

Minutes No. 29

**MCA-Armenia Governing Council Meeting
17:00, May 26, 2008
GoA Conference Room**

The meeting was chaired by H.E. Tigran 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:

Armen Gevorgyan	Deputy Prime Minister, Minister of Territorial Administration
Vahram Nercissyantz	Deputy Chairman of the MCA-Armenia Governing Council, Chief Economic Advisor to President of Armenia
Tigran Davtyan	Minister of Finance
Nerces Yeritsyan	Minister of Economy
Gurgen Sargsyan	Minister of Transport and Communication
Arayik Hovhannisyanyan	President of “Association of Municipal Councilors of Armenia” NGO
Vanik Soghomonyan	President of “National Union of Farmers” NGO
Ashot Voskanyan	President of “Agricultural development” 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	GC Observer, MCC Resident Country Director, MCC Armenia

In absence of:

David Lokyan	Minister of Agriculture
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Invitees:

Andranik Andreasyan	Chairman of State Water Committee, Ministry of Territorial Administration
David Sargsyan	Chief of RA Government Staff

Participants:

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

Armine Simonyan
Simon Ghonaghchyan
Mery Harutyunyan
Hovhannes Sahakyan

Environmental and Social Impact Officer, MCA-Armenia SNCO
Head of Economic Department, Government Staff
Head of Public Relations Department, Government Staff
Senior Specialist, Economic Department, Government Staff

The meeting was opened by Mr. Tigran Sargsyan, the Prime Minister of the Republic of Armenia and the Chairman of the MCA-Armenia Governing Council (GC). As it was the first GC meeting with participation of the members mentioned above, Ara Hovsepyan, as per Prime Minister suggestion, introduced GC member/representatives of Civil Society, the observers, and MCA – Armenia SNCO staff members that were present at the meeting. Ara Hovsepyan also informed that generally there are five SC members in GC, but currently one of the representatives resigned from GC because of the conflict of interests. However, a new member of the Governing Council will be appointed soon.

GC members/representatives of Civil Society presented general information about their organizations.

RA Prime Minister greeted the participants of the meeting and mentioned about his expectation of effective cooperation that would also contribute to the implementation of the Program.

The Agenda was approved as follows:

1. Presentation for information of MCA-Armenia SNCO's Audit results for period from September 1, 2006 to December 31, 2007.
 2. Discussion and approval of the selection results and ToR for Technical Advisor under Infrastructure Activity of the Irrigated Agriculture Project of the Millennium Challenge Account – Armenia Program.
 3. Discussion and approval of Revised Monitoring and Evaluation Plan of the Millennium Challenge Account – Armenia Program.
 4. Discussion and approval of the Short list and RFP for the Consultant Services to Conduct Follow-On Farming Practices Survey under Monitoring and Evaluation project of the Millennium Challenge Account – Armenia Program.
 5. Discussion and approval of the amendment to Annex V of Implementation Agreement signed between Millennium Challenge Account - Armenia State Non-Commercial Organization and Rural Finance Facility Project Implementation Unit State Institute.
 6. Discussion and approval of the evaluation results of technical proposals submitted for consulting services on “Design and Construction Supervision for Rehabilitation of Tertiary Canals” IA-07/002 under Infrastructure Activity of the Irrigated Agriculture Project of the Millennium Challenge Account –Armenia Program.
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1. Other issues.
 - a) Discussion of land ownership issues related to the area of Argichi reservoir to be designed under the Infrastructure Activity of the Irrigated Agriculture Project of the Millennium Challenge Account – Armenia Program.

The agenda was approved unanimously.

Agenda item 1 was presented by Ara Hovsepyan, Chief Executive Officer of MCA-Armenia SNCO.

Tigran Sargsyan, the Prime Minister of the Republic of Armenia asked if there had been other audits in MCA-Armenia SNCO beforehand.

Ara Hovsepyan answered that it was the first audit in MCA-Armenia SNCO and no audit had been carried out beforehand.

Karen Nazaryan noted that in “Internal Control” part of the audit results it is mentioned that, “MCA – Armenia doesn’t have any procedure of getting and evaluating complaints regarding to the main areas of the projects management”. But is also necessary to add that the feedback system is also missing. Besides, it’s not clarified in the report how this shortcoming can be eliminated.

Ara Hovsepyan clarified that the point was about the “hotline” and it had been also discussed with “Grant Thornton Amyot” LLC. There is no existing internal system as such, but this issue will be considered in further activities.

Karen Nazaryan added that the existence of such connection would be very positive as everybody would have an opportunity to ask questions and make suggestions to MCA-Armenia staying confidential.

Tigran Sargsyan, the Prime Minister of the Republic of Armenia asked if this system was available on MCA-Armenia SNCO’s web site.

Ara Hovsepyan replied that the web site has such system. Besides, there is an Inspector General in MCC, who visits the Republic of Armenia semi-annually and meets all interested parties and provides them an opportunity to present their questions and complaints.

Vahram Nercissyantz asked Chief Executive Officer’s opinion about the quality of services provided by the audit company.

Ara Hovsepyan replied that MCA-Armenia SNCO is satisfied with the services provided by the audit company.

After the discussion it was unanimously decided to take for information the audit results of MCA-Armenia SNCO for the period 01.09.07- 31.12.07.

Agenda item 2 was presented by Ara Hovsepyan, Chief Executive Officer of MCA-Armenia SNCO.

Vahram Nercissyantz asked to clarify if it is possible to terminate the contract signed with the Consultant, in case if the Consultant has provided false information on his language skills.

Ara Hovsepyan confirmed such possibility.

Armen Gevorgyan asked to clarify whether the Consultant will continue implementation of the contract and still be paid for, in case of Millennium Challenge Program suspension or cancellation.

Ara Hovsepyan told that in such conditions the Consultant’s Contract will also be terminated.

Tigran Sargsyan, the Prime Minister of the Republic of Armenia asked about the period of the Contract that should be concluded with the Consultant.

Ara Hovsepyan declared that the Contract period would be up to the end of Millennium Challenge Program, i.e. September 2011.

Arayik Hovhannisyanyan asked to clarify the information included in the Terms of References, according to which the Consultant should implement the works for five months’ period.

Ara Hovsepyan explained that the Consultant's every visit to Armenia will last about five months after which he'll have one month interval then will again visit Armenia for five months period. So, the works will be implemented according to the above mentioned routine up to the end of the Contract. The Consultant will not be paid for the one - month intervals.

After the discussions it was unanimously decided to approve Technical Adviser's selection results and the ToR for Technical Adviser under Infrastructure Activity of the Irrigated Agriculture Project of the MCA–Armenia Program.

Agenda item 3 was presented by Ara Hovsepyan, Chief Executive Officer of MCA-Armenia SNCO.

Ashot Voskanyan declared that in the submitted reference it is mentioned that the Monitoring and Evaluation Plan will be amended once more by August-September, so it would be more reasonable to make just one amendment, as the time between two amendments will be one-two months at most.

Ara Hovsepyan informed that this question have been discussed with MCC, but they have suggested to make amendments in working indicators and later, when the project indicators are known, to make the second amendment.

Karen Nazaryan noted that the study of the overall plan revealed that the role of the stakeholders was not visible there, while any project is effective if the stakeholders have immediate participation in the monitoring procedures. Thus, it's reasonable if the stakeholders also take part in it.

Ara Hovsepyan accepted the suggestion and mentioned that a meeting should be arranged to discuss the involvement of the stakeholders and Stakeholders Committee in the monitoring process. Mr. Hovsepyan also added that MCA-Armenia SNCO considers implementation of the monitoring and evaluation in connection with RA National Statistical Service and the relevant hired company, as they are specialized in this specific area.

Vanik Soghomonyan suggested to the newly appointed GC members to take a look at the road construction contracts under Millennium Challenge Program and consider possible inclusion of stricter conditions for the roads' quality in the contracts.

Arayik Hovhannisyian asked to clarify the implication of the reference that scope of work of MCA-Armenia project is subject to amendments.

Ara Hovsepyan informed that the works within the frames of MCA-Armenia projects were reduced due to the devaluation of US dollar and construction works cost increase. Meanwhile, the activities that are included in the Project but are not implemented because of the shortage of funds will be financed by RA state budget or RA Government other means as it was mentioned several times at GC sessions. In any case, Monitoring and Evaluation Plan evaluates only MCC funded works' outcomes.

Gurgen Sargsyan added that the main criteria of Millennium Challenge Program are funds and taking into consideration the devaluation of US dollar and inflation, currently with the available funds it's possible to carry out about three times less work than it was supposed when signing the Compact.

Tigran Sargsyan, the Prime Minister of the Republic of Armenia also expressed his concern about that issue.

Tigran Davtyan suggested to MCA-Armenia SNCO to provide at the next GC meeting information on the reduced work volumes and changed prices caused by inflation started from the commencement of the program up to now, particularly focusing on the road construction projects.

Ara Hovsepyan accepted Mr. Davtyan's suggestion.

Vahram Nercissyantz also mentioned the necessity of evaluation of the risks in case MCC financing is canceled.

After the discussion it was unanimously decided to approve the revised version of Monitoring and Evaluation Plan.

Agenda item 4 was presented by Ara Hovsepyan, Chief Executive Officer of MCA-Armenia SNCO.

Arayik Hovhannisyanyan declared that it would be more reasonable if the survey also includes Councilors' representatives, besides mayors of villages.

After the discussion it was unanimously decided to approve Short list and RFP for the Consultant Services to Conduct Follow-On Farming Practices Survey under Monitoring and Evaluation project of the Millennium Challenge Account – Armenia Program.

Agenda item 5 was presented by Ara Hovsepyan, Chief Executive Officer of MCA-Armenia SNCO.

Tigran Sargsyan, the Prime Minister of the Republic of Armenia asked why the deliverables of RFF State Entity are changed.

Ara Hovsepyan clarified that the changes are made to improve the effectiveness of the working procedures.

After clarification it was unanimously decided to approve the Amendment to Appendix V of Implementation Agreement concluded between MCA-Armenia SNCO and Rural Finance Facility Implementing Entity.

Agenda item 6 was presented by Ara Hovsepyan, Chief Executive Officer of MCA-Armenia SNCO.

Andranik Andreasyan declared that conclusion of the contract with that Consulting Company is very important for the implementation of Irrigated Agriculture Project.

It was unanimously decided to approve evaluation results of technical proposals submitted for Consulting Services for Design and Construction Supervision of Tertiary System IA-07/002 under Infrastructure Activity of the Irrigated Agriculture Project of the MCA-Armenia Program.

Agenda item 7 point a) was presented by Ara Hovsepyan, Chief Executive Officer of MCA-Armenia SNCO.

Armen Gevorgyan asked if MCA-Armenia SNCO has studied the existence of necessary amount of land in the state reserves.

Ara Hovsepyan replied that such study have not been conducted.

Tigran Sargsyan, the Prime Minister of the Republic of Armenia wanted to know how many private owners own lands in the reservoir catchment area.

Ara Hovsepyan clarified that according to the information provided by the Community Mayor of Geghahovt in Gegharkunik Marz of RA, the number of private owners is 41, and 834 according to the data provided by State Committee of Real Estate Cadastre.

Arayik Hovhannisyanyan asked to clarify if those people are considered to be legal owners of the lands and whether they have relevant certificates.

Armine Simonyan clarified the existing situation and presented all the information MCA-Armenia SNCO possessed on the issue.

Armen Gevorgyan asked Tigran Sargsyan, the Chairman of Governing Council and the Prime Minister of the Republic of Armenia for a one week time to discuss the issue with relevant entities and to present the results to GC.

Karine Danielyan noted that it is also important to study the opinion of the inhabitants of the given area.

Armen Gevorgyan clarified that he will give corresponding assignment for carrying out of these activities.

In relation to the clause a), it was unanimously decided to take for information presented data on land ownership issues related to the area of Argichi reservoir to be designed under the Infrastructure Activity of the Irrigated Agriculture Project of the Millennium Challenge Account – Armenia Program and to postpone the discussion of the issue until the next GC session.

Karen Nazaryan informed that during the MCA–Armenia SNCO SC meetings GC delegates provide information on the issues discussed during the GC sessions to the other SC members. However, in fact, this process is one-sided, while it's very important to present to GC's attention the challenging issues and the results of the discussions held in Stakeholders Committee.

Tigran Sargsyan, the Prime Minister of the Republic of Armenia accepted the suggestion and expressed his readiness also to consider the questions raised by SC during the sessions.

After expiring the agenda items, the meeting was adjourned.

MCA-ARMANIA GOVERNING COUNCIL CHAIRMAN,
RA PRIME MINISTER

T. SARGSYAN

The minutes were taken by:

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