

MCA-GEORGIA

BY-LAWS

ARTICLE 1. GENERAL

Section 1.1 Definitions. Capitalized terms used but not defined in these Bylaws have the meanings set forth in the Millennium Challenge Compact (the “*Compact*”) between the United States of America acting through the Millennium Challenge Corporation and Georgia, acting through its government, dated July 26, 2013, and, if not defined in the Compact, in the Program Implementation Agreement.

Section 1.2 Name and Form. Millennium Challenge Account – Georgia or MCA-Georgia is a Legal Entity of Public Law organized pursuant to Presidential Decree No.441, dated May 31, 2012 (the “*Enabling Statute*”).

Section 1.3 Organization. MCA-Georgia’s Supervisory Board will have ultimate authority to direct MCA-Georgia. MCA-Georgia will consist of (a) a Supervisory Board comprised of the members described in Section 3.7 of these Bylaws (the “*Supervisory Board*”) (b) a unit managing the day-to-day activities of MCA-Georgia (the “*Management Team*”), and (c) one or more stakeholders committees to provide advice and input to MCA-Georgia and to disseminate information concerning Compact implementation to the public (each a “*Stakeholder Committee*” and together the “*Stakeholders Committees*”), each as more particularly described in these Bylaws.

ARTICLE 2. PURPOSE AND POWERS

Section 2.1 Purpose and Authority. MCA-Georgia will have the purpose of acting as the Government’s primary agent to implement the Program and to perform the Government’s rights and obligation to oversee, manage and implement the Program, including without limitation, managing the implementation of Projects and their activities, allocating resources and managing procurements. It will be empowered by the Compact, the Program Implementation Agreement and the Enabling Statute with the authority to perform the Government’s obligations under the Compact in an independent, transparent and accountable manner.

Section 2.2 Powers. MCA-Georgia will have the following powers and legal capacities without limitation:

(a) to perform the Designated Rights and Responsibilities under the Compact and related agreements, and to bind the Government to the full extent of such rights and responsibilities in accordance to the scope set forth within the Compact and the related agreements;

(b) to make its own budget and implement the decisions of its Supervisory Board;

(c) to act, make decisions and implement independently within the scope of authority under respective Georgian Laws, Compact and related agreements.

(d) to expend MCC Funding;

(e) to acquire, own, possess and dispose of property in its own name;

(f) to sue and be sued in its own name;

(g) to enter into, be bound by and enforce contracts in its own name, with private and public entities including MCC, other Government ministries and sub-entities (such as project implementation units), employees, service providers and consultants;

(h) to engage Implementing Entities, through Implementing Entity Agreements approved by MCC, and to delegate certain powers in accordance with the Compact with the approval of MCC;

(i) to insure against all normal commercial risks associated with its activities;

(j) to open bank accounts in its own name; and

(k) generally, to perform such duties and exercise such powers of MCA-Georgia as contemplated by the Compact, the Program Implementation Agreement and the Program Guidelines.

Section 2.3 MCA-Georgia will not, directly or indirectly, engage in any activity prohibited under the Compact and/or Georgian legislation.

ARTICLE 3. SUPERVISORY BOARD

Section 3.1 Role of the Supervisory Board. MCA-Georgia will be governed by the Supervisory Board. The Supervisory Board will have independent decision making authority and will have ultimate authority and responsibility (a) for the oversight, direction and decisions of MCA-Georgia, and (b) for the overall implementation of the Program in accordance with the Compact, the Program Implementation Agreement and all Supplemental Agreements. The Supervisory Board is to be independent and the final decision maker with respect to Compact matters, subject to Georgian law and the rights of approval of MCC contained in the Compact and the Program Implementation Agreement.

Section 3.2 Responsibilities of the Supervisory Board. Without limiting the general responsibilities of the Supervisory Board as described in Section 3.1 of these Bylaws, and the non-delegable responsibilities of the Supervisory Board described in Section 3.3 of these Bylaws, the Supervisory Board will:

(a) follow MCA-Georgia's Governing Documents including its mission to implement the Compact;

- (b) participate actively in overseeing the management of MCA-Georgia, including evaluation of its reports as well as performance of its staff;
- (c) oversee and provide direction to the Management Team; and ensure that the Management Team is composed of qualified experts from the public or private sectors, hired through an open and competitive recruitment and selection process;
- (d) protect, preserve and manage the assets financed with MCC Funding and ensure that MCC Funding is used for its intended purposes;
- (e) keep written minutes of all meetings held by the Supervisory Board, which will reflect all decisions made and all actions taken;
- (f) ensure that MCA-Georgia's records and accounts are accurate and complete;
- (g) ensure that regular audits of MCA-Georgia by an independent auditor are performed on a schedule approved by MCC; and
- (h) actively engage with and consider the recommendations and advice of the Management Team made pursuant to Article 4 of these Bylaws, and, if the Supervisory Board deems advisable, request that the Stakeholders Committees provide responsive information and documents to the Supervisory Board or, as applicable, to the Management Team.

Section 3.3 Non-delegable responsibilities of the Supervisory Board subject to Georgian law.
The Supervisory Board will have responsibility for:

- (a) considering and approving or disapproving the following items (and such responsibility may not be delegated to the Management Team or otherwise):
 - (i) each Procurement Plan and M&E Plan or any material modification thereto;
 - (ii) each Material Agreement (except the employment agreements with the Management Team other than the employment agreement with the Chief Executive Officer of MCA-Georgia) or any modification, termination, or suspension of, or any other action that would have the effect of a modification, termination or suspension of, a Material Agreement;
 - (iii) any pledge of any MCC Funding or any Program Assets, any incurrence of material indebtedness, or any guarantee, directly or indirectly, of any indebtedness;
 - (iv) any disposition, in whole or in part, liquidation, dissolution, winding up, reorganization or other change, of MCA-Georgia, including any revocation of, or any modification or supplement to, any Governing Document;
 - (v) the hiring and, dismissal of the Chief Executive Officer of MCA-Georgia;

- (vi) any change to the composition or size of the Management Team;
- (vii) any material change in the composition or size of any Stakeholders Committee;
- (viii) any formation or acquisition of a subsidiary or other affiliate of MCA-Georgia;
- (ix) any other document, agreement or proposed action identified under any Program Guidelines as being a document, agreement or action that must be approved by the Supervisory Board; and
- (x) any modification, termination, or suspension of, or any other action that would have the effect of a modification, termination or suspension of the employment agreement with the Chief Executive Officer of MCA-Georgia.

(b) making recommendations to the Government regarding any change of any Supervisory Board Member, of any Observer, of the member serving as the Chairperson or in the composition or size of the Supervisory Board, and the filling of any vacant seat of any Supervisory Board Member or Observer.

Section 3.4 Executive Committee. The Supervisory Board may, in accordance with the terms of the Governance Guidelines, form an executive committee of its members authorized to take certain limited actions described below (the “*Executive Committee*”). If formed by the Supervisory Board, the majority of the Executive Committee will be Supervisory Board Members, with at least one member appointed from the Private Sector Members. The Chief Executive Officer also will be a member of the Executive Committee. All Supervisory Board Members and Observers will be entitled to receive the documents provided to the Executive Committee and to participate as observers in the meetings of the Executive Committee upon request. The Supervisory Board must review the actions of the Executive Committee for consistency with the Compact, the Governing Documents and overall Program implementation during regular meetings of the Supervisory Board. Notice of any actions taken and copies of any documents approved by the Executive Committee will be provided to all Supervisory Board Members and Observers within seven calendar days following such action or approval. If formed, the Executive Committee may review and approve the following documents, if so authorized by a resolution of the Supervisory Board:

- (a) any request for Disbursement;
- (b) any Work Plan and any modification thereto;
- (c) any Audit Plan and any modification thereto; and
- (d) any Periodic Report.

To the extent an Executive Committee does not exist or these responsibilities have not been delegated to it by a resolution of the Supervisory Board, the authority with respect to these actions and approvals may be delegated to the Chief Executive Officer (subject to the same

review process set forth above), but are not otherwise delegable by the Supervisory Board and will be performed by the Supervisory Board in accordance with Section 3.3 of these Bylaws.

Section 3.5 Other Committees. The Supervisory Board may form other committees, which make recommendations to the Supervisory Board as appropriate. Such committees may be composed of Supervisory Board Members and Observers and such other persons that may have particular expertise necessary for the committee. The Supervisory Board may rely on information, opinions, reports and the like prepared by committees the Supervisory Board may create, but the members of the Supervisory Board remain responsible for actually taking decisions on matters addressed or raised by committees or that are otherwise necessary or prudent on behalf of MCA-Georgia and the proper implementation of the Program.

Section 3.6 Fiduciary Duties of Board Members. The Supervisory Board Members will owe a fiduciary duty to MCA-Georgia. They will discharge their responsibilities by staying informed and providing appropriate oversight of MCA- Georgia during Compact implementation, and holding regular meetings to consider and approve activities of MCA-Georgia as necessary. Supervisory Board Members are expected to exercise objective and independent judgment and discharge their duties in a manner that is in the best interests of the Program and MCA-Georgia.

Section 3.7 Composition.

(a) The Supervisory Board will be comprised of seven members:

(i) the following five persons (such members, including any successor titles, "**Government Board Members**"):

(1) The individual holding the position of, or acting as, the Prime Minister;

(2) The individual holding the position of, or acting as, the Minister of Finance; and

(3) The individual holding the position of, or acting as, the Minister of Education and Science;

(4) The individual holding the position of, or acting as, Minister of Justice;

(5) The individual holding the position of, or acting as, Minister of Foreign Affairs.

(ii) the following two persons from the private sector and/or civil society (such members, "**Private Sector Members**," and together with the Government Board Members, the "**Supervisory Board Members**"):

(1) One representative of a civil society organization; and

(2) One representative from the private sector.

(b) There shall also be the following observers of the Supervisory Board (each an “*Observer*”):

- (i) The Chief Executive Officer of MCA-Country Georgia;
- (ii) The MCC Representative; and
- (iii) Other Observers as agreed by the Government and MCC.

(c) Observers will be entitled to attend and participate in all Supervisory Board meetings and receive all correspondence and documentation provided to the Supervisory Board. Observers have no right to vote in respect of decisions of the Supervisory Board.

Section 3.8 Selection; Appointment; Terms.

(a) Each Government Board Member will be a Minister from the applicable Ministry with the authority to act on behalf of and bind the Ministry he or she represents. Each Government Board Member will serve in his or her capacity as a Minister or Government official and not in a personal capacity. If a person serving as a Government Board Member resigns or is removed from such Government office, that person’s position on the Supervisory Board will be taken by such person’s successor in such Government capacity.

(b) The Private Sector Members will be selected through a transparent process established by the Stakeholders Committees or relevant non-governmental civil society and private sector organizations, as agreed with MCC.

(c) The term of office for Private Sector Members will be three years, which term of office may be renewed. In the event that a vacancy is created with respect to one or more Private Sector Members at any time, a successor will be selected in accordance with this Section 3.8.

Section 3.9 Compensation; Indemnification.

(a) No Supervisory Board Member or Observer will be entitled to receive remuneration from MCC Funding in connection with the performance of their duties as Supervisory Board Members or Observers, respectively, except for reimbursement of reasonable expenses arising from their attendance at regular or special meetings, so long as such reimbursements are (i) consistent with the Compact and the detailed budget for the Program, (ii) are made with the prior approval of MCC, and (iii) are in accordance with the MCC “*Cost Principles for Accountable Entity Operations*”, which may be found on the MCC Website. Government Board Members are prohibited from receiving remuneration from the Government or any other source in connection with the performance of their Supervisory Board duties, however such Government Board Members may be reimbursed for reasonable incidental expenses arising from their attendance at regular or special meetings (e.g., transportation or per-diem expenses).

(b) Pursuant to the Program Implementation Agreement, the Government is responsible for indemnifying and holding harmless each Supervisory Board Member, *provided* that the Government will have no obligation to indemnify any members if and to the extent that

any such claims, losses, actions, liabilities, costs, damages or expenses are attributable to the fraud, gross negligence or willful misconduct of such member.

Section 3.10 Chairperson.

(a) The chairperson of the Supervisory Board will be the Prime Minister (the “*Chairperson*”).

(b) The Chairperson will certify that (i) all documents and reports submitted to MCC by the Supervisory Board in accordance with these Bylaws or the Compact have been approved by the Supervisory Board, and (ii) such submissions are true, accurate and complete.

Section 3.11 Role of General Counsel as Secretary to the Supervisory Board.

(a) MCA-Georgia’s General Counsel will act as the corporate secretary of MCA-Georgia (the “*Secretary*”). If the General Counsel is not available to perform the function of Secretary, the Chairperson may designate another Officer (as defined below) to serve as the Secretary until the General Counsel is available to perform such functions.

(b) The Secretary will be responsible for maintaining MCA-Georgia's corporate books and records at the offices of MCA-Georgia, giving notice of Supervisory Board meetings, attending and keeping minutes of Supervisory Board meetings, signing all documents on which the signature of the Secretary is necessary or appropriate, and attesting to the authenticity of any MCA-Georgia generated documents.

(c) The Secretary will prepare minutes that will include at a minimum, the agenda and information regarding when notice was delivered to the Supervisory Board Members and Observers, the list of attendees and absentees, and summaries of the discussion of agenda items and actions taken by the Supervisory Board.

(d) The written minutes of each Supervisory Board meeting will be published on MCA-Georgia’s website within two weeks of the next Supervisory Board meeting in accordance with the requirements of Section 6.3 of these Bylaws. While they can be published in other languages as well, the minutes are, at a minimum, to be recorded and published in English and Georgian.

Section 3.12 Meetings; Decisions.

(a) The Supervisory Board will hold as many meetings as are necessary to discharge its duties and ensure the effective implementation of the Compact; such meetings will be at such times and at such places as may from time to time be determined by the Supervisory Board. At a minimum, the Supervisory Board will meet once a quarter for regular meetings.

(b) Each meeting of the Supervisory Board will meet certain minimum standards in order to be considered a valid meeting at which actions taken by the Supervisory Board are considered valid and effective. These standards will include the following:

(i) Notice. Adequate notice of meetings will be provided to all Supervisory Board Members and Observers. Notice for regular meetings will be delivered to each Supervisory Board Member and Observer at least seven calendar days prior to the date of such regular meeting. Notice for special meetings will be delivered to each Supervisory Board Member and Observer at least 48 hours prior to the time of such special meeting. Such notice will (1) be given to all Supervisory Board Members and Observers; (2) specify the date, time and location of the meeting; and (3) include a copy of an agenda of issues and documents to be considered. Notwithstanding the foregoing, (x) any Supervisory Board Member or Observer may waive, in writing, the requirement to receive notice in respect of any such meeting, and (y) the presence of any Supervisory Board Member or Observer at any such meeting will constitute waiver by such Supervisory Board Member or Observer of the requirement to receive notice of such meeting. A valid meeting of the Supervisory Board may not be held unless each Supervisory Board Member and Observer receives notice (or waives or is deemed to waive notice) of such meeting.

(ii) Quorum. A quorum for all meetings of the Supervisory Board will be four board Members consisting of (1) at least three Government Board Members and at least (2) one Private Sector Member represented by their alternates appointed pursuant to Section 3.12(c) of these Bylaws. If the size of the Supervisory Board is altered with the approval of MCC and the Government, the thresholds for quorum and voting will also be adjusted in a manner approved by MCC and the Government. If a quorum is not present at any meeting of the Supervisory Board, the Supervisory Board Members present at the meeting will adjourn the meeting until a quorum is present.

(iii) Voting.

(1) Except as provided in clause (2) below and Section 7.1 of these Bylaws, decisions of the Supervisory Board will be taken by a majority of the Supervisory Board Members present at a meeting at which there is a quorum.

(2) Subject to Georgian Law, any decision to dispose of, in whole or in part, liquidate, dissolve, wind up, reorganize or effect other material change to MCA-Georgia will require approval of at least two-thirds of the Supervisory Board Members present at a meeting at which there is a quorum.

(3) Each Supervisory Board Member will have one vote.

(4) In the event of an equality of votes, the Chairperson presiding at the meeting will have a casting or tie-breaking vote.

(5) Each decision, election, appointment or action by the Supervisory Board, whether specifically set forth in these Bylaws or otherwise, will be made in accordance with the procedure set forth in this Section 3.12(b).

(iv) Decisions without a meeting. Urgent decisions may be taken by the Supervisory Board without a formal meeting if (1) a written draft resolution is circulated to all Supervisory Board Members and Observers, and (2) at least five Supervisory Board Members consent in writing to the resolution (of which at least four must be Government Board Members and at least one must be Private Sector Member).

(v) Meetings by Telephone Conference. Except as otherwise provided in these Bylaws, the Supervisory Board Members and Observers may participate in a meeting of the Supervisory Board by means of a telephone conference or similar communications equipment that enables all persons participating in the meeting to hear and speak to each other. Participation in a Supervisory Board meeting pursuant to this Section 3.12(b)(v) constitutes presence in person at such meeting.

(c) In the event that a Supervisory Board Member is unable to participate in a meeting of the Supervisory Board, such Supervisory Board Member may appoint in writing to the Secretary, specifying the duration of such appointment, an alternate to participate for such Supervisory Board Member, *provided, however*, that (i) in the case of a Government Board Member, such alternate will be such member's principal deputy or an official of equivalent authority from the same government body as the Supervisory Board Member, (ii) in the case of a Private Sector Member, such alternate must be approved by majority vote of the Supervisory Board Members present at such meeting, and (iii) in the case of the MCC Representative, MCC may designate an alternate representative in its sole discretion.

(d) The Chairperson will preside at every meeting of the Supervisory Board and in the absence of the Chairperson, a Supervisory Board Member elected by a majority of the Supervisory Board Members present at the meeting will preside. Once Supervisory Board Members have had an opportunity to discuss a particular issue, the Chairperson will facilitate the decision-making process and formal action by the Supervisory Board to approve, disapprove or delay its decision on the item or document.

(e) The Supervisory Board will ensure that MCA-Georgia will not take (or fail to take) any action with respect to which MCC approval is required pursuant to the Compact, any Governing Document, the Program Implementation Agreement, any Implementation Plan Document, any other Supplemental Agreement, or any Program Guidelines without in each case obtaining the prior approval of MCC (which approval will be in writing unless otherwise indicated).

Section 3.13 MCC Representative.

(a) MCC's Resident Country Director for Georgia, or such other person as MCC may appoint in writing to the Secretary (the "*MCC Representative*"), will participate in all Supervisory Board meetings. This will include the right to attend all Supervisory Board meetings, participate in Supervisory Board discussions, and receive and review all correspondence and documentation provided to the Supervisory Board.

(b) The MCC Representative represents MCC's interests with respect to implementation of and compliance with the Compact, and does not owe any fiduciary duty to MCA-Georgia.

ARTICLE 4. MANAGEMENT TEAM

Section 4.1 Role and Duties of the Management Team.

(a) The Management Team will have the principal responsibility for the day-to-day management of the Program, including those roles and responsibilities specifically set forth in the Program Implementation Agreement. The specific duties of the Management Team include the following:

- (i) development and administration of financial, procurement, monitoring and evaluation, fiscal accountability, work, audit and staffing plans;
- (ii) maintenance of financial records for the Program and its Projects;
- (iii) preparation, review and submission of reports regarding finances, accounting, audits, monitoring and evaluation, procurement and performance of MCA- Georgia and the Program, including all compliance reports required under the Compact, the Program Implementation Agreement and applicable law, and such other reports and accounts as may be required by the Supervisory Board;
- (iv) coordination of the Program and the Projects consistent with the Compact, the Program Implementation Agreement and any Supplemental Agreements;
- (v) management, implementation and coordination of all components of the M&E Plan;
- (vi) preparation of the Disbursement Requests (as defined in the Program Implementation Agreement) to be submitted to MCC;
- (vii) ongoing oversight of procurements and procurement-related activities in accordance with the MCC Program Procurement Guidelines as required by the Compact and the Program Implementation Agreement;
- (viii) preparation and submission of appropriate documentation pertaining to the tax exemption of MCC Funding required by the Compact;
- (ix) acquisition and maintenance of a management information system to allow the systematic tracking of programmatic and financial implementation of, and performance under, the Compact, including for each Project;
- (x) administration of the MCA-Georgia's Website to post current information about Compact related activities, M&E Plan reporting, financial reporting, and Compact related procurements;

(xi) development, oversight, management, coordination and implementation of such policies and procedures as may be necessary to facilitate the effective implementation of the Compact and as may be advisable in connection with any Supplemental Agreement, and such other policies, procedures or activities as may be required or requested by the Supervisory Board in furtherance of the Compact;

(xii) provision of the advice and written recommendations to the Supervisory Board in matters requiring Supervisory Board actions and, in connection therewith, the Management Team will prepare and submit to the Supervisory Board the relevant agreements, documents or actions to be approved, along with a written recommendation to the Supervisory Board on how to proceed with such agreements, documents or action needed to support such recommendation;

(xiii) preparation of and submission to the Supervisory Board of any other report, document, agreement or action required by the Compact, the Program Implementation Agreement or other Supplemental Agreement, or as may be designated or requested by the Supervisory Board from time to time, along with the written recommendation to the Supervisory Board on how to proceed;

(xiv) reporting to and meeting with the Stakeholders Committees on at least a quarterly basis with respect to the MCA-Georgia Program implementation progress; and

(xv) undertaking any other responsibilities within the scope of Program implementation that may be required or requested from time to time by the Supervisory Board, and any other responsibilities set forth in the Compact, the Program Implementation Agreement, or any other Supplemental Agreement.

(b) All plans, reports and other documents delivered to MCA-Georgia's Supervisory Board will also be delivered by the Management Team to MCC.

(c) Each member of the Management Team will exercise his or her duties solely in accordance with the best interests of MCA-Georgia, the Program, the Compact Goal, Program Objective and the Project Objectives, and will not undertake any action that is contrary to those interests or would result in personal gain or a conflict of interest.

Section 4.2 Composition

(a) The Management Team will be composed of the following positions (each, an "*Officer*"): (i) Chief Executive Officer ("*Chief Executive Officer*" or "*CEO*"); (ii) Chief Financial Officer; (iii) Procurement Director; (iv) General Counsel; (v) Environment and Social Performance Director; (vi) Gender and Social Assessment Director; (vii) Monitoring and Evaluation Director; (viii) Tertiary Education Project Director; (ix) Improving General Education Quality Project Director; (x) Chief Infrastructure Engineer; (xi) Business, Government and Public Relations Director, and (xii) such other key officers as may be agreed upon by the Government and MCC.

(b) The CEO will manage the day-to-day activities of MCA-Georgia. The CEO may (i) enter into contracts on behalf of MCA-Georgia, subject to the prior approval of the Supervisory Board and MCC if required herein, in the Compact, any Supplemental Agreement or any Program Guidelines; and (ii) review and, if delegated by the Supervisory Board by resolution, approve Disbursement Requests to be submitted to MCC. Copies of any Disbursement Requests so approved will be submitted to the Supervisory Board within seven calendar days after such approval. (iii) Execute other authorities within the scope set under the laws of Georgia.

(c) The Officers will be supported by appropriate administrative and other personnel as needed and in accordance with the staffing plan agreed with MCC and the Detailed Financial Plan.

Section 4.3 Selection; Appointment; Dismissal.

(a) The CEO and all Officers of the Management Team will be selected and hired, subject to MCC's approval, by the Supervisory Board after an open and competitive recruitment and selection process. CEO shall be formally appointed and dismissed by the Supervisory Board. MCA-Georgia will be responsible for and will take all necessary action with respect to any misconduct or failure of any Officer retained by MCA-Georgia. The non-Officer staff of the Management Team will be selected and hired by the CEO following an open and competitive recruitment and selection process.

(b) MCA-Georgia will use only qualified and experienced staff for the performance of its responsibilities under the Compact, the Program Implementation Agreement and other Supplemental Agreements. MCA-Georgia will be responsible for and will take all necessary action with respect to any misconduct or failure of any staff retained by MCA-Georgia.

(c) The terms of employment for each Officer and for any other employee will be governed by an employment agreement, subject to MCC's approval, to be entered into between MCA-Georgia and each such employee. MCC will not have any direct or indirect liability under such agreements or arrangements.

(d) The appointment and dismissal of each Officer (and the terms of their respective employment agreements) will be subject to the prior approval of MCC.

(e) The CEO, Officers and staff of the Management Team may be nationals of Georgia or of any other country.

Section 4.4 Remuneration. The remuneration of each member of the Management Team will be determined by the Supervisory Board, *provided, however*, that such remuneration will be approved in advance by MCC and comply with the MCC "Cost Principles for Accountable Entity Operations", which may be found on the MCC Website.

ARTICLE 5. STAKEHOLDERS COMMITTEES

Section 5.1 Role of the Stakeholders Committees.

(a) The Stakeholders Committees, each in form satisfactory to MCC, will be created to represent the constituencies of the various Projects. MCA- Georgia will use the Stakeholders Committees to continue the consultative process throughout Compact implementation. The Stakeholders Committees will be used primarily to inform the various constituent groups about Program implementation and provide advice and input to MCA-Georgia concerning the Program, with the goal of promoting transparency. To that end:

(i) the MCA-Georgia Project directors will present Program-related matters to the Stakeholders Committees and report back to the Supervisory Board on the advice provided by them, and regular, periodic interaction between MCA-Georgia and the Stakeholders Committees is anticipated; and

(ii) each Stakeholders Committee will (1) engage the various constituents and intended beneficiaries of the Program on the Program's implementation; (2) provide advice, guidance and recommendations to MCA- Georgia with respect to the implementation of the Program; and each Stakeholders Committee can (3) propose candidates for the private sector and/or civil society members of the Supervisory Board.

(b) Members of the Stakeholders Committees will regularly have the opportunity to present their views and recommendations to the Management Team and the Supervisory Board. Members of the Stakeholders Committees will be accessible to the beneficiaries they represent in order to receive their comments or suggestions regarding the Program.

Section 5.2 Composition.

(a) The size, composition and manner of selection of members of the Stakeholders Committees will be agreed between the MCC and MCA-Georgia. These matters will be dictated by the Project areas and scope of the Program. The membership will, however, include Government, the private sector, civil society and all structures that were consulted in developing the Compact proposal.

(b) The "government" representation in the membership of the Stakeholders Committees may be the local and regional governments that were consulted by the Government in the development of its Compact proposal. The non-governmental organizations, civil society and private sector representatives will not be selected by the Government, but rather through a transparent process defined by MCA-Georgia and agreed with MCC.

Section 5.3 Term. The term of service for members of each Stakeholders Committee will be two years, which term of service may be renewed.

Section 5.4 Meetings; Decisions.

(a) Each Stakeholders Committee will hold the number of periodic general meetings per year that may be required to discharge its functions.

(b) In compliance with requirements of the Compact, the Governance Guidelines and related Governing Documents, each Stakeholders Committee will prepare written summaries of its meetings, including, but not limited to, the following information for each meeting: names of all attendees, agenda items discussed and recommendations made by the Stakeholders Committee at the meeting.

(c) Adequate notice of meetings will be provided to all members of the Stakeholders Committee. At least seven calendar days prior written notice will be provided for general meetings.

(d) A majority of the members of a Stakeholders Committee will constitute a quorum at any meeting.

(e) Each Stakeholders Committee and its members will be subject to the same conflict of interest and confidentiality rules contemplated in Article 6 of these Bylaws.

Section 5.5 Compensation. Members of the Stakeholders Committee will not be entitled to receive remuneration in connection with the performance of their duties as members. Members of the Stakeholders Committee may be entitled to reimbursement for reasonable expenditures arising from their attendance at Stakeholder Committee meetings as budgeted for and approved by the Supervisory Board, with the prior approval of MCC.

ARTICLE 6. POLICIES OF MCA-GEORGIA

Section 6.1 Conflict of Interest.

(a) MCA-Georgia will develop and maintain a conflict of interest policy in compliance with the Governance Guidelines.

Section 6.2 Confidentiality.

(a) MCA-Georgia will develop and maintain a confidentiality policy in accordance with the Governance Guidelines.

Section 6.3 Transparency.

(a) Transparency and accountability to MCC and to the beneficiaries of the Program are critical aspects of the Program. Transparency is essential for facilitating accountability. In an effort to achieve these goals, MCA-Georgia will, among other requirements included in the Compact and the Program Implementation Agreement:

- (i) develop and maintain the MCA-Georgia Website in a timely, accurate and appropriately comprehensive manner;
- (ii) post on the MCA-Georgia Website, the important documents of the Program including the Compact, minutes of meetings and other agreements specified in the Compact or Program Implementation Agreement or contemplated in the Governance Guidelines; and
- (iii) establish an e-mail suggestion box as well as a means for other written comments that interested persons can use to communicate ideas, suggestions or feedback to MCA-Georgia.

Section 6.4 Audit.

Financial audits of MCA-Georgia will be performed by an independent external auditor selected by MCA-Georgia and approved by MCC, and in conformance with the requirements of the Compact and the Program Implementation Agreement.

ARTICLE 7. MISCELLANEOUS

Section 7.1 Amendments.

(a) These Bylaws and any other Governing Document may be altered, amended or repealed at any regular or special meeting of the Supervisory Board by the affirmative vote of at least two-thirds of the Supervisory Board Members present at a meeting at which there is a quorum in accordance with Section 3.12(b)(ii) of these Bylaws, *provided, however*, that any such alteration, amendment or repeal will be subject to MCC approval.

(b) Prior notice of such actions must be sent to MCC through the MCC Representative.

(c) The Supervisory Board will not have the power to alter or amend the Bylaws in such manner as to create a conflict with the terms of the Compact, the Program Implementation Agreement or any other Supplemental Agreement.

Section 7.2 Conflict. In the event of conflict between the terms of these Bylaws and the Compact, the Program Implementation Agreement or any of the Program Guidelines, the provisions of the Compact, the Program Implementation Agreement or the Program Guidelines, as the case may be, will prevail.

Section 7.3 Defined Terms. Capitalized terms used in these Bylaws and not defined in these Bylaws will have the following meanings:

Chairperson has the meaning provided in Section 3.10(a) of these Bylaws.

Chief Executive Officer or *CEO* has the meaning provided in Section 4.2(a) of these Bylaws.

Compact means that certain Millennium Challenge Compact, by and between the United States of America acting through the Millennium Challenge Corporation and Georgia, acting through its government, signed on July 26, 2013, as amended or otherwise modified from time to time.

Designated Rights and Responsibilities has the meaning provided in the Program Implementation Agreement.

Detailed Financial Plan has the meaning provided in the Program Implementation Agreement.

Disbursement has the meaning provided in the Compact.

Enabling Statute has the meaning provided in Section 1.1 of these Bylaws.

Executive Committee has the meaning provided in Section 3.4 of these Bylaws.

Governance Guidelines has the meaning provided in the Compact.

Governing Document has the meaning provided in of the Program Implementation Agreement.

Government has the meaning provided in the Compact.

Government Board Members has the meaning provided in Section 3.7(a)(i) of these Bylaws.

Implementation Plan Document has the meaning provided in the Program Implementation Agreement.

Implementing Entity has the meaning provided in the Compact.

Implementing Entity Agreement has the meaning provided in the Compact.

M&E Plan has the meaning provided in the Compact.

Management Team has the meaning provided in Section 4.1 (a)of these Bylaws.

Material Agreement has the meaning provided in the Program Implementation Agreement.

MCA-Georgia Website has the meaning provided in the Program Implementation Agreement.

MCC Funding has the meaning provided in of the Compact.

MCC Representative has the meaning provided in Section 3.13(a) of these Bylaws.

MCC Website is available at www.mcc.gov.

Officer has the meaning provided in Section 4.2(a) of these Bylaws.

Private Sector Members has the meaning provided in Section 3.7(a)(i) of these Bylaws.

Procurement Plan has the meaning provided in the Program Implementation Agreement.

Program has the meaning provided in the Compact.

Program Asset has the meaning provided in the Compact.

Program Guidelines has the meaning provided in the Compact.

Program Implementation Agreement means that certain Program Implementation Agreement made by and between the United States of America, acting through the Millennium Challenge Corporation, and Georgia, acting through its government, signed on July 26, 2013, as amended or otherwise modified from time to time.

Project has the meaning provided in the Compact.

Secretary has the meaning provided in Section 3.11(a) of these Bylaws.

Stakeholders Committee has the meaning provided in Section 1.3 of these Bylaws.

Supervisory Board has the meaning provided in section 1.3 of these Bylaws.

Supplemental Agreement has the meaning provided in the Compact.