
High Hopes : Armenian Villagers See Millennium Challenge Assistance As Life Changing

By Gayane Abrahamyan
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Armenia's \$235.65-million Millennium Challenge program is stoking high hopes in rural areas, where residents expect the money will go a long way toward reducing poverty. Local specialists are generally optimistic, and some say the program could prove pivotal in reviving Armenia's agricultural sector.

The fate of the United States-funded program had been a matter of considerable speculation prior to Armenia's May 12 parliamentary elections. At a March congressional hearing in Washington, Millennium Challenge Corporation CEO Ambassador John Danilovich signaled that widespread electoral violations would trigger a move to "freeze the aid" to Armenia.

At a June 11 opening ceremony for the Millennium Challenge-Armenia office, however, Danilovich expressed satisfaction with how the parliamentary vote was held. [For background see the Eurasia Insight archive]. <http://www.eurasianet.org/armenia/news/051507.html> That clears the way for what local observers hope will prove a Millennium Challenge-facilitated revitalization of Armenia's depressed rural regions, where nearly 32 percent of the population is considered poor, according to the National Statistical Service.

The program is the first large grant initiative to focus on rural development in the South Caucasus state. "Problems of poverty and unemployment are much more acute in villages," commented Narine Soghomonian, the head of Village Development, a non-governmental organization that trains villagers in crop management. "About 35 percent of children here are undernourished,"

The five-year MC program will target 350 rural communities or some 400,000 people. The initiative's centerpiece is a \$146 million project to reconstruct Armenia's decaying, Soviet-era irrigation system. Roughly half of available irrigation water is lost from the system each year, according to the Ministry of Agriculture. The program pledges to increase irrigation by 25 percent and to improve the efficiency of existing systems via training seminars for roughly 60,000 villagers. Nearly 80 percent of Armenian agriculture depends on irrigated farming, according to the Ministry of Agriculture.

In interviews with EurasiaNet, villagers throughout Armenia characterized the MC program as a potential panacea. "If irrigation water is not lost because of disrepair and misuse of water pipes, I will get twice as large a harvest from my 4,000 hectare plot," said a hopeful Mesrop Harutyunian, a cabbage-potato-and-apple farmer from Badivan village in the northwestern region of Shirak, one of the country's poorest areas. "Now we are like primitive men relying on the rain."

"Our village has become a poor home for elderly people, " said Ishkhan Meloian, a 64-year-old resident of Yeraskh, a highly salinized village some 64 kilometers from Yerevan, in the southwestern Ararat region, along the border with Turkey and Azerbaijan. "If we manage to restore the drainage systems [from local marshes], not only poverty will

be eliminated, but emigration [by younger people looking for work] will also stop."

One regional official shared those high expectations. "The Millennium Challenge has become a lifesaver for many communities," said Shoghik Arustamian, a social welfare specialist in the Ararat regional governor's office. "Villagers, who abandoned their homes because of having no irrigation water or any agricultural prospects, today at least have a hope that in a few years' time they can cultivate land and earn their living."

High expectations are also pinned on a \$67.1 million program to repair some 943 kilometers of roadways, mostly local byroads.

Nineteen bridges will also be repaired under the plan.

But the degree to which hopes can be transformed into reality remains uncertain. The Millennium Challenge irrigation reform plan, for instance, will only be able to tackle about one-fifth of Armenia's overall irrigation system, according to Millennium Challenge Armenia Chief Executive Officer Ara Hovsepian. About \$800 million would be required for a complete overhaul, he said.

The road plan will also address "only a third of the vital roads in the republic," stated Hovsepian, who is a presidential appointee.

While conceding that that total may "appear to be little," connecting villagers with main roads for market access is "important," he added.

Much of the popular optimism appears to stem from the program's novelty. To date, according to Hovsepian, Millennium Challenge Armenia has received about \$6 million of its total first-year funding of \$12.6 million. Resources are transferred every three months after reports are made about expected needs.

For now, local observers are giving the program a thumbs-up for planning and transparency.

Independent sociologist Samvel Manukian, who has followed the implementation of Armenia's strategic poverty reduction program, argues that the program's use of "correct methodology" and "quite serious monitoring" makes it likely that it "will be able to solve all the programs it is set to solve."

Sona Ayvazian, executive director of Transparency International Armenia, terms the procurement process to date "normal," but slow.

"The reason may be the [parliamentary] elections. When the implementing agencies hold tenders we will be able to make more serious observations," she said. [Transparency International Armenia has received funding from the Open Society Institute Assistance Foundation - Armenia. EurasiaNet.org works under the auspices of the Open Society Institute - New York.]

Editor's Note: Gayane Abrahamyan is a reporter for the Yerevan-based online news magazine Armenia Now.
