
What Is The Status Of The Mcc Program In Armenia?

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Background information on the status of the MCA-Armenia program.

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On Dec 11, 2008, the MCC Board met in Washington and reviewed progress made on reform measures initiated by the government of Armenia in recent months.

The Board reiterated its concerns about the status of democratic governance in the country and underlined its expectation that the government of Armenia will fulfill commitments to implement substantive reforms. The Board noted that it would again review Armenia's performance and examine continued collaboration with the country at its March meeting.

â~@ç The MCA-Armenia Compact continues to operate. However, as an expression of MCC's serious concern about recent developments in Armenia, last Spring MCC halted the contracting process for the major 273 km Compact-funded road works. In response, the Armenian government proposed and formally agreed to use \$16.8 million of its own resources to proceed with the initial phase of the road program. That decision gave Armenia extra time during which MCC hopes to see signs that the Government of Armenia is committed to improving the performance criteria central to MCC eligibility.

At the moment, the \$16.8 million provided by the Government of Armenia has not been fully exhausted.

â~@ç MCC is monitoring the situation closely, along with the rest of the US government. It is proceeding with implementation of all other aspects of the \$236 million Compact, while maintaining a close dialogue with the Government of Armenia on policy performance issues.

General Background: The \$236 million Armenia-MCC Compact signed in March, 2006 focuses on one goal: the reduction of rural poverty through a sustainable increase in the economic performance of the agricultural sector.

This is a five-year program of strategic investments in rural roads, irrigation infrastructure and technical and financial assistance to improve the supply of water and to support farmers and agribusinesses. The Compact was signed in March, 2006 and entered into force in September 2006.

On Dec 12, 2008 MCA-Armenia submitted its tenth disbursement request for approximately \$6.8 million to the MCC. This request pertains to all MCA-Compact related expenses for January through March, with the exception of funds for the major 273 km road works contract which were halted last June (see below). MCC is reviewing the \$6.8 million disbursement request according to established procedures and a decision is expected shortly.

There have been nine quarterly disbursements from MCC totaling about \$25 million since the compact entered into force in September 2006.

The MCA-Armenia Compact is beginning its third year of implementation and progress on the ground is already evident. Construction of the first 6.5 km of irrigation canals has been completed and the design of major irrigation infrastructure works is proceeding. Training for over 18,000 farmers has been completed and \$1.5 million in small credit loans have been disbursed to

agribusinesses and farmers. A pilot rural road rehabilitation of 24.5 km, located south of Gyumi city is nearing completion.

Despite the progress in Compact implementation, MCC continues to have concerns about the conduct of the recent election in Armenia and the post-election situation, including violence, the imposition of a state of emergency, mass arrests, and restrictions on the freedom of assembly and the press.
