

Minutes No. 24
of the Meeting of Governing Council of Millennium Challenge Account – Armenia
held on November 27, 2007, 18:00

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

In attendance:

Members of Governing Council:

Vahram Nercissyantz	Deputy Chairman of the MCA-Armenia Governing Council,	Chief
	Economic Advisor to President of Armenia	
Andranik Manukyan	Minister of Transport and Communication of RA	
Vardan Khachatryan	Minister of Finance and Economy of RA	
David Lokyan	Minister of Agriculture of RA	
Araik Hovhannisyan	President of “Association of Municipal Councilors of Armenia” NGO	
Karen Nazaryan	Executive Director of Armenian Inter-Church Round Table	
Vanik Soghomonyan	President of “National Union of Farmers” NGO	
Ashot Voskanyan	President of "Agridevelopment" NGO	
Hrachya Javadyan	Executive Director of Applied Research and Agribusiness Foundation	

In absence of:

Hovik Abrahamyan	Deputy Prime Minister, Minister of Territorial Administration of RA
Karine Danielyan	Environmental observer of the MCA-Armenia Governing Council, Chairman of “Association for Sustainable Human Development” NGO

Invitees:

David Avetisyan	Deputy Minister of Finance and Economy of RA
Andranik Andreasyan	Chairman of State Water Committee, Ministry of Territorial Administration of RA

In attendance of:

Ara Hovsepyan	CEO, MCA-Armenia SNCO
Nora Martirosyan	GC Secretary, Legal Counsel, MCA-Armenia
Alex Russin	MCC Resident Country Director, MCC Armenia
Nazeli Vardanyan	DCEO, MCA-Armenia SNCO
Hakob Petrosyan	RRRP Officer, MCA-Armenia
Mina Simhai	MCC Legal Counsel
Gayane Harytyunyan	MCC Program Assistant
Levon Martirosyan	Assistant to Prime Minister
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
Hovhannes Sahakyan Senior Specialist, Economic Department of the Staff of RA Government

Before addressing the agenda issues, Serge Sargsyan, the Prime Minister of the Republic of Armenia and GC Chairman congratulated new members of Governing Council and mentioned that the involvement of new members will encourage the implementation of works.

Ara Hovsepian, MCA-Armenia CEO introduced the new members of Governing Council Araik Hovhannisyian, Ashot Voskanyan, Hrachya Javadyan and environmental observer Kanine Danielyan. He also mentioned that there are two GC members, who are present for the second year.

Agenda Items:

1. Discussion and approval of the Draft Contract for Consulting Services on Final Design and Construction Supervision for Construction of Six Gravity Systems, IA-06/004 under Infrastructure Activity of the Irrigated Agriculture Project of the Millennium Challenge Account – Armenia Program (reference and the contract are attached).
2. Discussion and approval of Bid Evaluation Results of International Competitive Bidding for Rehabilitation of Tertiary Canals of Abovyan, Arevshat and Lanjazat Communities of Ararat Marz and Griboyedov Community of Armavir Marz, IA/CB/CW-07/001 under Infrastructure Activity of the Irrigated Agriculture Project of the Millennium Challenge Account – Armenia Program (reference is attached).
3. Discussion and approval of evaluation results of combined Technical and Financial proposals submitted for the Final Design and Construction Supervision for Construction of 8 Gravity Irrigation Systems under Infrastructure Activity of the Irrigated Agriculture Project of the Millennium Challenge Account – Armenia Program (reference is attached).
4. Discussion and approval of evaluation results of Technical Proposals submitted for consulting services on Institutional Strengthening of Irrigation Management Entities under Water-to-Market activity of the Irrigated Agriculture Project of the Millennium Challenge Account- Armenia Program (reference is attached).
5. Discussion and approval of Draft Contract for Consulting Services on Survey on Technical and Economic Justification on Rehabilitation and Increased Efficiency for 68 Pumping Stations under Infrastructure Activity of the Irrigated Agriculture Project of the Millennium Challenge Account – Armenia Program (reference and the contract are attached).
6. Discussion and approval of Administration and Procedures Guidelines under Water-to-Market Credit Activity of the Irrigated Agriculture project of the Millennium Challenge Account – Armenia Program (reference and the Guidelines are attached).
7. Discussion and approval of amendment to the Millennium Challenge Account- Armenia project Procurement Plan (reference and the procurement plan are attached).
8. Other issues:

- (a) Discussion and approval of combined technical and financial evaluation of Consulting Services for the MCA-Armenia Fiscal Agent.
- (b) Information on financial issues of the Rural Roads Rehabilitation Project.
- (c) Information about the amendments in the structure of Bid Challenge Committee.

During the meeting.

Approved unanimously.

Related to the first issue of the agenda it was decided to approve the Draft Contract for Final Design and Construction Supervision for Construction of Six Gravity Systems, IA-06/004.

Related to the second issue of the agenda it was decided to approve Bid Evaluation Results of International Competitive Bidding for Rehabilitation of Tertiary Canals of Abovyan, Arevshat and Lanjizat Communities of Ararat Marz and Griboyedov Community of Armavir Marz, IA/CB/CW-07/001.

Related to the third issue of the agenda Simon Ghonakhchyan Head of Economic Department of the Government of RA asked some questions concerning organizational legal status of the organizations acting as Joint Venture, which won the tender. Ara Hovsepyan MCA-Armenia CEO clarified that organizations were not formed as JVs, they will jointly act in contract as a consultant and each of them will sign the contract. After clarification, it was unanimously decided to approve evaluation results of combined Technical and Financial proposals submitted for the Final Design and Construction Supervision for Construction of 8 Gravity Irrigation Systems.

Before discussion of the fourth issue of the agenda in order to avoid conflict of interest GC member H. Javadyan left the meeting. During his absence it was decided unanimously /with 9 pros/no cons and abstains/ to approve the evaluation results of Technical Proposals submitted for consulting services on Institutional Strengthening of Irrigation Management Entities.

Related to the fifth issue of the agenda it was unanimously decided to approve Draft Contract for Consulting Services on Survey on Technical and Economic Justification on Rehabilitation and Increased Efficiency for 68 Pumping Stations.

Related to the sixth issue of the agenda there were some questions raised by Vardan Khachatryan, Minister of Finance and Economy of RA. He pointed out that in compliance with Compact implemented through MCC 23565000 USD grant was received. 8,5 million USD of the that amount will be provided as credit for development of agriculture and rural areas. According to Guidelines, it is foreseen that the amount should be repaid after 7 years. Minister was thinking over the amount that should be repaid, 8,5 million USD, to MCC. In case the amount is repaid, the grant awarded to RA will reduce. He offered to ask MCC to provide the repaid amount for the implementation of foreseen events in the frames of Program. Ara Hovespyan, MCA-Armenia CEO, declared that after program termination it is foreseen to create an agent in order to manage the amount.

GC observer Alex Russin, Resident Country Director of MCC made it clear that even after termination of the program these funds will remain as grant funds provided to RA.

Serge Sargsyan, the Prime Minister of the Republic of Armenia and GC Chairman suggested to clearly define the mentioned provision in each credit contract.

After clarifications it was unanimously decided to approve “Program Administrative Policy and Procedures” guidelines within the frames of the Water to market Project activity.

Related to seventh issue of the agenda a question was raised by Andranik Manukyan, Minister of Transport and Communication of RA. Mr. Manukyan pointed out that taking into account the fact that within the frames of Program it is planned to implement a huge amount of road construction works and the price of bitumen is more affordable in winter he suggested to MCA-Armenia providing deposit to construction implementing companies in order to get bitumen before hand.

Ara Hovsepyan declared that the question can be discussed with MCC but bitumen can only be purchased according to implementing procedures that is in compliance with international competitive biddings, which will last approximately 4-5 months.

Serge Sargsyan, the Prime Minister of the Republic of Armenia and GC Chairman pointed out that though in the frames of RA State budget bitumen is obtained before hand for rehabilitation of roads in accordance with program specifications the very approach is not justified.

After discussions it was unanimously decided to approve procurement plan amendments of “Millennium Challenge Account –Armenia” Program.

Related to sub-point (a) of eighth issue of the agenda it was decided to approve combined technical and financial evaluation results for consulting services procurement of Fiscal Agent.

Related to sub- point (b) of eight issue Ara Hovsepyan presented information on financial issues of Rural Roads Rehabilitation Project. After presentation Andranik Manukyan, Minister of Transport and Communication of RA pointed out that in fact according to exchange rate depreciation the volume of the foreseen road rehabilitation will reduce. Vardan Khachatryan, Minister of Finance and Economy of RA asked Alex Russin, MCC Country Director to clarify whether it is possible to make an offer to MCC, taking into account USD depreciation, to provide additional funds in order to complete all the foreseen events in the frames of the Program. Mr. Russin clarified that under present Compact additional funds are not foreseen however in future in the case of new Compact signing it will be taken into account.

Karen Nazaryan, GC member suggested making corrections in the list of events foreseen by Program, especially in MCA-Armenia SNCO website as a significant part of events presented in the web site will be left out, for example village Antaramej of Gegharkunik marz.

MCA-Armenia CEO Ara Hovsepyan clarified that though a significant part of events presented in web site will be left out SNCO has been involved in the calculation and design processes of those roads.

Serge Sargsyan, the Prime Minister of the Republic of Armenia and GC Chairman pointed out that it is necessary to make a decision with the Ministry of Transport and Communication of RA to find out which roads will be left out.

Presented information has been taken into account.

Related to sub-point (c) of the eight issue, Ara Hovsepyan MCA-Armenia CEO also informed GC members about the amendments in Bid Challenge Committee, which was taken into account.

When issues expired, the meeting was finished.

MCA-Armenia GC Chairman, RA Prime Minister

Serge Sargsyan

Meeting minutes were taken by Nora Martirosyan, MCA-Armenia SNCO, Legal Counsel, GC Secretary