

Minutes No. 44

MCA-Armenia Governing Council Session

14:00, August 7, 2009

GoA Conference Room

The session 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:

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| Armen Gevorgyan | RA Deputy Prime Minister, Minister of the Territorial Administration |
| Nerses Eritsyan | RA Minister of Economy |
| Gurgen Sargsyan | RA Minister of Transport and Communication |
| Tigran Davtyan | RA Minister of Finance |
| Samvel Avetisyan | RA First Deputy Minister of Agriculture |
| Arman Voskanyan | Representative of “Tavush Development” NGO |
| Shirak Mikayelyan | Authorized representative of "Work and Motherland" NGO |
| Karen Zadoyan | Chairman of “Armenian Young Lawyers’ Association” NGO |
| Poghos Shahinyan | Chairman of “National Road Safety Council” NGO |

GC observer:

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| Alex Russin | GC observer, MCC Resident Country Director |
| Ruben Khachatryan | “Foundation for Preservation of Wildlife and Cultural Assets in Armenia” |

In the absence of:

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| Vahram Nersisyyants | Chief Economic Advisor to the President of Armenia, Deputy Chairman of the MCA-Armenia Governing Council |
| Gerasim Alaverdyan | RA Minister of Agriculture |
| Viktor Engibaryan | Chairman of “European Movement of Armenia” NGO |

Invitees:

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| David Sargsyan | Chief of RA Government Staff |
| Andranik Andreasyan | Chairman of the State Water Committee of the Ministry of Territorial Administration |
| Aram Gharibyan | Advisor to RA Prime Minister |

Participants:

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| Ara Hovsepyan | CEO, MCA-Armenia SNCO |
| Nora Martirosyan | Legal Counsel/ GC Secretary, MCA-Armenia SNCO |
| Anahit Petrosyan | ‘Water-to-Market’ Project Officer/Economist, MCA- Armenia SNCO |
| Aharon Shirinyan | PR officer, MCC Washington Office |
| Sonia Shahrigyan | MCC Washington Armenia Desk Officer |
| Hovhannes Sahakyan | Deputy head of the Economic Department, Government Staff |
| Rima Eganyan | Leading Specialist of Information and Public Relations Department, Government Staff |
| Marina Kushkyan | Specialist of Protocol Division, Government Staff |
| Khachatur Adumyan | Interpreter |

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.

The Agenda was approved as follows:

1. Discussion and approval of the revised MCA-Armenia Monitoring and Evaluation Plan and the annexed MCA Armenia Beneficiary Analysis.

2. Discussion and approval of the draft amendments to the contract signed between MCA-Armenia SNCO and ACDI/VOCA jointly with MOTT McDonald and VISTA Plus organizations on February 13, 2007.
3. Discussion of the RA National Policy and Strategy on Irrigation and Drainage and outlining further steps.
4. Discussion and approval of the rescoped structure of MCA-Armenia SNCO.
5. Approval of candidates for the positions of MCA-Armenia Monitoring and Evaluation Officer and Program Operations Officer.
6. Discussion and approval of the revised MCA-Armenia Procurement Plan
7. Other issues:
 - a/ Discussion and approval of IA/CB/CW-08/003 MCA-Armenia ‘Construction of Four Gravity Schemes in Aygezard, Shenik, Mantash and Vardenis’ Contract Draft
 - b/ Approval of MCA-Armenia Project Coordination Officer

The Agenda was approved unanimously.

Attached to the Agenda, the members of the MCA-Armenia Governing Council were presented with corresponding references for each Agenda item.

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

RA Prime Minister Tigran Sargsyan asked if it was possible to scale back the budget of the program or one of its components in order to direct the economized resources to some other sphere, taking into account the factor of the economic crisis.

Ara Hovsepyan replied that the experience shows that as a rule, any new program that is not stipulated by the Compact is not approved by MCC.

The RA Prime Minister stated that when proposing the program, the RA proceeded from the existing needs which were subject to change with the lapse of time.

Alex Russin stated that he understood the concern of the RA Government regarding the economic crisis, yet the key task of programs approved by MCC is to develop a project, topical during the whole period of its implementation. While supplementary disbursements for the components approved by the Compact may still be provided upon justified necessity, any reallocations beyond the program scope are impossible. This is the distinctive principle of the MCC. At the same time, Alex Russin expressed confidence in the readiness of the US Government to make all necessary reallocations and disbursements within the frames of the rest of its programs implemented on the territory of the RA, in order to withstand the economic crisis.

Nerses Yeritsyan inquired as to what extent is the number of beneficiaries, engaged in the agriculture sphere, (stated 427,000 in the Beneficiary Analysis annexed to the Monitoring and Evaluation Plan) realistic.

Ara Hovsepyan replied that the cited figure reflects the total number of direct and/or indirect beneficiaries of MCA-Armenia Irrigation and Roads Rehabilitation Projects, according to MCC New Guidelines for MCC Beneficiary Analysis.

RA Prime Minister highly appreciated the fact that 45 000 farmers are being trained within the scope of the Water-to-Market component; another issue is the type and quality of the knowledge they gain.

Ara Hovsepyan informed that public demo-exhibition of the Water-to-Market Program will be held on September 25-26, 2009, during which the results and the production contributed by the program will be displayed in the exhibition halls.

Armen Gevorgyan inquired about the procedure of the training organization.

Ara Hovsepyan advised that groups of 20-30 interested farmers, formed in the result of posting announcements in the eligible communities, pass a 5-day training on high-value agriculture and on-farm water management, one or two days of which are dedicated to field works.

The RA Prime Minister inquired about the overall number of farmers having accomplished the training and the efficiency of the classes.

Ara Hovsepyan replied that the total figure comprises about 28, 800 people, while the efficiency is evaluated based on the number of farmers having applied the gained knowledge and especially the modern technologies in the result of the taught course. There are about 9, 991 such people, according to the recent survey.

The RA Prime Minister suggested that only those 1000 farmers who are, in fact, the program's target group, should be initially selected and enrolled in classes.

Ara Hovsepyan stated that apart from the classes, MCA-Armenia provides the opportunity of credit resources, enabling the farmers to apply the taught technologies in practice. Nerses Eritsyan inquired about the methodology used for the analysis.

Ara Hovsepyan stated that MCA-Armenia may present a report, specifying the methods used, as well as prepare a brief presentation on the methodology and tools applied during the analysis.

The RA Prime Minister assigned MCA-Armenia SNCO to submit to the RA Ministry of Territorial Administration the list of the communities where the trainings are held so that the latter may track and contrast the general progress made by the program beneficiary communities with that of the rest.

Ara Hovsepyan stated that the revised targets of the Water-to-Market Project are best reflected in Reference 2 on the WtM Implementing Entity's Contract Amendment Draft.

Arman Voskanyan asked if the the number of trainings has somehow been agreed with the RA Government and if it hasn't, whether it is possible, due to the necessity of anti-crisis measures, to reduce the number of the trainees and use the economized resources to implement other projects.

Ara Hovsepyan informed that the main indicators were agreed upon and included in the Compact as far back as the times of its signing. Moreover, the main objective of the Water-to-Market Project has originally been to assist the Irrigation Project beneficiaries by providing appropriate

knowledge to them. This would contribute to more efficient maintenance and exploitation of the irrigation infrastructures, which, in turn, would aid to reduce expenses and water losses, as well as increase the income.

The RA Prime Minister inquired about the organization that holds the trainings, the frequency of the classes and the curriculum.

Ara Hovsepyan stated that the trainings are organized by ACDI/VOCA, Euroconsult Mott MacDonald and VISTAA Plus companies on a weekly basis and the main emphasis is placed on introducing modern irrigation technologies and their usage, as well as acquiring practical skills through testing them in field works. The main objective is to teach the farmers what tools and technologies to apply for reducing costs and increasing income.

The RA Prime Minister asked if it was possible to see the curriculum of the classes.

Ara Hovsepyan expressed his readiness to submit it and suggested organizing a visit to the training centre in order to meet the farmers and see how the classes are organized.

The RA Prime Minister accepted the offer and suggested that Mr. Gevorgyan, Deputy Prime Minister and Minister of the Territorial Administration of the RA, should visit one of those trainings during his regular travels to the RA marzes.

Arman Voskanyan spoke on the efficiency of the trainings, qualifying them as highly efficient; any positive experience receives wide-scale application in the villages.

Poghos Shahinyan stated that in times of the financial crisis it is obvious that the RA Government won't be able to implement any educational project of a similar scope in the next three years. Thus it would appear more sensible to make use of this opportunity and contribute to its development.

The RA Prime Minister stated that the indicators submitted by MCA-Armenia are indeed impressive and if the gained knowledge is really applied, this means that in three years' time the RA agriculture will experience a considerable growth.

Nerses Eritsyan asked who is to provide for the continuity of this education and stated agricultural colleges as an example.

Samvel Avetisyan said that the issue of program continuity has been raised by them from the very start. The Water-to-Market Project and particularly the organization that holds the trainings have been elected through an open bid which resulted in selecting a private organization for the role of an Implementing Entity. At the same time, it was suggested to form a monitoring group which would study the actual results and advise on the organization of further activities.

Ara Hovsepyan informed that the program and education continuity wasn't the primary objective; instead, the program aimed at ensuring connection between the Irrigation Infrastructures Project and those private farmers who were the direct beneficiaries of the improved water supply.

The RA Prime Minister said that since the RA is the owner of the program, it should naturally want to derive maximal benefit from it. While the latter is possible only if appropriate colleges ensure the program's continuity, it is critical that knowledge and skills should be imparted to them.

The RA Prime Minister appointed the RA Ministry of Agriculture to assign the 10 RA agricultural colleges to hold a meeting with MCA-Armenia SNCO CEO, while MCA-Armenia was assigned to provide the training curriculum to the above mentioned colleges and MASCs for them to ensure the dissemination of knowledge and its continuity. RA Prime Minister Tigran Sargsyan also added that 100 out of 45. 000 trainees will be selected from the college and MASC staffs.

Nerses Eritsyan added that those members shouldn't expect any financial compensation for taking part in the trainings; on the contrary, they should be interested in accruing knowledge so that they later share it with their students.

Andranik Andreasyan thought it necessary to include communities with excessive water consumption in the list of the trainees.

The RA Prime Minister agreed with the idea and appointed Andranik Andreasyan to forward an official letter regarding this issue to Ara Hovsepyan.

Aram Gharibyan stated that the availability of modern technologies is an important issue for the RA agriculture. Thus it is important to ensure necessary conditions for producing advanced technologies in the RA.

Armen Gevorgyan suggested that MCA-Armenia SNCO, RA Ministry of Agriculture and the State Water Committee of the Ministry of Territorial Administration collaborate with International Federation of Agricultural Development (IFAD), since a new program aimed at introducing modern irrigation technologies in Armenia is envisaged to be launched soon.

In the result of discussions, it was **unanimously decided** to approve the revised MCA-Armenia Monitoring and Evaluation Plan and the annexed Program Beneficiary Analysis.

Thus, within the scope of the first item of the Agenda, the following further implementation activities were documented in forms of suggestions and assignments:

- MCA-Armenia will provide information to the RA Minister of Economics Nerses Eritsyan on the methodology to calculate the number of program beneficiaries (MCA-Armenia SNCO CEO Ara Hovsepyan's initiative)
- MCA-Armenia will provide the RA Ministry of Territorial Administration with the list of those communities where the trainings have been held (RA Prime Minister's assignment).
- A visit to one of the program trainings will be organized in the nearest future (MCA-Armenia SNCO CEO's initiative).
- The Ministry of Agriculture will initiate a meeting with MCA-Armenia and representatives of agricultural colleges, operating on the territory of the RA (RA Prime Minister's Assignment)
- MCA-Armenia will provide the 'Water-to-Market' training curriculum to agricultural colleges and MASCs (RA Prime Minister's assignment).
- President of the State Water Committee will apply to MCA-Armenia SNCO CEO in writing, with a request to involve communities with excessive water consumption in the trainings (RA Prime Minister's assignment).

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

The RA Prime Minister stated that ACDI/VOCA, Euroconsult Mott MacDonald and VISTAA Plus companies should be informed of the above discussed issues.

It was **unanimously decided** to approve the draft amendments to the contract signed between MCA-Armenia SNCO and ACDI/VOCA, jointly with MOTT McDonald and VISTA Plus organizations on February 13, 2007.

Thus, the following assignment was documented for the second item of the Agenda: MCA-Armenia will inform “Water-to-Market” Project Implementing Entities of the discussions and decisions made regarding the first item of the Agenda.

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

RA Prime Minister suggested sending the RA Irrigation and Drainage National Policy and Strategy Draft to appropriate authorities for discussion and recommendations, following which the RA Government will approve the final version of the document.

Nerses Yeritsyan stated that while hiring international consulting companies special attention should be paid to the temporal involvement of foreign consultants to provide their maximal active participation.

Ara Hovsepyan informed that the involvement of such specialists is provided as far back as the bid stage.

Armen Gevorgyan suggested that a special section dedicated to lands with additional irrigation needs should be included in the RA Irrigation and Drainage National Policy and Strategy Draft, and in this respect, collaboration with World Bank specialists may also appear necessary.

The RA Prime Minister approved of the suggestion and appointed MCA-Armenia SNCO to inform the appropriate consultant about the issue of such lands in the RA; inquire about international experience in the similar sphere and ask the opinion of experts as to whether it is possible to use these lands for agricultural purposes.

In the result of discussions it was **unanimously decided** to appoint RA Ministry of Territorial Administration as coordinating entity for reception and discussion of opinions on RA Irrigation and Drainage National Policy and Strategy Draft. The same body shall also determine the schedule and procedure /in compliance with the reference/ for the discussion and reception of the above mentioned document and fix November 20, 2009 as deadline for its approval.

Thus, the following assignment was documented for the third item of the Agenda: MCA-Armenia SNCO will provide its consultant with information about RA lands with additional irrigation needs and will receive the latter’s opinion concerning the international experience on this issue.

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

David Sargsyan informed that he has studied the revised structure of MCA-Armenia and has no objections, the rest being the issue of approval by the General Council.

Andranik Andreasyan stated that, in case civil works proceed in compliance with the schedule, it would be worthwhile to involve another two-three civil engineers.

Armen Gevorgyan informed that if MCA-Armenia SNCO is able to successfully implement the program in its present composition, he has no objection to it.

The RA Prime Minister informed that scientists of the RA National Academy of Sciences have presented an innovation which allegedly increases the durability of concrete pipes. Thus, it is necessary that the innovative materials should be examined by MCA-Armenia specialists. It was decided that David Sargsyan will submit all innovative materials to MCA-Armenia.

In the result of discussions it was **unanimously decided** to approve the revised structure of MCA-Armenia SNCO, as presented in the reference.

The following assignment was documented with regard to the fourth item of the Agenda: Following the submission of the innovative materials to MCA-Armenia SNCO by David Sargsyan, MCA-Armenia specialists will provide their opinion on the innovation proposed by RA National Academy of Sciences (on the durability of concrete pipes).

Clause b/ of Agenda item 5 and Agenda item 7 were jointly presented by Ara Hovsepyan, Chief Executive Officer of the MCA-Armenia SNCO.

It was **unanimously decided** to approve Lusine Kharatyan as MCA-Armenia SNCO Monitoring and Evaluation Officer, Hakob Petrosyan as Program Operations Officer and Ester Hakabyan as Project Coordination Officer.

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

Armen Gevorgyan asked if civil works stipulated by the second package of 6 Main Canals Rehabilitation Project are yet to be launched and at the same time inquired what has been changed in the part of the drainage system.

Ara Hovsepyan confirmed that the bid for the Six main Canals second package is still to be launched /by the end of August/, whereas in the part of the drainage system, drainage cleaning and rehabilitation works have been partitioned to speed up the bidding process and civil works.

Armen Gevorgyan stated that the three gravity schemes, removed from the Program for technical reasons by MCC, are still specified in procurement plan and asked to clarify on this fact.

Ara Hovsepyan stated that, despite the rejection, MCA-Armenia has undertaken the process of reconsidering the decision, since, in the result of active negotiations with MCC on the issue, it has been approved as realistic. At present, MCA-Armenia has officially applied to MCC with a request to include one of even all of the three systems back into the Program.

David Sargsyan suggested including approximate terms for bid launch in the Procurement Plan.

The RA Prime Minister and Armen Gevorgyan suggested applying to MCC on the issue of decreasing bid terms, since it is a critical point for implementing the program wholly. In particular, it was proposed to fix 4 weeks as a minimal term for submitting bidding packages instead of the former 6 or 8.

In the result of discussion it was **unanimously decided** to approve the revised Procurement Plan of MCA-Armenia Program.

Thus, the following assignment was documented with regard to the fifth item of the Agenda:
MCA-Armenia will apply to MCC with a suggestion to decrease the determined bidding terms.

Clause a/ of Agenda item 7 was presented by Ara Hovsepyan, Chief Executive Officer of the MCA-Armenia SNCO.

RA Prime Minister suggested that MCA-Armenia should try to negotiate with the winning company to decrease the proposed service price, if provided by procurement procedure.

It was **unanimously decided** to approve the IA/CB/CW-08/003 MCA-Armenia ‘Construction of Four Gravity Schemes in Aygezard, Shenik, Mantash and Vardenis’ Contract Draft.

Within the scope of other issues Armen Gevorgyan informed that the contracts on compensation of land acquisition, necessary for the construction of Aygezard, Shenik and Vardenis systems have already been signed, and added that the RA Ministry of Finance should make the transfer of the appropriate resources as soon as possible.

After all the issues were settled, the meeting was closed.

MCA-ARMENIA GOVERNING COUNCIL CHAIRMAN,

RA PRIME MINISTER

T. SARGSYAN

The minutes were taken by:

Nora Martirosyan

Legal Counsel/GC Secretary,

MCA-Armenia SNCO