

The Challenge

USAID's strategy for Armenia aims to consolidate recent macroeconomic reform and governance achievements. The Armenian economy must continue growth of 10% in order to further reduce the 32% poverty rate. The public, however, has become disillusioned with market-oriented democratic reforms, as there remains a domineering executive branch, inept governmental institutions, and a lack of independent media. Continued closure of the Turkish and Azerbaijani borders due to the continuing Nagorno-Karabakh conflict and foreign energy dependence prohibit local markets from diversifying beyond domestic needs. Corruption remains pervasive, stifling political and economic progress. In response, USAID/Armenia works to: expand employment opportunities; secure access to energy and water resources; ensure civic participation and more transparent governance; increase the utilization of high-quality primary healthcare; and improve social protection for the vulnerable.

Objectives, Sectors and Workforce

Mission Director: Robin Phillips

MCA Status: Approved Compact

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Received

Program Budget (Appropriations by Objective)	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07	2005 SO Performance Score	Direct SO Admin. Cost Ratio
111-0130 Increased Employment	15,000	14,000	11,500	8,383	-44.1%	1.18	Exceeded
111-0150 Energy and Water Sectors Reform	10,430	8,300	7,000	5,103	-51.1%	0.85	Not Met
111-0210 Democracy and Governance	7,514	13,511	11,500	8,383	11.6%	0.97	Met
111-0320 Primary Health Care	6,251	6,676	8,010	5,839	-6.6%	1.39	Exceeded
111-0340 Social Protection	8,646	6,150	6,000	4,374	-49.4%	1.41	Exceeded
111-0420 Cross-Cutting Programs	6,692	5,717	7,650	5,576	-16.7%		0.22
Transfer to Other US Government Agency	20,010	20,046	22,590	12,342	-38.3%		
PL 480 Title II not Allocated to a Strategic Objective	3,816	1,098			N/A		
Country Total	78,359	75,498	74,250	50,000	-36.2%		

Program Budget (Appropriations by Account)	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
FREEDOM Support Act	74,543	74,400	74,250	50,000	-32.9%
PL 480 Title II	3,816	1,098	0	0	N/A
Total	78,359	75,498	74,250	50,000	-36.2%

Program Budget by Sector and Account	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Basic Education FSA	328	0	350	0	N/A
Agriculture and Environment FSA	21,322	16,957	13,517	9,560	-55.2%
Higher Education & Training FSA	6,006	5,100	4,293	4,513	-24.9%
Economic Growth FSA	27,081	23,935	25,707	15,965	-41.0%
Democracy and Governance FSA	11,287	19,794	20,503	12,957	14.8%
Conflict Management / Humanitarian Assistance FSA	2,800	1,470	1,600	1,166	-58.4%
Family Planning / Reproductive Health FSA	939	4,041	3,955	3,221	243.0%
HIV / AIDS FSA	138	201	105	160	15.9%
Child Survival and Maternal Health FSA	3,711	2,383	3,767	2,098	-43.5%
Vulnerable Children FSA	392	468	140	0	N/A
Other Infectious Diseases FSA	539	51	313	360	-33.2%
PL 480 Title II not Allocated to a Sector	3,816	1,098			N/A
Total	78,359	75,498	74,250	50,000	-36.2%

Workforce	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
US Direct Hires	9	9	9	9	0.0%
US Non Direct Hires	13	14	14	14	7.7%
Foreign Nationals	41	48	48	48	17.1%
Total	63	71	71	71	12.7%

Operating Expense	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Salaries and benefits	696	700	623	743	6.8%
Travel	479	374	277	215	-55.1%
Transportation of things	150	141	55	105	-30.0%
Rent	294	304	260	285	-3.1%
Security	0	0	0	0	N/A
Equipment	221	203	59	0	N/A

ICASS - Operating Expense only	592	606	695	640	8.1%
Other Operating Expense	262	350	231	212	-19.1%
Total OE Budget	2,694	2,678	2,200	2,200	-18.3%
US direct hire salary and benefits	970	1,183	1,176	1,303	34.3%
Program Funded Administrative Expenses				3,177	
Country Total Administrative Budget				6,680	
Percent of Bureau OE Total				5.7%	

Mission Summary

	FY 2004	FY 2005	FY 2006	FY 2007
Program per US Direct Hire (\$000)	8,707	8,389	8,250	5,556
Program per All US (\$000)	3,562	3,283	3,228	2,174
Program per Position (\$000)	1,244	1,063	1,046	704
Operating Expense as % of Program Funding				4.4%
Program Funded Admin Expense as % of Total Admin				47.6%
Total Admin Expense as % of Program Funding				13.4%

Other Major Donors:

Bilateral: United Kingdom, Germany, Japan, Switzerland, France, the Netherlands, and Italy. Armenia has also recently been approved to receive a compact from the Millennium Challenge Corporation.

Multilateral: World Bank, European Union, International Monetary Fund, United Nations Development Program, United Nations High Commissioner for Refugees, United Nations Children's Fund, United Nations Industrial Development Fund, World Food Program, World Health Organization, The European Bank for Reconstruction and Development, the Organization for Security and Cooperation in Europe, Asian Development Bank.