

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.

Armenia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
FREEDOM Support Act	74,543	74,400	74,250	50,000
PL 480 Title II	3,816	1,098	0	0
Total Program Funds	78,359	75,498	74,250	50,000

STRATEGIC OBJECTIVE SUMMARY				
111-0130 Increased Employment				
FSA	15,000	14,000	11,500	8,383
111-0150 Energy and Water Sectors Reform				
FSA	10,430	8,300	7,000	5,103
111-0210 Democracy and Governance				
FSA	7,514	13,511	11,500	8,383
111-0320 Primary Health Care				
FSA	6,251	6,676	8,010	5,839
111-0340 Social Protection				
FSA	8,646	6,150	6,000	4,374
111-0420 Cross-Cutting Programs				
FSA	6,692	5,717	7,650	5,576
TRANSFER				
FSA	20,010	20,046	22,590	12,342

Mission Director,
Robin Phillips

Data Sheet

USAID Mission:	Armenia
Program Title:	Increased Employment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	111-0130
Status:	Continuing
Planned FY 2006 Obligation:	\$11,500,000 FSA
Prior Year Unobligated:	\$3,132,000 FSA
Proposed FY 2007 Obligation:	\$8,383,000 FSA
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's private sector development program focuses on improving the business environment in Armenia and on fostering the growth of micro-, small- and medium-sized enterprises in order to increase employment.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment (\$4,640,620 FSA, \$2,666,785 FSA carryover). USAID is seeking to improve economic policy and make Armenia's business environment more business-friendly. For example, poor tax administration is hampering private business development as well as the Government's ability to raise revenue. USAID's Tax Improvement Project will assist Armenia's State Tax Service to improve its tax policies and administration. USAID will also improve the business environment by implementing improved bankruptcy laws, providing training to judges, and improving the transparency of courts. USAID will promote competition in the marketplace by building the capacity of the State Committee for the Protection of Economic Competition to properly interpret and enforce laws promoting competition. USAID will assist the Public Services Regulatory Commission (PSRC) as it establishes a telecommunications department and develops its telecommunications regulatory capacity. Funds will also be used to perform a diagnostic analysis of the customs service. Prime contractors: Booz Allen Hamilton and BearingPoint.

Improve Private Sector Competitiveness (\$1,962,741 FSA, \$289,100 FSA carryover). The only route to sustainable development in Armenia is through the development of its small but growing private sector. USAID will support the development and expansion of business by initially targeting two industry clusters (tourism and information technology) through a new competitiveness project. This assistance is expected to result in 2000 new jobs in the first year of the program. Several new Global Development Alliance (GDA) projects will be launched this year, mostly likely with information technology firms, where USAID will partner with private firms on workforce development. USAID's existing agribusiness development project will address barriers to trade, finance and productivity. USAID-supported projects will also provide business service support to micro and small-scale enterprises. Prime contractors: Development Alternatives, Inc., Nathan Associates Inc., SRA, Chemonics International, and to be determined (TBD).

Strengthen the Financial Services Sector and Increase Access to Capital (\$4,896,639 FSA, \$98,900 FSA carryover, \$77,700 FSA prior year recoveries). A robust financial sector that is willing to lend is needed in Armenia to support business investment. The financial sector is not currently founded on risk-based lending, severely hampering business development. USAID aims to reverse this situation through a new financial sector deepening project as well as other financing initiatives. These projects will improve financial intermediation and access to capital by enhancing the banking and insurance sectors' capacity to serve private enterprises, fostering mortgage market development, and enhancing supervision of the financial sector. Transparent and sound financial reporting, accounting and auditing practices are core prerequisites for effectively functioning financial markets. As a result, USAID will launch a new program to improve accounting and auditing practices. In the area of capital markets, USAID will assist Armenian enterprises in issuing the country's first commercial paper and corporate bonds. USAID support to the Armenian Stock Exchange will help it to trade foreign currencies, thus helping it to become financially

sustainable. USAID is targeting microenterprises through a joint effort with the European Bank for Reconstruction and Development (EBRD) that will assist banks in improving micro-lending practices. USAID will also support microfinance institutions as they provide financing to smaller businesses that do not qualify for conventional bank loans. The microfinance project will target the economically active poor and provide them with access to a wide range of products and services. USAID plans to use Development Credit Authority to provide additional liquidity into the financial system for business lending. Prime contractors: BankWorld and to be determined (TBD).

FY 2007 Program:

Improve Economic Policy and the Business Environment (\$4,700,000 FSA). USAID's commercial and legal reform programs will shift their focus from concentrating on policy-level work with government counterparts to work with business associations, entrepreneurs, and other private sector representatives on the implementation of laws and regulations where businesses face the most serious problems. This shift in emphasis should help target assistance to address the most critical barriers faced by businesses. Last, USAID will continue to focus on improved tax administration. Prime contractor: BearingPoint and TBD.

Improve Private Sector Competitiveness (\$3,200,000 FSA). USAID's competitiveness project will be expanded to include two to three additional industry clusters. Prime contractors: Development Alternatives, Inc., Chemonics, SRA, and Nathan Associates Inc.

Strengthen the Financial Services Sector and Increase Access to Capital (\$483,000 FSA). USAID plans to continue support for financial sector deepening, accounting reform, and microfinance development in order to support enterprise development. USAID also may expand its focus to promote the development of municipal bonds, which will help Armenia to fund its infrastructure needs. Prime contractors: TBD.

Performance and Results: USAID's programs are improving economic conditions in Armenia. USAID's business development programs helped create 5,036 new full-time equivalent jobs in 2005. Furthermore, USAID-supported businesses generated \$17.35 million in sales and \$5.7 million of exports. At the macro level, banking system performance improved, as demonstrated by a high level of compliance with Basel Core Principles, a set of guidelines for effective bank supervision. There were many small achievements as well. For example, USAID assisted the devolution of the collection of land and property taxes to urban communities. USAID also helped develop the joint curriculum for a Masters degree in Information Science at three prominent universities, thereby supporting the promising information technology industry. USAID's support was critical in assisting the Association of Accountants and Auditors of Armenia to become an associate member of International Federation of Accountants, thereby moving Armenia a step closer to compliance with international accounting and auditing standards. A lack of qualified accountants and auditors remains an outstanding weakness in business sector development, and is an impediment to better municipal administration as well. Progress was significant in economic competition as 26 cases were presented to the State Committee for the Protection of Economic Competition, which resolved 13 during this past year. Over 900 people received policy reform training in 2005. Upon completion of this objective, USAID expects that significant employment will have been created, and that select economic institutions will be able to better implement economic regulation.

US Financing in Thousands of Dollars

Armenia

111-0130 Increased Employment	DCA	ESF	FSA
Through September 30, 2004			
Obligations	458	674	171,789
Expenditures	51	674	152,314
Unliquidated	407	0	19,475
Fiscal Year 2005			
Obligations	0	0	14,000
Expenditures	0	0	0
Through September 30, 2005			
Obligations	458	674	185,789
Expenditures	51	674	152,314
Unliquidated	407	0	33,475
Prior Year Unobligated Funds			
Obligations	0	0	3,132
Planned Fiscal Year 2006 NOA			
Obligations	0	0	11,500
Total Planned Fiscal Year 2006			
Obligations	0	0	14,632
Proposed Fiscal Year 2007 NOA			
Obligations	0	0	8,383
Future Obligations	0	0	0
Est. Total Cost	458	674	208,804

Data Sheet

USAID Mission:	Armenia
Program Title:	Energy and Water Sectors Reform
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	111-0150
Status:	Continuing
Planned FY 2006 Obligation:	\$7,000,000 FSA
Prior Year Unobligated:	\$3,674,000 FSA
Proposed FY 2007 Obligation:	\$5,103,000 FSA
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's water and energy program focuses on: improving the performance of water management and energy institutions; improving the delivery of heat and water supplies; and increasing energy security. The goal is to provide Armenia consumers with reliable supplies of water and energy at a reasonable cost and to help complete the transition of these key infrastructure sectors to private sector management.

Inputs, Outputs, Activities:

FY 2006 Program:

Expand and Improve Access to Economic and Social Infrastructure (\$1,177,838 FSA, \$319,819 FSA carryover). USAID will support the energy service company industry to implement energy efficiency projects through direct technical assistance as well as through training and technical assistance for its member association. USAID will also finance the installation of 12 new energy efficiency systems at selected institutions. USAID will help private condominium associations to heat their buildings, in part by providing technical assistance to the association and also through promotion of private-sector financing of boilers and other energy solutions. USAID will rehabilitate heating systems in approximately 20 additional Armenian schools throughout the country. Prime contractor: Advanced Engineering Associates, Construction Engineering Services Company, LTD (CESCO), Energy and Industry Infrastructure Construction Group (EIICG), Haygoughshinnakhagits, a local construction firm.

Improve Access to Clean Water and Sanitation (\$2,077,838 FSA, \$517,500 FSA carryover). USAID will launch a water supply and wastewater treatment project to increase the number of Armenians with 24 hour access to potable water and to improve wastewater treatment. This will be achieved by financing selected water infrastructure in three mid-sized municipalities (25,000-55,000 in population). The project will partner with other donors such as the World Bank. Meanwhile, training and technical assistance will concentrate on improving the transparency and accountability of water service providers and help bring tariff rates into line with service costs. Prime contractor: PA Consulting and to be determined (TBD).

Improve Economic Policy and the Business Environment (\$1,527,838 FSA, \$1,817,500 FSA carryover). In order to improve the management and regulatory environment in energy and water, USAID will provide more than 20 training sessions and technical assistance to key water and energy regulatory institutions. USAID will support the Public Services Regulatory Commission (PSRC) to regulate the water and energy sectors through technical assistance. USAID will help the Government of Armenia (GOAM) to prepare for the 2016 closing of the outdated Metzamor nuclear plant by supporting the development of a least cost alternatives plan. Technical assistance will also be provided to the government on energy policies and standards. Prime contractor: PA Consulting Group.

Improve Sustainable Management of Natural Resources and Biodiversity (\$2,216,486 FSA, \$1,018,852 FSA carryover). USAID will improve the stewardship of water resources through the provision of training, technical assistance, and limited commodity support to water management institutions, public outreach advocacy groups, non-governmental organizations (NGOs), and other civic actors. This assistance will enable these groups to provide constructive input to policy makers. To support decentralization in water management and development of participatory basin planning, USAID will provide technical assistance

and training to Basin Management Organizations and Basin Councils. Assistance will also be provided to develop water resources governance by improving water use permitting and fees. USAID's regional project with Georgia and Azerbaijan will raise scientific and analytical capacity to support proper monitoring of water resources, exchange information on water use, and assist with basin planning and permitting processes. Prime contractor: PA Consulting

FY 2007 Program:

Expand and Improve Access to Economic and Social Infrastructure (\$1,000,000 FSA). USAID plans to continue its new residential heating program, with the objective of rapidly increasing the installation of gas heating systems on a commercial basis. We anticipate large scale implementation of heating systems in 2007. The school heating program will finance the rehabilitation of the heating systems of 20 additional schools. Prime contractors: PA Consulting and Chemonics International Inc.

Improve Access to Clean Water and Sanitation (\$1,390,000 FSA). USAID plans to expand its effort to improve and extend water services by rehabilitating water supply systems, with the objective of providing 50,000 people with access to clean water. Contractor: TBD.

Improve Economic Policy and the Business Environment (\$1,153,000 FSA). USAID plans to continue assistance to the Public Service Regulatory Commission to improve its ability to regulate the water, energy, and telecom sectors. Prime contractor: PA Consulting Group, and TBD.

Improve Sustainable Management of Natural Resources and Biodiversity (\$1,560,000 FSA). USAID's water resources management program will focus on implementation of the action plan for Armenia's National Water Program. The transboundary water management program will be continued. Contractor: PA Consulting, and TBD.

Performance and Results: The program is strengthening the key institutions in Armenia's water and energy sectors which are demonstrating improved capacity to function effectively. On the other hand, the program is not meeting certain of USAID's benchmark indicators, such as the number of people having access to water on a 24-hour basis or in terms of increased energy availability.

The shortfall in new electric power capacity was due to delays in the adoption of simplified regulatory procedures for the development of Micro hydro projects (under 100 kW). New hydro units are now ready to be installed. More broadly, USAID achieved notable results at both the policy level and at the individual level. At the policy level, USAID advisors provided input to the drafting and adoption of the National Energy Strategy and National Water Policy. USAID also assisted in the drafting of the First National Water Program. These strategies represent a milestone in USAID's effort to improve the regulatory environment for the energy and water sectors, and support Armenia's goals and objectives in these sectors. In 2005, USAID financed significant levels of training and technical assistance to key energy and water regulatory and management institutions. This contributed to improvement in the technical expertise of these institution's staff, as well as increased public awareness of their functions and activities. USAID was instrumental in helping the PSRC force energy companies to use internationally acceptable accounting standards. This makes it possible to assess the business performance of energy companies. USAID also helped establish tariff principles in the energy sector. USAID helped lay the groundwork for the decommissioning of the Metzamor plant by organizing a major conference in June 2005 on nuclear plant decommissioning and nuclear replacement options. At the individual level, USAID rehabilitated the heating systems of 20 schools. USAID also financed the construction of a small-scale wastewater treatment facility at the country's biggest tannery factory which will have a significant impact on the water quality of the Hrazdan River which runs through Yerevan. Upon completion of this objective, energy and water management institutions will be strengthened, the sector will be effectively and independently regulated, key utilities will be operated on a commercial basis, people outside of Yerevan will have increased access to affordable water and energy supplies, and the main water management institutions will be able to manage water resources in a sustainable manner.

US Financing in Thousands of Dollars

Armenia

	ESF	FSA
111-0150 Energy and Water Sectors Reform		
Through September 30, 2004		
Obligations	339	103,681
Expenditures	339	92,396
Unliquidated	0	11,285
Fiscal Year 2005		
Obligations	0	9,367
Expenditures	0	5,955
Through September 30, 2005		
Obligations	339	113,048
Expenditures	339	98,351
Unliquidated	0	14,697
Prior Year Unobligated Funds		
Obligations	0	3,674
Planned Fiscal Year 2006 NOA		
Obligations	0	7,000
Total Planned Fiscal Year 2006		
Obligations	0	10,674
Proposed Fiscal Year 2007 NOA		
Obligations	0	5,103
Future Obligations	0	0
Est. Total Cost	339	128,825

US Financing in Thousands of Dollars

Armenia

111-0210 Democracy and Governance	FSA
Through September 30, 2004	
Obligations	67,663
Expenditures	58,937
Unliquidated	8,726
Fiscal Year 2005	
Obligations	7,500
Expenditures	0
Through September 30, 2005	
Obligations	75,163
Expenditures	58,937
Unliquidated	16,226
Prior Year Unobligated Funds	
Obligations	7,361
Planned Fiscal Year 2006 NOA	
Obligations	11,500
Total Planned Fiscal Year 2006	
Obligations	18,861
Proposed Fiscal Year 2007 NOA	
Obligations	8,383
Future Obligations	0
Est. Total Cost	102,407

Data Sheet

USAID Mission:	Armenia
Program Title:	Primary Health Care
Pillar:	Global Health
Strategic Objective:	111-0320
Status:	Continuing
Planned FY 2006 Obligation:	\$8,010,000 FSA
Prior Year Unobligated:	\$1,484,000 FSA
Proposed FY 2007 Obligation:	\$5,839,000 FSA
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's health sector program seeks to increase utilization of sustainable, high-quality primary healthcare (PHC) services by strengthening the Ministry of Health (MOH) capacity to implement PHC reform, and to reinvigorate PHC service provision to satisfy the immediate needs of vulnerable populations. USAID works with the MOH, State Health Agency, National Institute of Health, Yerevan State Medical University, regional and local authorities, and other donors in providing technical assistance (TA), training and commodity support. Specifically, USAID's activities in the health sector aim to: increase the transparency and efficiency of administrative, managerial and health financing mechanisms; improve the regulatory environment for healthcare service delivery; strengthen undergraduate and continuing medical education; expand provision of quality PHC and outreach services; and enhance consumer demand for high quality, client-focused PHC services.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Maternal Health and Nutrition (\$2,670,000 FSA, \$702,717 FSA carryover, \$260,000 FSA prior year recoveries). USAID will continue to improve and expand nationwide prenatal and reproductive health (RH) services at the rural level through health facility infrastructure improvements and community mobilization activities. USAID will scale up and expand family medicine (FM) clinical care models and trainings and conduct PHC GIS mapping as a basis of new site selection and facility renovation activities. Revolving health funds will replace revolving drug funds to cover health service costs, and new food security activities will replace nutrition subsidies. The Global Development Alliance (GDA) program with Armenian American Cultural Association (AACAA) will continue to integrate PHC services with cancer screening/prevention (breast/cervical). Through mobile medical teams, key PHC services will continue to expand to hard-to-reach rural populations thus increasing access to basic medical services and pharmaceuticals. The GDA with Armenian EyeCare Center will expand outreach for screening of eye diseases and surgery for vision impairments. Principal contractors/grantees: Emerging Markets Group (EMG), AACAA, World Vision (WV), and the Armenian Eyecare Project (AECF).

Strengthen Public Sector Executive Function (\$5,340,000 FSA, \$521,680 FSA prior year recoveries). USAID will publicize the final results of the 2005 Demographic and Health Survey through a series of roundtables and a national dissemination conference. Results will measure the health impact of reforms and guide the development of an evidence-based strategic platform for ongoing USAID and MOH activities. Through the new Primary Health Care Reform (PHCR) project, USAID will scale-up and extend national PHC policy reforms, build clinical service capabilities, increase equitable distribution of health resources, and foster health-seeking behaviors. The program will implement competency-based pre-service and in-service training programs, develop a unified family nursing curriculum, conduct professional development training for 170 nurses and 40 physicians, and create standards and treatment guidelines for PHC facilities, provider licensing, and accreditation. USAID, the World Bank, and the World Health Organization will continue providing technical assistance to a multisectoral National Health Accounts (NHA) working group to implement NHA and enhance healthcare financing. Ongoing technical assistance will broaden the national coverage of FM doctors and refine their scope of practice in providing RH and maternal/child health (MCH) services. Continued implementation of facility level quality improvement systems remain a priority for improved management and corruption abatement. A new 2-

year USAID program will also focus on strengthening pharmaceutical management in PHC delivery. Principal contractors/grantees: EMG, Management Sciences for Health (MSH), and Macro.

FY 2007 Program:

Improve Maternal Health and Nutrition (\$2,860,000 FSA). Programs to expand high-quality RH/MCH and PHC services, including health facility infrastructure improvements in rural areas will continue. Expansion of women's cancer screening and integrated family-based PHC services will continue. Key PHC and ophthalmologic services will be maintained for vulnerable rural populations, including screening, diagnosis, and treatment through mobile medical outreach teams. Principal partners include EMG, WV, AECF, and AACA.

Strengthen Public Sector Executive Function (\$2,979,000 FSA). The nationwide expansion of rural RH/MCH and PHC reform projects will continue thus improving health system managerial, financial, and planning capacity to deliver high-quality accessible services. Activities to restructure PHC pharmaceutical management and implement data-driven policy will continue thus enhancing services. Implementation of NHAs will also continue, resulting in a strengthened policy and regulatory environment. Principal contractors/grantees: EMG, and MSH.

Performance and Results: USAID expanded the PHC model in FY 2005 giving nearly 10% of Armenia's population access to more efficient and higher quality care. Pilot revenue and expenditure tracking systems increased transparency in health care financing. USAID established a national reproductive health clinical training network to improve rural health care. GIS mapping identified gaps and surpluses in facility placement and laid the groundwork to rationalize the rural health delivery system. Medical outreach teams established revolving drug funds in 62 remote communities. At the completion of this objective, better legal and regulatory frameworks for high quality, customer-oriented PHC service provision will facilitate the sustainable delivery of key PHC services to the population. USAID will have helped the MOH implement and strengthen its own strategy for PHC reform. Transparent national and regional administrative, financial and managerial processes will be in place to improve financial accessibility to healthcare services, and to increase the utilization of quality healthcare services delivered by trained providers in well-equipped facilities.

US Financing in Thousands of Dollars

Armenia

	ESF	FSA
111-0320 Primary Health Care		
Through September 30, 2004		
Obligations	868	17,399
Expenditures	868	12,496
Unliquidated	0	4,903
Fiscal Year 2005		
Obligations	0	7,122
Expenditures	0	4,529
Through September 30, 2005		
Obligations	868	24,521
Expenditures	868	17,025
Unliquidated	0	7,496
Prior Year Unobligated Funds		
Obligations	0	1,484
Planned Fiscal Year 2006 NOA		
Obligations	0	8,010
Total Planned Fiscal Year 2006		
Obligations	0	9,494
Proposed Fiscal Year 2007 NOA		
Obligations	0	5,839
Future Obligations	0	0
Est. Total Cost	868	39,854

Data Sheet

USAID Mission:	Armenia
Program Title:	Social Protection
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	111-0340
Status:	Continuing
Planned FY 2006 Obligation:	\$6,000,000 FSA
Prior Year Unobligated:	\$3,325,000 FSA
Proposed FY 2007 Obligation:	\$4,374,000 FSA
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's program for improved social protection employs two complementary strategies for improving the lives of Armenia's poor. USAID allocates approximately 60% of the objective's funds for nation-wide social protection systems strengthening activities, and 40% to community-level grassroots development activities. Targeted social protection systems include national social insurance and social assistance programs, as well as employment and labor services. Community development activities address the immediate needs of Armenia's most vulnerable populations by supporting direct assistance and development efforts initiated by local communities and non-governmental organizations.

Inputs, Outputs, Activities:

FY 2006 Program:

Expand and Improve Access to Social and Economic Infrastructure (\$800,000 FSA, \$3,325,370 FSA carryover). The popular and successful Community Self Help Grant program will continue in FY 2006. This program improves the socio-economic conditions of Armenian communities through infrastructure rehabilitation projects designed, proposed, co-financed, and co-implemented by beneficiary communities. The Support Program for the Elderly will continue to provide hot meals and social services to over 8,000 beneficiaries (one-third of Armenia's indigent elderly) and will pursue social partnerships with local and national authorities to address the needs of the elderly beyond the life of project. The Children in Especially Difficult Circumstances Global Development Alliance (GDA) will continue to improve the treatment of children in state institutions, assist schools to mainstream children with disabilities, and help communities and families to effectively deal with at-risk children through community center programs, roving social workers, and novel initiatives such as foster parenting. The Building and Rehabilitating Infrastructure for Development and Growth in Employment (BRIDGE) program will continue work with targeted local communities nationwide to identify priority rehabilitation work and train vulnerable unemployed community members in the skills needed to effectively complete this work under the guidance of BRIDGE experts.

The Targeted Humanitarian Assistance Program will end in FY 2006. The program improves the safety and living conditions of targeted vulnerable populations in specialized institutions such as orphanages and nursing homes. The Integrated Community Development GDA will be complete by the end of FY 2006. The program assists the Karakert community to improve standards of living by rehabilitating the town's social infrastructure including schools, health facilities, and irrigation works. USAID will evaluate the Karakert experience in FY 2006, setting the stage for possible replication of this small town development model, using the GDA mechanism, in other sites. Implementers: Save the Children, Mission Armenia, World Vision (GDA), Community Habitat and Finance (CHF), Fund for Armenian Relief, UNDP/Children of Armenia Fund (COAF) GDA.

Strengthen Public Sector Executive Function (\$5,200,000 FSA). The Social Protection Systems Strengthening (SPSS) Project will finance technical assistance, training, and equipment to support Government of Armenia (GOAM) efforts to refine and strengthen social insurance benefits targeting and means testing, while developing sustainable mechanisms, such as social contracting between public and private sector entities, for addressing the needs of vulnerable populations. To assist those who are able and willing to participate actively in Armenia's new market economy and to facilitate their transition to self-

reliance and sustainability, SPSS will contribute to improved employment services and labor practices, and a streamlined and solvent pension program. Furthermore, by focusing on effecting systemic changes in these key GOAM social protection programs, SPSS will also advance USAID's anti-corruption goal by helping to develop more transparent, accountable, and responsive public institutions. SPSS will build on the accomplishments of the Armenia Social Transition Project (ASTP) that ended in October 2005. Implementer to be determined (TBD).

FY 2007 Program:

Expand and Improve Access to Social and Economic Infrastructure (\$2,174,000 FSA). The BRIDGE program and the Community Self-Help Program will continue to provide vocational training for community-led infrastructure rehabilitation projects. Mission Armenia will continue to provide hot meals and other basic social services to the elderly in Armenia, but will begin to move towards sustainability through social partnering with the state and local governments of Armenia. World Vision's Children in Especially Difficult Circumstances program will continue to work to prevent child abandonment and institutionalization through such initiatives as foster parents, and to promote and facilitate mainstreaming of school-age children with disabilities through teacher training in special education and child psychology. Principal contractors/grantees: Save the Children, Community Habitat and Finance, Mission Armenia, UNDP, World Vision.

Strengthen Public Sector Executive Function (\$2,200,000 FSA). USAID's social portfolio will continue to support an optimum mix of macro-level social systems strengthening activities and direct micro-level community development assistance, with the majority of funding (at least 60%) allocated for systems strengthening interventions. The SPSS Project will be fully underway and significant technical assistance, training, and material support (including information technology) will be provided to the Ministry of Social and Labor Issues, its agencies, and other GOAM entities (e.g., State Social Insurance Fund [SSIF], Nork Center for Information and Technology) to reform and/or design and implement sustainable social insurance and social services programs; to support capacity building activities to improve labor practices and occupational safety within key Armenian industries; to improve the managerial, accounting, and administrative systems within the SSIF; and move the State Employment Services Agency to be more market-driven and aligned with private sector needs. Implementer TBD.

Performance and Results: USAID's five-year flagship Armenian Social Transition Program (ASTP) ended in October 2005. ASTP played a decisive role in helping the Ministry of Labor and Social Issues complete a basic step toward overhaul of the country's public insurance and assistance programs: the institutionalization of a nationwide social security card system. This has increased transparency, accountability and accuracy in the collection of contributions (taxes) and the payment of state benefits to citizens. ASTP also worked with GOAM officials to refine means testing and benefits targeting to ensure that only the neediest Armenians receive state-financed poverty family benefits (PFB) and related assistance, with priority given to poor families with children. These two interventions reduced the number of people on welfare rolls (134,000 in 2004 vs. 128,000 in 2005) and steadily increased the number of poor families with children receiving PFB (in 2001, 54.4% of beneficiaries represented families with children; by 2005, this increased to 69.2%). USAID's grassroots community development efforts renovated infrastructure through public works initiated by local governments and/or communities; trained social workers; and supported social assistance programs for the elderly and children in especially difficult circumstances. The UNDP/COAF GDA has been heralded as a model for small town integrated development by some GOAM authorities. The World Vision GDA supplied 11 community centers and trained teachers and parents serving 1,000 children in difficult circumstances. USAID's BRIDGE program, re-invigorated 47 community development committees in 6 cities, trained 158 people with marketable vocational skills, and completed plans for public works projects that will generate short-term employment for 129 local beneficiaries.

At the end of this objective, Armenia will have laid the foundation for a sustainable pension and social insurance system, employment services will be linked to market demand, the labor inspectorate will protect occupational safety in a business-friendly environment and social contracting between government and NGOs will be a commonplace means of assisting vulnerable populations.

US Financing in Thousands of Dollars

Armenia

111-0340 Social Protection	FSA
Through September 30, 2004	
Obligations	66,923
Expenditures	55,802
Unliquidated	11,121
Fiscal Year 2005	
Obligations	5,482
Expenditures	11,296
Through September 30, 2005	
Obligations	72,405
Expenditures	67,098
Unliquidated	5,307
Prior Year Unobligated Funds	
Obligations	3,325
Planned Fiscal Year 2006 NOA	
Obligations	6,000
Total Planned Fiscal Year 2006	
Obligations	9,325
Proposed Fiscal Year 2007 NOA	
Obligations	4,374
Future Obligations	0
Est. Total Cost	86,104

Data Sheet

USAID Mission:	Armenia
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	111-0420
Status:	Continuing
Planned FY 2006 Obligation:	\$7,650,000 FSA
Prior Year Unobligated:	\$1,338,000 FSA
Proposed FY 2007 Obligation:	\$5,576,000 FSA
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's cross-cutting objective encompasses efforts that are limited in time and scope, that address targets of opportunities outside of the Mission's strategic framework, and those of broad impact contributing to multiple USAID strategic objectives. This objective promotes human and institutional capacity development, private sector development, good governance, strengthened civil society, and media and communications capacity, and provides logistical, administrative, and limited programmatic support for USAID's activities.

Inputs, Outputs, Activities:

FY 2006 Program:

Program Support (\$7,650,000 FSA, \$1,137,852 FSA carryover, \$200,000 FSA prior year recoveries).

Human and Institutional Capacity Development (HICD): USAID will continue its institutional and human capacity building efforts in support of USAID's strategic objectives. A full range of HICD services targeted at performance improvement will be designed and provided in cooperation with USAID partner institutions, which will include the implementation of training and non-training interventions throughout the USAID portfolio. Principal contractor: Academy for Educational Development (AED).

Community Connections Program: In addition to its HICD program, USAID will implement a Community Connections program. The broad public diplomacy goal of the Community Connections program is to contribute to economic and democratic reform and to promote mutual understanding through Armenians' exposure to U.S. society and personal connections with Americans. Through local community host organizations in the United States, 70 men and women entrepreneurs, local government officials, legal professionals, non-governmental organizational leaders, and other Armenian professionals will be provided with a three-to-five week training program in the United States. tailored to their professional or business interests. Contractor/grantee: World Learning (Prime) and Project Harmony.

Eurasia Foundation Grant Program: USAID will continue to support Eurasia Foundation's civil society program aimed at fostering civil dialogue among community based structures. Funding will be provided for the creation and further strengthening of a countrywide network of community resource centers. To support public administration and policy reform, inter-municipal networking and cooperation will be enhanced, which will promote the effective use of resources. Strengthening local media capacity will lead to better access to information in remote areas of Armenia. USAID will also be providing support to cross-border activities to enhance economic growth and stability by promoting open trade and transportation exchange in the region. Principal grantee: Eurasia Foundation.

Programmatic, logistical and administrative support, and other cross-cutting activities: Logistical and administrative support for the Mission's portfolio will be funded under this cross-cutting objective. This objective may also be used to fund activities to compliment, support, or review existing objectives such as cross-cutting studies, forums, assessments and evaluations.

FY 2007 Program:

Program Support (\$5,576,000 FSA).

Human and Institutional Capacity Development (HICD) Program: USAID will continue to support this program with emphasis on human and institutional strengthening in support of its strategic objectives. A total of 30 institutions and 1200 men and women are expected to benefit from this program. Principal contractor: Academy for Educational Development (AED).

Community Connections Program: The Community Connections program will be continued to promote US Government broad public diplomacy goals through Armenians' exposure to U.S. society and personal connections with Americans. Through local community host organizations in the United States, 100 men and women entrepreneurs, local government officials, legal professionals, non-governmental organizational leaders, and other professionals from Armenia will be provided with a three-to-five week training program in the United States tailored to their professional or business interests. Contractor: World Learning (Prime) and Project Harmony.

Eurasia Foundation Grant Program: USAID plans to continue assistance to Eurasia Foundation to support development of private sector and democracy and governance in Armenia. Principal grantee: Eurasia Foundation.

Programmatic, logistical and administrative support, and other cross-cutting activities. Logistical and administrative support for the Mission's portfolio will be funded under this cross-cutting objective. This objective may also be used to fund activities to complement, support, or review existing objectives, such as cross-cutting studies, forums, assessments and evaluations.

Performance and Results: These efforts are cross-cutting and have contributed directly or indirectly to activities across the Mission. The results, if identified as sector-specific, are reported under the appropriate Strategic Objective.

US Financing in Thousands of Dollars

Armenia

	ESF	FSA
111-0420 Cross-Cutting Programs		
Through September 30, 2004		
Obligations	1,260	77,491
Expenditures	1,260	71,793
Unliquidated	0	5,698
Fiscal Year 2005		
Obligations	0	6,399
Expenditures	0	3,760
Through September 30, 2005		
Obligations	1,260	83,890
Expenditures	1,260	75,553
Unliquidated	0	8,337
Prior Year Unobligated Funds		
Obligations	0	1,338
Planned Fiscal Year 2006 NOA		
Obligations	0	7,650
Total Planned Fiscal Year 2006		
Obligations	0	8,988
Proposed Fiscal Year 2007 NOA		
Obligations	0	5,576
Future Obligations	0	0
Est. Total Cost	1,260	98,454