



**Statement from John Hewko**  
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[www.mcc.gov](http://www.mcc.gov)

Good afternoon and thank you for being here – and I would also like to thank Prime Minister Margaryan, Foreign Minister Oskanian and Speaker of the Parliament Torosyan for meeting with me today.

I am in Yerevan on behalf of the Millennium Challenge Corporation, a US government agency established in early 2004. Our mission is to reduce poverty through sustainable economic growth in those countries that are democratic, invest in their people and foster economic freedom. We firmly believe that good policies do matter, and our partner countries are required to be accountable and show results for the projects that MCC funds through our Compacts.

I have come to Armenia to review the progress of the \$235 million Compact between Armenia and MCC. The Compact was signed almost a year ago and disbursements under the Compact began last fall. The Armenia Compact 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. We expect this program to directly impact approximately 750,000 people, or 75% of the rural population, and reduce the rural poverty rate while boosting annual incomes.

MCC would like to congratulate Armenia and MCA-Armenia for the excellent efforts undertaken to implement the Armenia Compact. Compact projects will bring significant benefits to the people of Armenia, and over \$4 million in Compact funds have already been disbursed to date.

During the meetings I have had with Prime Minister Margaryan, Foreign Minister Oskanian and Speaker Torosyan, I stressed how important it is to MCC, and the American Government, that Armenia continue to maintain a high level of performance on the 16 objective indicators that MCC uses to determine Compact eligibility and to measure whether a country is ruling justly, investing in its people and promoting economic freedom. We very much would like to see this Compact fully and successfully implemented.

As a result, we feel it is critical that the Government maintain its commitment to holding elections that demonstrate significant improvement over past elections. And to help Armenia prepare for this, America, through the Embassy here in Yerevan, has committed over \$7.5 million.

This is important since the MCC indicators are not used just to select countries; they also represent a country's continued dedication to good policy. The Compact agreement that the Government of Armenia signed includes a commitment to "maintain or improve performance on the indicators." This is not unique to Armenia but applies to all our MCC eligible countries.

Because the coming legislative and presidential elections will directly affect three indicators in our ruling justly category – Political Rights, Civil Liberties and Voice and Accountability -- we believe these elections represent an opportunity for the Government here to reverse any negative trends. Our policy is that it is not necessary to fail a given indicator for MCC to be concerned.

Let me be quite clear. MCC expects to see significant improvement over past elections. MCC and the US Embassy in Yerevan will continue to monitor the situation closely and will look to independent assessments, including reviewing the OSCE's assessment of the elections, because these assessments capture the issues that affect MCC's indicators.

Thank you for your interest in MCC and I would be happy to answer any questions that you may have.