according to Annex 6.

Mr. Leonardo Somarriba expressed that it is not necessary that the Board of Directors approves each stage of the bidding procedures. Once the Board has approved the project, it is understood that the bidding is only an administrative matter. It was explained that according to the Procurement Agreement there are stages that shall be approved by the Board of Directors. On this matter, the Board of Directors expressed that a revision of the said levels of approval shall be made so that the Board of Directors can only carry out the stages considered to be the most important ones, which are: to start the bidding procedures, approve the short list and approve the award.

Decision: It is unanimously approved that the Board of Directors shall approve the project, the beginning of the bidding procedures, the short list and the award of the bidding; in order to do this, the Procurement Agreement shall be amended. The submitted projects are unanimously approved (lots) and the Expression of Interest for the Feasibility Study, the Assessment of the Environmental and Social Impact and the Final Design of Roads.

ELEVENTH: Miscellaneous

The timetable of the meetings for the next Board of Directors was submitted, with a tentative date, next September 12, and the meeting shall be held at the Association, in the town of Leon.

TWELFTH: The Secretary or the President of the Board of Directors, as well as any Notary Public, shall have the faculty to certify the present minutes. It would only suffice the certification of these minutes in order to accredit the appointments herein made.

The meeting is adjourned at four and forty minutes after it began and there is evidence that all the decisions were unanimously taken.

Álvaro Montalvan

Mario Flores

Alejandro Arguello

Leonardo Somarriba

Jilma Balladares

Julio César Montealegre