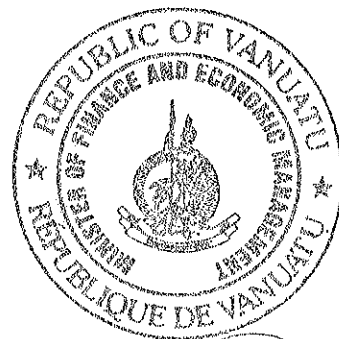


**MILLENNIUM CHALLENGE ACCOUNT
VANUATU
("MCA VANUATU")**

CHARTER



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GENERAL PROVISIONS

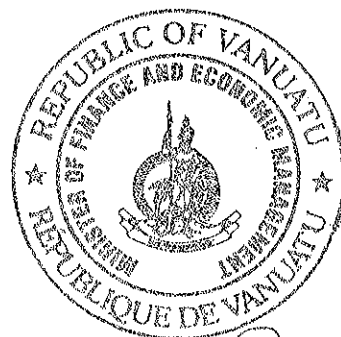
1. In this Charter, capitalized terms that are used but not defined shall have the meanings given to them in the Millennium Challenge Compact by and between the United States of America, acting through Millennium Challenge Corporation and the Vanuatu Government signed in Port Vila on 2 March 2006. The expression the "Compact" includes and extends to all of the Supplemental Agreements.
2. Pursuant to the terms of the Compact the Government is required to establish an independent unit responsible for the oversight and management of the implementation of the Compact.
3. The Council of Ministers has approved the establishment of MCA Vanuatu and the terms of this Charter by resolutions dated 26 February 2006.
4. This Charter defines the goals, governance structures and powers of MCA Vanuatu provided however that in the event of any inconsistency between the powers and authorities granted hereunder and any limits on the powers and authorities of MCA Vanuatu provided for under the Compact, those limitations shall take precedence over any powers and authorities granted in this Charter.

CREATION

5. MCA Vanuatu is created as a Unit within the Ministry of Finance and Economic Management, acting as an agent of the Government for the purpose of overseeing and managing the implementation of the Compact in accordance with and subject to the terms and conditions specified in the Compact.

GOVERNANCE STRUCTURE

6. MCA Vanuatu is constituted by:-
 - (a) a Steering Committee; and
 - (b) a Management Unit.



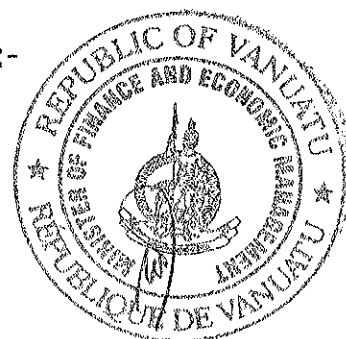
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OBJECTS AND POWERS OF MCA VANUATU

7. MCA Vanuatu shall have all of the powers necessary to give effect to and carry out the duties and obligations of the Government and/or MCA Vanuatu under the Compact including but not limited to the capacity to enter into and execute contracts in its own name, and thereby to bind the Government in respect to such contracts. For the purposes of the Compact, MCA Vanuatu is a Permitted Designee. MCA Vanuatu shall establish and operate in its name such bank accounts as are required by the Compact and subject to the terms of the Compact and the Bank Agreement.

STEERING COMMITTEE

8. (a) The Steering Committee shall be comprised of :-
- (i) 13 voting members comprised of 11 Government Members and 2 Non-Government Members; and
 - (ii) 3 non voting Observers.
9. The Government Members shall comprise:-
- (i) the Director General of the office of the Prime Minister;
 - (ii) the Director General of the Ministry of Finance & Economic Management;
 - (iii) the Director General of the Ministry of Foreign Affairs & External Trade;
 - (iv) the Director General of the Ministry of Infrastructure & Public Utilities;
 - (v) the Director General of the Ministry of Lands
 - (vi) the Director of Public Works Department
 - (vii) the Director of Finance Department
 - (viii) the Director of Economics & Social Development
 - (ix) the Director of Strategic Management;
 - (x) the Head of Development Corporation of the Ministry of Foreign Affairs; and
 - (xi) the Chief Statistician.
10. The two Non-Government Members shall comprise:-



- (i) the General Manager of the Chamber of Commerce; and
 - (ii) the Secretary General of the Vanuatu Non-Governmental Organizations.
11. The three Observers shall comprise:-
- (i) one (1) representative selected (and from time to time replaced) by MCC;
 - (ii) the Director of the Environment Unit; and
 - (iii) the General Manager of the Vanuatu Tourism Office.
12. The Chairman of the Steering Committee shall be the Director General of the Office of the Prime Minister. In the event that a voting member, or a non voting observer is unable to participate in a Steering Committee Meeting, such person may appoint in writing an alternate to participate for such person, provided that in the case of the Government Members such alternate shall be such member's principal deputy or equivalent.

RESPONSIBILITIES OF THE STEERING COMMITTEE

13. The Steering Committee shall have the responsibilities and authority and shall be bound by the limitations set out in the Compact.

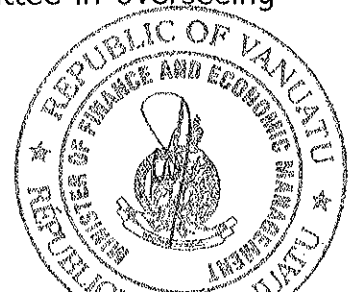
MANAGEMENT UNIT

14. The Management Unit shall be made up initially of:-

- (a) a Director;
- (b) two Analysts ; and
- (c) administrative support personnel

and shall be responsible for the day-to-day activities of MCA Vanuatu. The staffing of the Management Unit shall be the sole responsibility of the Steering Committee.

15. Subject to the provisions of the Compact, and this Charter, the Management Unit shall assist the Steering Committee in overseeing



the implementation of the Program and shall have principal responsibility (subject to the direction and oversight of the Steering Committee) for overall management of the implementation of the Program including without limitation responsibility for those matters set out in Article 2.2 of the Governance Agreement.

16. The Director of the Management Unit will serve as an ex officio, non-voting member of the Steering Committee and shall make reports to the Steering Committee as required.

MEETINGS OF THE STEERING COMMITTEE

17. The Steering Committee shall meet as often as reasonably necessary to comply with the obligations of MCA Vanuatu under the Governance Agreement. Provisions dealing with requirements for a quorum, action by written consent, meetings by means of telephone conference and other matters provided for in the Governance Agreement shall apply as if they were set out herein.

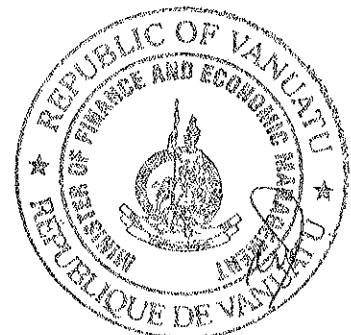
SIGNING AUTHORITY

18. The Chairman of the Steering Committee shall be the designated signatory for and on behalf of MCA Vanuatu for the purposes of entering into any contracts in the name of MCA Vanuatu, subject always to such contracts having the prior approval of the Steering Committee of MCA Vanuatu and otherwise permitted under the terms of the Compact. The Chairman can delegate his signing authority as provided in the Governance Agreement.

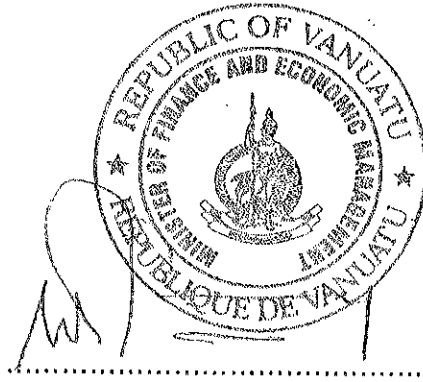
AMENDMENTS OF THE CHARTER

19. Amendments to this Charter may only be made with the approval of the Council of Ministers, after having first obtained the prior written consent of the Steering Committee and MCC.

DATED at PORT VILA this 9th day of MARCH 2006.



SIGNED for and on behalf of the)
GOVERNMENT OF THE REPUBLIC)
OF VANUATU by its duly authorized)
Minister of Finance and Economic)
Management in the presence of:-)



.....
MINISTER OF FINANCE &
ECONOMIC MANAGEMENT