



**MILLENNIUM
CHALLENGE
CORPORATION**
REDUCING POVERTY THROUGH GROWTH



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December 12, 2006

US GOVERNMENT'S MILLENNIUM CHALLENGE CORPORATION APPROVES INITIAL DISBURSEMENT OF USD 1.4 MILLION TO MCA-ARMENIA PROGRAM

Millennium Challenge Account–Armenia (MCA–Armenia) has successfully completed the requirements necessary to receive the Initial Disbursement of approximately USD 1.4 million. The Millennium Challenge Corporation (MCC), on behalf of the United States Government, has transferred USD 882,000 to Armenia. The second transfer of USD 507,000 is scheduled for later this month. The funds for Armenia's Millennium Challenge Compact (the Compact), expected to total USD 236 million over a five year period, are not disbursed as a lump sum to Armenia. They are approved quarterly by the MCC and disbursed monthly into MCA–Armenia's bank account at Cascade Bank in accordance with Armenia's demonstrated progress in the Millennium Challenge Account program.

At the event announcing the Initial Disbursement, U.S. Chargé d'Affaires Anthony F. Godfrey said, "I congratulate the people of Armenia on developing a program that will help to reduce rural poverty and increase annual incomes. The Compact represents a terrific opportunity for the people of Armenia. However, in order for Armenia to continue to receive this funding, the Armenian government must maintain a high level of performance in ruling justly, investing in people and promoting economic freedom. Only by continuing to institute democratic reforms, including ensuring a free and fair process in the run-up to the 2007 and 2008 elections, can Armenia make sure that its people can continue to benefit from this \$236 million program."

The Compact, signed on March 27, 2006 with Entry into Force on September 29, 2006, aims to reduce rural poverty through a sustainable increase in the economic performance of the agricultural sector. Armenia plans to achieve this goal through 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 program will directly impact approximately 750,000 people, or an estimated 75 percent of the rural population, and is expected to reduce the rural poverty rate and boost annual incomes.

The Compact includes a USD 67 million project to rehabilitate up to 943 kilometers of rural roads, more than a third of Armenia's proposed "Lifeline Road Network." When complete, the road network will ensure that every rural community has road access to markets, services, and the main road network. Under the Compact, the Government of Armenia will be required to commit additional resources for maintenance of the road network. The Compact also includes a USD 146 million project to increase the productivity of approximately 250,000 farm households (34% of which are headed by women) through improved water supply, higher yields, higher-value crops, and a more competitive agricultural sector.

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Millennium Challenge Corporation (MCC), a U.S. government corporation designed to work with some of the poorest countries in the world, is based on the principle that aid is most effective when it reinforces good governance, economic freedom, and investments in people that promote economic growth and elimination of extreme poverty.

Millennium Challenge Account–Armenia (MCA–Armenia), a State Non Commercial Organization established by the Government of Armenia, is responsible for overseeing the transparent implementation of the Compact signed between the Millennium Challenge Corporation and the Government of Armenia.

Provided courtesy of BISNIS (www.bisnis.doc.gov)