

Minutes No. 11

**of the Meeting of Governing Council of Millennium Challenge Account – Armenia
held on March 9, 2007, 10:30**

The session was chaired by H.E. Andranik Margaryan, The Prime Minister of the Republic of Armenia and the Chairman of the MCA-Armenia Governing Council.

In attendance:

Members of Governing Council:

Vahram Nercissyan	Chief Economic Advisor to President of Armenia
Vardan Khachatryan	Minister of Finance and Economy of the Republic of Armenia
Hrant Beglaryan	First Deputy Minister of Transport and Communication of the Republic of Armenia/instead of Andranik Manukyan/
David Lokyan	Minister of Agriculture of the Republic of Armenia
Nazeli Vardanyan	“Forests of Armenia” Environmental NGO
Karen Nazaryan	Armenian Inter-Church Round Table NGO
Tonakan Ghazaryan	“Shenik” WUA
Vanik Soghomonian	“National Union of Farmers” NGO
Vardan Hambardzumyan	Federation of Agricultural Associations Union of Legal Entities

Invitees:

Andranik Andreyan	President of the RA State Water Committee
David Avetisyan	Deputy Minister of Finance and Economy

In attendance of:

John Hewko	Vice President of USA Millennium Challenge Corporation
Anthony Godfree	Chargé d'Affaires of USA in Armenia
Alex Russin	MCC Resident Country Director, MCC Armenia, GC Observer
Myron Hirniak	MCC Deputy Resident Country Director, MCC Armenia
Ara Hovsepyan	CEO, MCA-Armenia SNCO
Ruzanna Ghazaryan	Legal Counsel of MCA-Armenia, Secretary of the GC
Tigranuhi Baghdasaryan	Translator of Chargé d'Affaires of USA in Armenia
Simon Ghonakhchyan	Head of the Economic Department of the Staff of RA Government
Mery Harutyunyan	Head of Public Relations Department of the Staff of RA Government

The following items were included in meeting agenda:

1. Visit to Armenia of Mr. John Hewko, MCC Vice President. Meeting with MCA-Armenia Governing Council.
2. Discussion and approval of combined technical-financial evaluation results of tender proposals for “Consulting Services For Environmental /Hydrological Baseline Study of Wetlands in Ararat valley.
3. Discussion and approval of results of technical evaluation for tender proposals for Consulting Services for Feasibility Study for Construction of New Irrigation Reservoirs.
4. Discussion and approval of Evaluation Committee structure, Requests for Proposals and list of pre-qualified consultants (short-list) for selection of the company to implement consulting services for “Survey on Technical and Economical Justification and Preparation of Rehabilitation Works for 68 Pumping Stations”.
5. Discussion and approval of MCA-Armenia Fiscal Accountability Plan.
6. Other issues.
 - a) Information about MCA-Armenia Procurement Officer A. Bakhtamyan: quitted the present position according to personal statement to start a new assignment, as well as works directed to announcing a corresponding vacant position in a proper manner;
 - b) Information on the necessity of inviting Governing Council meeting to discuss and approve the documents, included in condition precedent for the third Disbursement.

Related the first issue of the agenda: Ara Hovsepyan, Chief Executive Officer of MCA-Armenia SNCO introduced John Hewko, US MCC Vice President, who was in Armenia on an official visit. Following the introduction Mr. Hewko addressed the members of the Governing Council and presented the purpose of his visit, spoke about the positive impressions of the program that he was able to form during the two-day visit and familiarization with MCA-Armenia staff and its operations. He then emphasized that the main purpose of his visit was to see with his own eyes how the MCA-Armenia program implementation evolves and if necessary, provide immediate assistance. At the same time he also outlined that the Millennium Challenge Corporation is very much interested in the successful and timely implementation of MCA-Armenia program, which will be possible in case all conditions precedent of the MCA Compact, signed between USA and Armenian Governments, are fully complied with, in particular ensuring free, fair and transparent upcoming elections in Armenia. Taking into account that Armenia, similar to the 25 other countries selected by USA Millennium Challenge program, qualified for MCC financing based on 16 indicators, Mr. Hewko expressed the concern of the Corporation regarding the observed tendency for decline in some indicators in Armenia and noted that the upcoming elections provide a good opportunity to eliminate these concerns. John Hewko informed that 7.5 mln USD was provided to Armenia to facilitate free, fair and transparent elections by the US Government, which plans to closely observe all the aspects of the election process, including the pre-election stage, the accuracy of the election lists, the vote tally, and the actual process of elections during the next 2 months. Given the fact that due failure to fulfill the requirements set forth by the by Corporation, Millennium Challenge programs have been already suspended in 2 countries, i.e. Zambia and Ghana, free, fair and transparent elections in Armenia are critical in order to avoid similar situation. Mr. Hewko also noted that Ambassador Danilovich attached great importance to Mr. Hewko’s visit to Armenia and so it as a possibility for conveying the message in support of free and fair elections.

Mr. Hewko expressed his gratitude for the possibility to participate in Governing Council meeting and personally meet Council members.

In his speech Anthony F. Godfrey, Chargé d'Affaires of USA in Armenia acknowledged the members of MCA-Armenia Governing Council, Mr. Hewko and Mr. Danilovich, CEO of the Millennium Challenge Corporation.

In his response speech, A. Margaryan, RA Prime Minister, the Chairman of Governing Council, expressed his gratitude to John Hewko for his visit and sharing his positive opinion of the implementation of the MCA-Armenia Program with the Governing Council, as well as for sharing his current concerns about political indicators. The Prime Minister mentioned that the Government of Armenia will be directing every effort to ensuring that the country is well-prepared for the upcoming elections. Mr. Margaryan also mentioned that as a leader of a party influential in the current political playing field, he is confident that the elections in Armenia will be conducted in a free and fair manner.

It was decided to take a serious note of Mr. Hewko's remarks.

Related the second item of the agenda: It was decided to approve the combined technical-financial evaluation results of tender proposals for "Consulting Services For Environmental /Hydrological Baseline Study of Wetlands in Ararat valley.

Related the third item of the agenda: It was decided to approve the results of technical evaluation for tender proposals for Consulting Services for Feasibility Study for Construction of New Irrigation Reservoirs.

Related the fourth item of the agenda: It was decided to approve Evaluation Committee structure, Request for Proposals and list of pre-qualified consultants (short-list) for selection of the company to implement consulting services for "Survey on Technical and Economical Justification and Preparation of Rehabilitation Works for 68 Pumping Stations" and to spell out the name of the tender in a following way: "Survey on technical and economic justification for rehabilitation and increased efficiency of 68 pumping stations"

Related the fifth item of the agenda: It was decided to approve Fiscal Accountability Plan of MCA-Armenia.

Related the sixth item of the agenda: It was decided to take into account the information provided by A. Hovsepyan, CEO of MCA-Armenia:

a) MCA-Armenia Procurement Officer Alexander Bakhtamyan: quitted the present position according to personal statement to start a new assignment, as well as works directed to announcing a corresponding vacant position in a proper manner;

b) regarding the draft package of documents, included in the Condition Precedent Report for the third Disbursement Request. A. Hovsepyan is assigned to provide Governing Council members with the documents to be discussed and approved at next week GC meeting.

When the agenda issues were over, A. Margaryan, RA Prime Minister, the Chairman of Governing Council, gave an opportunity to participants of the meeting to discuss MCA project related other issues and recommendations which were not included into the meetings' agenda.

In the result:

- a) Vanik Soghomonyan, member of MCA-Armenia Stakeholders' Committee and Governing Council, expressed his concern about some villages of Gegharqunik Marz. He mentioned that the construction of reservoir in Gandzak will improve water supply situation in Gandzak, as well as in Sarukhan, Hatsarat and Tsakhahovit villages. He also mentioned, that the rehabilitation of irrigation system of the village Noratus of the same Marz will support the needs of this one of the biggest villages in the Marz and recommended to include the mentioned villages into program, if possible.
- b) Karen Nazaryan, member of MCA-Armenia Stakeholders' Committee and Governing Council, recommended creating possibilities to get familiar with corresponding works carried out in other countries within the frames of USA Millennium Challenge programs and assist in experience sharing.

In reply to the mentioned recommendations, A. Margaryan, RA Prime Minister, the Chairman of Governing Council assigned:

- a) To study the issue of the mentioned villages of Gegharqunik Marz and if necessary, taking into account that MCA-Armenia program is already approved and no amendments can be made, make a proposal together with A. Andreasyan, President of the RA State Water Committee, Ministry of Territorial Administration, about the possibility of solving water supply problem in those villages from state resources.
- b) A. Hovsepyan, CEO of MCA-Armenia shall present a report on the outcomes of the MCA-Armenia delegation visit to Georgia from March 4-5, 2007, targeted at experience exchange within the frames of USA Millennium Challenge programs.

At the end of the meeting MCC Vice President Mr. John Hewko once again expressed his gratitude for the opportunity to be present at the meeting. He also expressed his gratitude to NGO's acting in Armenia, which through their representatives actively participate in project implementation. He informed that three employees of MCA-Armenia are invited to Washington for exchange of knowledge to participate in MCC University Program, which will take place from 17-27 of March, 2007. It is possible to learn the experience of other countries by visiting internet and web sites of the ongoing projects in other countries. Taking the opportunity, John Hewko expressed high evaluation to MCA-Armenia web site and mentioned that he will recommend programs in other countries to study the MCA-Armenia web site and take it as an example. In general, he expressed his positive evaluation to the works, carried out by MCA-Armenia personnel, at the same time he asked RA authorities to assist the MCA-Armenia to

assure proper process of applying tax and custom privileges to the works, services carried out within the frames of project implementation in strict compliance with MCA-Armenia Compact provisions.

Chairman of MCA-Armenia SNCO Governing Council,
RA Prime Minister

A. Margaryan

Secretary of MCA-Armenia SNCO Governing Council,

Legal Counsel, MCA-Armenia SNCO

/signature/

R. Ghazaryan