

**Minutes No. 28**

**MCA-Armenia Governing Council Session  
15:00, March 28, 2008  
GoA Conference Room**

**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 of:**

***Members of Governing Council:***

Hovik Abrahamyan	Deputy Prime Minister, Minister of Territorial Administration
Vardan Khachatryan	Minister of Finance and Economy
Andranik Manukyan	Minister of Transport and Communication
Samvel Avetisyan	Deputy Minister of Agriculture, authorized representative of GC member David Lokyan
Arayik Hovhannisyan	President of “Association of Municipal Councilors of Armenia” NGO
Vanik Soghomonian	President of “National Union of Farmers” NGO
Ashot Voskanyan	President of “Agricultural development” NGO
Hrachik Javadyan	Executive Director of “Applied Research and Agribusiness Foundation” (FARA) NGO
Karen Nazaryan	Executive Director of “Armenian Inter-Church Round Table” NGO

***GC observer:***

Karine Danielyan	Environmental observer of Millennium Challenge Account-Armenia SNCO, President of “Association for Sustainable Human Development” NGO
Alex Russin	MCC Resident Country Director, MCC Armenia

**In absence of:**

Vahram Nercissyantz	Chief Economic Advisor to President of Armenia
David Lokyan	Minister of Agriculture

**Invitees:**

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

**Participants:**

Ara Hovsepyan	CEO, MCA-Armenia SNCO
Nora Martirosyan	Legal Counsel/GC Secretary, MCA-Armenia SNCO
Levon Martirosyan	Assistant to Prime Minister

Simon Ghonakhchyan  
Mery Harutyunyan  
Hovhannes Sahakyan

Head of the Economic Department, Government Staff  
Head of Public Relations Department, Government Staff  
Senior Specialist, Economic Department, Government Staff

The meeting was opened by Mr. Serge Sargsyan, the Prime Minister of the Republic of Armenia and the Chairman of the MCA-Armenia Governing Council (GC).

The Agenda was approved as follows:

1. Discussion and approval of the Bidding Evaluation Results for Contract No RRRP-CW-03/2007 (Rehabilitation works of rural road sections included in Lot 1, Lot 2, Lot 3, Lot 4, Lot 5 and Lot 6) within Rural Roads Rehabilitation Project of the Millennium Challenge Account –Armenia Program (reference is attached).
2. Discussion of MCC’s comments and suggestions and presentation of approach on consulting services on Institutional Strengthening of the Irrigation Management Entities, WM/IS-06/005 under Infrastructure Activity of the Irrigated Agriculture Project of the Millennium Challenge Account – Armenia Program (reference, MCC’s letter and MCA-Armenia’s response are attached).
3. Other issues:
  - a/ Discussion and approval of Prequalification of Firms for Participation in Tender on Consulting Services on “Design and Construction Supervision for Rehabilitation of Drainage System of Ararat Valley” IA-08/001.
  - b/ Discussion and approval of changes made in the Procurement Plan, approved on Millennium Challenge Account-Armenia SNCO Governing Council meetings on February 7, 2008 and March 12, 2008.

The agenda was approved unanimously.

**The Agenda item 1** was presented by MCA-Armenia CEO Ara Hovsepyan. In relation to the Agenda item 1 Andranik Manukyan informed that the winning companies for rehabilitation of the roads involved in the 1 Package are the winners of the biggest tenders conducted in the Republic of Armenia and have high qualification. Mr. Manukyan expressed his assurance that the companies will implement the works that are included in the contract to be signed, with high quality and responsibility.

The Prime Minister of the Republic of Armenia Serge Sargsyan asked to clarify why the companies are participating as joint ventures.

Andranik Manukyan clarified that the conditions of the tender were strict and in order to meet the requirements the companies are participating as a joint venture. Also in this case they also assemble their assets and appropriate equipment.

After the clarifications, it was unanimously decided to approve the Bidding Evaluation Results for Contract No RRRP-CW-03/2007 (Rehabilitation works of rural road sections included in Lot 1, Lot 2, Lot 3, Lot 4, Lot 5 and Lot 6) within Rural Roads Rehabilitation Project of the Millennium Challenge Account –Armenia Program.

**The Agenda item 2** was presented by MCA-Armenia CEO Ara Hovsepyan. While discussion of the issue Ara Hovsepyan mentioned that this issue was discussed during the last GC meeting and it was decided to request MCC’s official position on the issue and, if necessary, discuss the issue again at the next GC session. During this period MCA-Armenia has negotiated with MCC and also had a meeting together with Minister of Agriculture of RA David Lokyan.

As a result of negotiations and in the interests of more efficient project mobilization MCC has agreed to provide no objection to the Combined Evaluation Report for the Institutional Strengthening of Irrigation Management Entities Procurement.

Prior to signing the contract, however, Mr. Javadyan must resign from his position of the MCA-Armenia Governing Council, since MCC will not waive the conflict of interest that will exist between Mr. Javadyan once he signs contract on behalf of FARA.

The Prime Minister of the Republic of Armenia Serge Sargsyan asked Mr. Javadyan to present his point of view regarding the present situation.

Hrachik Javadyan declared that it is already rather a long time that the current issue is being discussed in the Governing Council and at last the decision was taken to meet the project interests. He mentioned that he has had a meeting with MCC Resident Country Director Alex Russin during which this issue was discussed.

Mr. Javadyan announced that taking into account the project goals and the current conflict of interests he is resigning from the MCA-Armenia Governing Council.

H. Javadyan expressed his gratitude to all NGOs that have elected him twice as a member of the Stakeholders' Committee. He also thanked the Prime Minister of the Republic of Armenia and other members of the Governing Council for successful work. Mr. Javadyan also added that even after resigning from the GC he will continue working for implementation of the Project and prosperity of agriculture in RA.

The Prime Minister of the Republic of Armenia Serge Sargsyan declared that to his opinion it is a right decision. At the same time he considers necessary the submission of a letter on resigning from Governing Council membership in order to initiate the election of a new member. He also added that resignation of Mr. Javadyan from Governing Council membership does not mean termination of joint cooperation.

After discussion it was unanimously decided to approve the statement of Hrachik Javadyan on resigning from MCA-Armenia SNCO Governing Council membership.

**The Agenda item 3** was presented by MCA-Armenia CEO Ara Hovsepyan.

**In relation to the point a/ of the Agenda item 3** it was unanimously decided to approve Prequalification of Firms for Participation in Tender on Consulting Services on "Design and Construction Supervision for Rehabilitation of Drainage System of Ararat Valley" IA-08/001.

**In relation to the point b/ of the Agenda item 3** it was unanimously decided to approve changes made in the Procurement Plan, approved on Millennium Challenge Account-Armenia SNCO Governing Council meetings on February 7, 2008 and March 12, 2008.

Andranik Manukyan asked Ara Hovsepyan to clarify whether the amount, allocated for rural roads rehabilitation in accordance with Agreement in the amount of 67 mln. USD will remain in case when the approximate amount of contracts to be signed for rehabilitation of roads, included in package 1, is equal to 56 mln.USD.

Ara Hovsepyan informed that the amounts, approved within the frames of Agreement, will not be reduced.

Karine Danielyan informed that MCA-Armenia Program has political and environmental aspects. However there is a number of illegal cases registered in the Republic of Armenia and the Government and civil society are not aware of the situation. For example, the extermination of birds from the Red book in Ararat valley, the so called "safari business", which is presently discussed in legal field.

RA Prime Minister asked to clarify whether the company, exterminating the birds, has got an appropriate hunting permission, provided by corresponding entities of RA Government.

Mrs. Danielyan clarified that there is no such kind of permission; the case was figured out and after that the information regarding that was circulated very quickly and presently the activities are initiated to prevent the situation.

RA Prime Minister Serge Sargsyan assigned Hovik Abrahamyan to clarify the source of information, because the facts presented are subject to serious doubts. At the same time RA Prime Minister added that in case if the information is true, all kind of necessary joint activities will be implemented to prevent the illegal situation.

After expiring the agenda items, the meeting was adjourned.

MCA-ARMANIA GOVERNING COUNCIL CHAIRMAN,  
RA PRIME MINISTER

SERGE SARGSYAN

The minutes were taken by:

Nora Martirosyan  
Legal Counsel/GC Secretary,  
MCA-Armenia SNCO