

## MCC APPROVAL FORM

Compact Information	
Country	Honduras
Compact Signature Date	June 13, 2005
Compact Entry into Force Date	September 29, 2005
Compact Number	COM04HND05002
Management Entity	MCA-Honduras
Effective Date	
Document or Agreement for Approval	MCC Disbursement Request dated _____


### INITIAL DISBURSEMENT

The attached MCC Disbursement Request is hereby approved and its disbursement of MCC Funding in the amount of \$1,646,545 is authorized to the Permitted Account designated.


MCC has determined that subject to the deferral of certain conditions precedent as stated in the letter from MCA-Honduras, dated the date hereof (i) the requirements of Article III of the Disbursement Agreement have been met and (ii) no act, omission, condition, or event has occurred that would be the basis for MCC to suspend or terminate, in whole or in part, MCC Funding in accordance with Section 5.4(b) of the Compact.


This form may be executed in counterpart signatures.

**Approved By:**

  
\_\_\_\_\_  
Name: John Hewko  
Title: Vice President of Operations  
Date: 2/18/2006

**Concurrences By:**



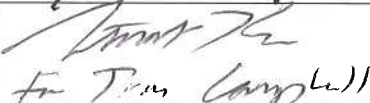




  
\_\_\_\_\_  
Name: Nimi Wijesooriya  
Title: Controller  
Date: 2/21/06

  
\_\_\_\_\_  
Name: Charles Sethness  
Title: VP of Accountability  
Date: 2/17/06

**\*\*\*Note: Whether concurrences are also required from the VP/OGC and VP/A will depend on the amount of the disbursement request.**

**Clearance provided by:**

Clearance provided by:

Name and Title	Signature	Date
James Gerard Assistant General Counsel, Office of General Counsel		2/13/06
Jolyne Sanjak Director, Property Rights and Land Policy, Operations		2/14/06
Tom Campbell, Director, Financial Development, Operations	 For Tom Campbell	2/16/06
Ellen Moran Managing Director, Infrastructure, Operations	 For Ellen Moran	2/16/06
Laura Trimble Senior Director, MSA, Accountability		Le Rebecca <del>Scott</del>
Anne Rothbaum Associate Director, M&E, Accountability	 for Anne Rothbaum	2/14/06
Margaret Kuhlow, Managing Director, ESA, Accountability		2-14-06

Millennium Challenge Corporation  
Attention: John Hewko  
Vice President for Operations  
875 Fifteenth Street, NW  
Washington DC 20005  
United States of America  
Facsimile: 202-521-3700

February 10, 2006

**Re: Millennium Challenge Compact – Request for Deferral for Certain Year 1, Q2 Conditions Precedent and Request for Provisional Approval of the Work Plan**

Dear Mr. Hewko:

References are made to that certain Disbursement Agreement by and among the Millennium Challenge Corporation (“**MCC**”), the Government of the Republic of Honduras, acting through the Secretary of the Presidency (the “**Government**”), and MCA-Honduras, an independent agency of the Government of Honduras (the “**Disbursement Agreement**”) and to that certain Millennium Challenge Compact by and between the United States of America, acting through MCC, and the Government signed in Washington D.C. on June 13, 2005 (the “**Compact**”). Unless otherwise stated, all capitalized terms that are used but not defined herein shall have the meaning given such terms in the Compact.

As you are aware, the Disbursement Agreement was signed and the Compact entered into force on September 29, 2005. At that time, the Parties anticipated that an Initial Disbursement under the Disbursement Agreement would occur during the last quarter of 2005. Due to delays in the establishment of MCA-Honduras and other factors, the Initial Disbursement will now occur in the first quarter of 2006. These delays have prevented MCA-Honduras from satisfying certain conditions precedent that were required to be satisfied by Year 1, Q2 of Schedule 1 to the Disbursement Agreement.

Pursuant to Section 3.2(a)(1)(5) of the Disbursement Agreement, we hereby request a deferral of the following conditions precedent to MCC Disbursement:

- MCA-Honduras has duly hired each of the other Officers of MCA-Honduras pursuant to employment agreements which MCA-Honduras has duly executed and each is in full force and effect;
- MCA-Honduras has duly approved a bid challenge system acceptable to MCC;
- MCA-Honduras and MCC each have duly approved the M&E Plan;
- The Government and MCC have executed the document contemplated in Section 2.3(e)(iv) of the Compact specifying how Taxes paid on MCC Funding are refunded to the Program;





