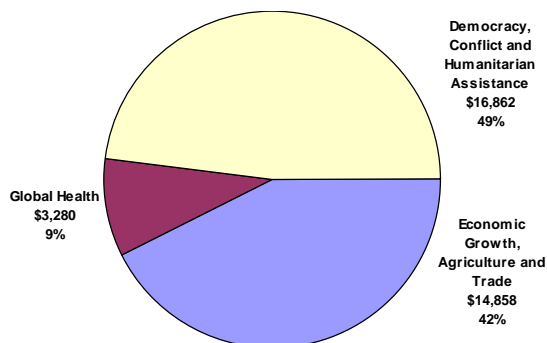
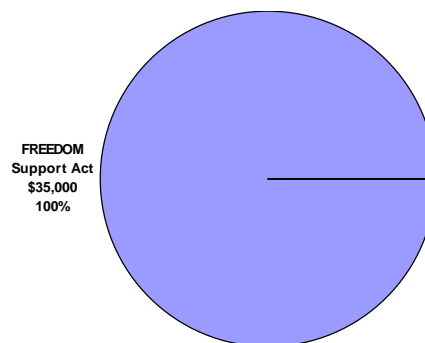


# Azerbaijan

**FY 2006 Assistance by Sector**



**FY 2006 Assistance by Account**



## Objectives and Budget

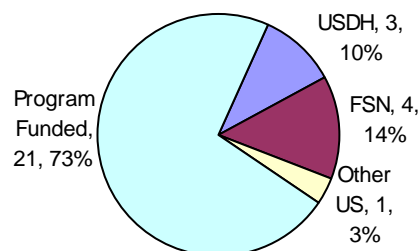
Objective	SO Number	FY 2004	FY 2005	FY 2006
Development of Small and Medium Enterprises	112-0130	10,807	11,000	10,000
Civil Society	112-0210	5,900	6,470	6,270
Humanitarian Assistance	112-0310	8,790	7,907	7,907
Cross-Cutting Programs	112-0420	5,927	5,978	4,633
Transfers		7,358	6,000	6,190
<b>Total (in thousands of dollars)</b>		<b>38,782</b>	<b>37,355</b>	<b>35,000</b>

Excludes P.L. 480. See Program Annex.

## Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation			
USDH Salaries & Benefits	567	522	534
Program Funds	1,379	1,708	1,708
<b>Total (in thousands of dollars)</b>	<b>1,946</b>	<b>2,230</b>	<b>2,242</b>

**FY 2006 Workforce**



**Mission Director:** Denny Robertson

**The Development Challenge:** Azerbaijan is a strategic gateway between Europe and Asia, bordering Russia, Georgia, Armenia, Turkey, Iran and the oil-rich Caspian Sea. Azerbaijan has been able to successfully develop its oil and gas resources and to achieve macroeconomic stability. However, it is still far from being a functioning economy with gainful employment, rule of law, or health and other social systems for its eight million citizens.

The oil wealth of Azerbaijan has the potential to help shed the legacy of the Soviet Union and build an efficient nation-state. However, the current, carefully-designed government consists of heavy reliance on family and clan relationships, oil revenues, and patronage. Corruption systemically permeates the political, economic and social spheres. If these issues are not addressed before the estimated fifteen-year supply of oil and gas revenues comes online next year, development of a competitive free market economy with reallocation of oil revenues to the majority of the population and the development of a functioning democracy will not succeed. Eliminating corruption and building the capacity to use these resources wisely are the two most significant development challenges facing Azerbaijan.

Ilham Aliyev was victorious in October 2003 presidential elections that regrettably did not meet Organization for Security and Cooperation in Europe (OSCE) standards. However, the political debate prior to the election and the newly-adopted Unified Election Code were considered steps forward for Azerbaijan. Municipal elections in December 2004 did not even meet even the standard of the Presidential election - a disappointing development in the run up to the Parliamentary elections in late 2005. However, progress in transparent governance can be seen in adoption of a Judicial Code of Ethics and a law on corruption. However implementation has not occurred and political will to encourage improvements in democratic and judicial systems and combat corruption is not evident. Transparency International ranks Azerbaijan 140 out of 146 in its 2004 corruption perception index. The recent signing by the Government of Azerbaijan (GOAZ) of the first Extractive Industries Transparency Initiative worldwide will provide it an opportunity to demonstrate commitment to combating corruption in handling the nation's oil revenues.

Azerbaijan's economic situation remains stable with a slight increase in the rate of inflation. Per capita gross domestic product (GDP) has increased to \$3,400. However, 49% of the population remains below the poverty line indicating that the poor are not benefiting from increased oil revenues or improvements in economic legislation. Factors impeding economic growth in the non-oil sector include corruption, lack of legal and regulatory frameworks and implementation, and lack of access to investment capital. Oil contracts are honored and enforced by law based on production-sharing agreements (PSAs). Non-oil enterprises in the private sector do not have similar protections. Most sectors from pharmaceuticals and agriculture to transport and construction are closely controlled monopolies, preventing a free market economy from developing.

The education and health ministries are notoriously corrupt at every level, which is demonstrated in the deplorable conditions of the majority of school buildings and materials, ancient and irrelevant curricula from the Soviet era and severely underpaid education personnel. The same is true in the health sector. While the health system has a surplus of doctors, nurses and other personnel, their training and knowledge is outdated, they are inadequately trained for preventive medicine, the system is financially starved, many facilities are poorly maintained, equipped and supplied, and quality of care is falling while costs to consumers rise, so utilization is declining. According to the CDC Reproductive Health Survey in 2001, the infant and under five mortality rates are 81 and 92 per 1000 live births, respectively. These rates are the highest in Europe and Eurasia, and comparable to many countries in South Asia and Sub Saharan Africa. UNICEF (MICS, 2000) estimates the maternal mortality ratio at 79 per 100,000 live births.

Azerbaijan is a U.S. ally in the global war on terrorism and the U.S. seeks Azerbaijan's cooperation in combating terrorism and other trans-border threats. The U.S. also wants Azerbaijan to successfully transition to a democratic market economy. It is the interest of the U.S. to help Azerbaijan become a reliable supplier of oil and gas to international markets in the West as it will be an important source of non-OPEC oil in the future. The President's December 2003 waiver of Section 907 of the FREEDOM Support Act allowed the U.S. Government to continue assistance to the GOAZ in key policy areas of

economic reform, energy reform, and democracy and governance.

**The USAID Program:** USAID's four objectives concentrate on promoting economic growth and reform, including guiding energy wealth toward developing infrastructure and a sustainable social system, and strengthening and expanding democratic institutions and rule of law. FY 2006 funds will be used to: foster democratic progress; develop a market economy with a well-functioning private sector to include job creation and regional economic development; and promote social service systems for vulnerable communities. Several new activities will work closely with the GOAZ to implement these activities.

**Other Program Elements:** USAID's Global Health Bureau manages the Child Survival Program which funds technical assistance to reduce infant, child and maternal mortality and morbidity. USAID's Bureau for Economic Growth, Agriculture, and Trade (EGAT) Bureau manages the Cluster Access to Business Services Program. Both are implemented by Mercy Corps in southeast Azerbaijan. EGAT also manages the Farmer-to-Farmer Program, which provides short-term, U.S. volunteer technical assistance to increase farm and agribusiness productivity.

**Other Donors:** Other donors in Azerbaijan are the World Bank, International Monetary Fund (IMF), Governments of Germany and United Kingdom, United Nations Development Programme (UNDP), the European Bank for Reconstruction and Development (EBRD), the European Union, the United Nations Children's Fund (UNICEF), the World Health Organization (WHO), and United Nations High Commissioner for Refugees (UNHCR).

Donor coordination continues to be strong in rule of law, democracy and governance, financial, economic and energy sector reforms, and community health activities. USAID is taking the lead to focus donor coordination on anticorruption strategies and to forge new ties with key donors, such as the Global Fund for AIDS, TB and Malaria. USAID coordinates with the European Union, German and British governments, and the Organization for Security and Cooperation in Europe (OSCE) on rule of law and elections, Council of Europe on municipalities, the United Nations Population Fund (UNFPA) on reproductive health, World Bank, EBRD and IMF on financial, economic, and energy sector reform.

## Azerbaijan PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
FREEDOM Support Act	45,930	38,782	37,355	35,000
PL 480 Title II	2,974	2,883	0	0
<b>Total Program Funds</b>	<b>48,904</b>	<b>41,665</b>	<b>37,355</b>	<b>35,000</b>

STRATEGIC OBJECTIVE SUMMARY				
112-0130 Development of Small and Medium Enterprises				
FSA	14,250	10,807	11,000	10,000
112-0210 Civil Society				
FSA	6,806	5,900	6,470	6,270
112-0310 Humanitarian Assistance				
FSA	5,200	8,790	7,907	7,907
112-0420 Cross-Cutting Programs				
FSA	4,479	5,927	5,978	4,633
TRANSFER				
FSA	15,195	7,358	6,000	6,190

Mission Director,  
Denny Robertson

### Data Sheet

<b>USAID Mission:</b>	Azerbaijan
<b>Program Title:</b>	Development of Small and Medium Enterprises
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	112-0130
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$11,000,000 FSA
<b>Prior Year Unobligated:</b>	\$4,327,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$10,000,000 FSA
<b>Year of Initial Obligation:</b>	2000
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** Growth and development of competitive private enterprises, particularly in rural areas, are being achieved through increased employment, sales, investment, and trade. The strategic objective will achieve this result by: 1) building technical capacity of financial intermediaries to lend in rural areas; 2) strengthening market linkages for agricultural products between producers, processors, and consumers; 3) improving farm productivity through effective use of production inputs; 4) improving the competitiveness of agricultural products through a public-private initiative to develop an effective food quality grades and standards regime; and 5) improving the quality of local economic and business

education. With the waiver of Section 907, USAID continues implementation of a closely targeted economic reform program focused on the following areas: strengthening banking supervision at the National Bank of Azerbaijan; improving transparency of financial management practices; promoting reform in energy sector regulation; and building capacity of the Ministry of Economic Development in the areas of investment policy-making.

**Inputs, Outputs, Activities:**

**FY 2005 Program:** Strengthen Financial Sector's Contribution to Economic Growth (\$5,425,000 FSA). To strengthen the capacity of the financial sector, USAID will provide technical assistance to 20 financial intermediaries to improve the training capacity of the local Azerbaijan Bank Training Center and the Azerbaijan Micro-Finance Association. These training programs will meet the needs of the financial community to serve agribusinesses, small and medium enterprises (SMEs) and other businesses that support food processing, distribution and manufacturing of value-added products. Given the importance that financial services play in nurturing SMEs, USAID will help improve the banking regulatory environment, implement International Accounting Standards, and build the capacity of the National Bank of Azerbaijan to regulate the banking sector. Principal contractors: Bankworld, ACDI/VOCA, Shorebank, FINCA, and others to be determined (TBD).

Increase Agricultural Productivity (\$2,860,000 FSA, \$692,000 FSA carryover). In an effort to improve private sector competitiveness, USAID will provide technical assistance to 60,000 producers and 75 processors of agricultural goods as part of the value-added market chain. Technical assistance in the areas of procurement, processing, management, marketing, strategic planning, and quality control will result in increased demand for locally-produced, value-added agricultural products in both domestic and export markets. Resulting agribusiness clusters should then be capable of supporting competitive products. USAID intends to build capacity of both private and public food quality laboratories on the development and application of a grades and standards regime.

USAID will promote effective use of technology transfer through livestock feeding trials and agronomy demonstration plots. Work will be coordinated with the 100 members of the Input Dealer Association to integrate services via 10 rural business development centers and support the creation of a private sector demand-driven extension service. A modest USAID contribution will focus on developing the curriculum at key vocational training schools intended to improve the qualifications of graduates who will be employed in the rural agribusiness sector. Principal contractors: Pragma Corporation (prime), International Rescue Committee (IRC) (prime), International Finance Development Corp (IFDC) (prime), International Executive Service Corps (IESC) (sub), Chemonics (sub), and Flag (sub), TBD.

Improve Economic Policy and Governance (\$2,715,000 FSA, \$3,433,000 FSA carryover, \$202,000 FSA prior year recoveries). Policy-related activities will help the Government of Azerbaijan policymakers pursue the economic reform agenda through the following three initiatives: 1) establishment of a regulatory agency for public utilities, focusing on the development of its institutional structure and human-capacity needs. The state-owned power and natural gas companies will benefit from assistance aimed at improving their operational efficiency; 2) continued capacity building of the Azerbaijan Ministry of Finance and its 85 treasury offices in treasury software operation, fiscal forecasting, and preparation of budget and financial reporting; and 3) technical assistance to the Ministry of Economic Development's Public Investment department to improve the process of soliciting, evaluating and funding capital investment proposals from the State Budget and Oil Fund in accordance with the Poverty Reduction Strategy. Principal contractors: PA Government Services, CARANA, and TBD.

**FY 2006 Program:** Strengthen Financial Sector's Contribution to Economic Growth (\$2,289,000 FSA). USAID will continue to deepen the capacity of local financial intermediaries to provide a wide array of financial services to a broader client base. Principal contractor: TBD.

Increase Agricultural Productivity (\$3,697,000 FSA). USAID may expand its support to more competitive SMEs through improving access to markets, business services, input distribution and food quality initiatives. Principal contractors: Pragma, IRC, TBD.

Improve Economic Policy and Governance (\$4,014,000 FSA). The program will improve economic and general business education undergraduate and/or graduate programs. Graduates who have a good understanding of market economics and management skills can then improve capacity in key economic government agencies and help spur entrepreneurship in the private sector. Interventions will be primarily in Baku and secondarily in key regional cities. The program will continue to expand and deepen energy reforms by focusing on reform of state-owned energy enterprises in preparation for privatization. Funds may be used to initiate reform in the telecommunications sector by developing an independent regulatory commission. Principal contractors: PA Government Services, TBD.

**Performance and Results:** Remarkable progress has been made in the numbers of trained agri-input dealers (100) and their farmer clients (40,000), which in turn has led to increased sales of over \$11 million in fertilizer and seeds, a 400% increase from the previous year. As a result of USAID activities, non-bank financial institutions (NBFI) have expanded their operations and reached \$35 million in outstanding portfolio (a 100% increase from 2002). NBFIs have serviced 340 urban enterprises and real estate mortgage client, 2,700 agribusinesses, and 8,800 group lending clients with over 35% female clientele. Private sector supported activities reported that over 3,600 jobs were created in FY 2004, including over 140 new jobs in the SME sector, and over 3,500 new jobs supporting cottage industries. USAID's policy activity has made significant progress towards its core objectives, including the development of a draft law on the establishment of a public utilities regulatory agency and the completion of a feasibility study to rehabilitate the country's main power plant.

Continued progress will provide more jobs for both male and female entrepreneurs nationwide, deepen the market economic orientation in the private sector, and improve the regulatory environment.

## US Financing in Thousands of Dollars

Azerbaijan

112-0130 Development of Small and Medium Enterprises	FSA
<b>Through September 30, 2003</b>	
Obligations	44,932
Expenditures	26,837
Unliquidated	18,095
<b>Fiscal Year 2004</b>	
Obligations	10,451
Expenditures	11,462
<b>Through September 30, 2004</b>	
Obligations	55,383
Expenditures	38,299

Unliquidated	17,084
<b>Prior Year Unobligated Funds</b>	
Obligations	4,327
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	11,000
<b>Total Planned Fiscal Year 2005</b>	
Obligations	15,327
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	10,000
Future Obligations	11,000
Est. Total Cost	91,710

## Data Sheet

<b>USAID Mission:</b>	Azerbaijan
<b>Program Title:</b>	Civil Society
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	112-0210
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$6,470,000 FSA
<b>Prior Year Unobligated:</b>	\$2,709,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$6,270,000 FSA
<b>Year of Initial Obligation:</b>	2000
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** USAID's program on democracy, governance and civil society focuses on the following areas: 1) improving justice sector/legal framework; 2) supporting democratic local government and decentralization; 3) promoting free and fair elections; 4) strengthening democratic political parties; 5) strengthening civil society; 6) establishing media freedom and freedom of information; 7) promoting anti-corruption reforms.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Strengthen Democratic Political Parties (\$452,000 FSA). USAID will train political parties on negotiation and conflict resolution and mitigation skills to assist in building issue-based coalitions and consensus. USAID activities prior to parliamentary elections in 2005 will focus on issue orientation, coalition building, and improved presentation of party platforms during election campaigns. USAID will conduct 20 policy dialogue and development discussion sessions and train more than 400 members of political parties and independent parliamentary candidates in five regions. Principal grantee: National Democratic Institute (NDI).

Improve Justice Sector/Legal framework (\$1,016,000 FSA). USAID will promote effective and just legal institutions, including the judiciary and bar association. Street law and commercial law programs will be added as new components to the existing activities. USAID will conduct a total of 32 legal professional development seminars for more than 600 judges, lawyers and non-governmental organization (NGO) representatives. Principal grantee: American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI).

Promote and Support Free and Fair Elections (\$905,000 FSA). The goal of this program will be to reduce election fraud through expanded country-wide public awareness campaigns among citizens in the regions, educating them about voter rights and responsibilities before Parliamentary elections scheduled for fall 2005. USAID will bring more than 300 international observers, organize 30 candidate debates, and disseminate election and voter education information throughout the country. An international effort will be coordinated to persuade the Central Election Commission to introduce the use of the invisible ink for the Parliamentary elections 2005. USAID will organize a large nationwide exit poll to provide an additional tool to prevent election fraud. Principal grantee: International Foundation for Elections Systems (IFES).

Civic Education (\$1,129,000 FSA). A civic education program will work with the Ministry of Education to create a new civic education textbook, which will be designed for use in primary schools throughout Azerbaijan. Principal grantee: IFES.

Strengthen Civil Society (\$1,073,000 FSA, \$1,255,000 FSA carryover). Under this new project, USAID seeks to strengthen the capacity of Azerbaijani civil society organizations and NGOs. USAID will work with the Azerbaijani government to improve the legal framework for NGOs. USAID will train NGOs on community organizational skills emphasizing the importance of expanding the constituency base and



improving financial sustainability. USAID plans to train more than 50 civil society organizations to strengthen their advocacy skills to engage government on topics such as anticorruption, gender, elections and rule of law. Principal grantee: TBD.

Strengthen Democratic National Governance Institutions (\$1,695,000 FSA). This new program will work with Parliament to make it more transparent, accountable, and independent through effective management and increased citizen participation in the legislative process. USAID will help Azerbaijani parliament in setting up a new facility, where 124 newly-elected members will be trained. Principal grantee: TBD.

Establish and Ensure Media Freedom and Freedom of Information (\$200,000 FSA, \$1,454,000 FSA carryover). This media program is focusing on assisting media outlets to develop into sustainable businesses. The program will train journalists in techniques of credible investigative journalism, including issues on allocations of oil fund revenues. Public television and development of an independent regional television network are part of this program. Principal grantee: International Research and Exchanges Board (IREX).

**FY 2006 Program:** Support Democratic Local Government and Decentralization (\$1,650,000 FSA). This three-year program will address transparency and accountability in the government's decision-making processes at national and local levels. USAID will work with the Azerbaijani government on drafting laws favorable to the functioning of local government. USAID will provide technical support to more than 500 local municipal councils' representatives, and educate citizens about the basic roles and responsibilities of local municipalities. Principal implementer: TBD.

Improve Justice Sector/Legal Framework (\$2,320,000 FSA). USAID activities will promote effective and fair legal institutions, including the judiciary and bar associations. USAID will work to improve the competency of legal professionals through improvements in the curriculum of five universities and professional development programs. Activities will also increase citizen's knowledge of their rights and ways to enforce those rights to increase public confidence in the legal system. Principal implementer: TBD.

Strengthening Democratic Political Parties (\$1,100,000 FSA). USAID plans to focus its political party activities on increasing the receptiveness of political parties toward issue-based coalitions and consensus-building. To increase the role of youth and women in the political process, USAID will work to increase their leadership skills and abilities in the political process. Principal implementer: TBD.

Civic Education (\$1,200,000 FSA). This new project will increase public awareness and understanding of citizens' responsibilities in a democracy. USAID funds will be used on formal civic education for primary and secondary school students and their parents, and will train teachers to foster an understanding of civil rights and responsibilities and citizens' role in political processes. USAID will work with the Ministry of Education to introduce a newly created civic education textbook for use in at least 50% of the primary schools throughout Azerbaijan. Principal implementer: TBD.

**Performance and Results:** USAID has aided Azerbaijan in creating additional political space for citizen engagement. While this is a long-term process in this traditional, conservative, and hierarchical society, USAID achieved some success in FY 2004 including conducting the Presidential election under the new Unified Election Code. USAID's political party strengthening and voter and media education activities produced an active multi-party campaign with public debates on political and social issues, much of it among a new generation of political actors. USAID's assistance to anticorruption issues resulted in open dialogues on the detriments of corruption to society.

Successful implementation of this democracy program will support Azerbaijan in developing a more democratic and competitive political system, where rights of citizens will be respected and protected by the independent judiciary. This should lay the groundwork for Azerbaijan to conduct elections that are more free and fair and in accordance with internationally accepted standards and norms.

## US Financing in Thousands of Dollars

Azerbaijan

112-0210 Civil Society	<b>FSA</b>
<b>Through September 30, 2003</b>	
Obligations	27,743
Expenditures	19,226
Unliquidated	8,517
<b>Fiscal Year 2004</b>	
Obligations	5,301
Expenditures	5,834
<b>Through September 30, 2004</b>	
Obligations	33,044
Expenditures	25,060
Unliquidated	7,984
<b>Prior Year Unobligated Funds</b>	
Obligations	2,709
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	6,470
<b>Total Planned Fiscal Year 2005</b>	
Obligations	9,179
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	6,270
Future Obligations	6,000
Est. Total Cost	54,493

## Data Sheet

<b>USAID Mission:</b>	Azerbaijan
<b>Program Title:</b>	Humanitarian Assistance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	112-0310
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$7,907,000 FSA
<b>Prior Year Unobligated:</b>	\$3,438,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$7,907,000 FSA
<b>Year of Initial Obligation:</b>	2000
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** USAID's humanitarian assistance program focuses on improving the physical, social, and economic well-being of vulnerable populations in conflict-affected areas. This is promoted through providing direct health services and assistance in the development of community-based social and economic services. As the more immediate humanitarian needs have been met, this strategic objective is transitioning to activities with a focus on human and institutional capacity building in the Mission's new five-year country strategy 2006-2010.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$1,452,000 FSA). The Azerbaijan Reproductive Health/Family Planning (RH/FP) project focuses on removing barriers to RH/FP services at the policy level by expanding contraceptive prescription rights to an extended group of health professionals including nurses, internists, and midwives. It will introduce a broad mix of contraceptives, improve the quality of RH/FP services and strengthen research on RH/FP through a demographics and health survey (DHS). Principal implementers: Engender Health and to be determined (TBD).

Build Health Systems Capacity (\$615,000 FSA). The new primary healthcare project will engage Ministry of Health (MOH) decision-makers in a policy dialogue to improve primary health care (PHC) financing, strengthen the PHC delivery system, and introduce integrated PHC models. The updated health data supplied by the DHS will help facilitate informed health reforms. Principal implementer: TBD.

Reduce Noncommunicable Diseases and Injuries (\$640,000 FSA). The new primary healthcare project will focus on strengthening integrated PHC models by updating clinical skills of healthcare providers on noncommunicable illnesses such as hypertension and cancer screening/early detection and raising awareness of the general public through the health promotion. Principal implementer: TBD.

Improve Maternal Health and Nutrition (\$1,064,000 FSA carryover, \$197,000 FSA prior year recoveries). The new primary healthcare project will help integrate maternal health care services into the PHC delivery system, develop a new training package for antenatal care, and strengthen the health delivery system through training of doctors and nurses on maternal health including antenatal care and nutrition. Education of mothers and young women will also be addressed. Principal implementer: TBD.

Improve Child Survival, Health, and Nutrition (\$1,300,000 FSA). The new primary healthcare project will aim to strengthen pediatric health services, include integrated management of childhood illness (IMCI) protocols into primary healthcare services, and improve knowledge of child nutrition and prevention of diarrhea and acute respiratory infections for caregivers of children. Principal implementer: TBD. The aforementioned four program components will be integrated under one primary health care project.

Protect and Enhance the Assets and Livelihoods of the Poor During Periods of Stress (\$2,700,000 FSA, \$2,177,000 FSA carryover). The project will strive to reform social systems that affect vulnerable populations, ensuring that policy and procedural reform is instituted nationally and implemented at the

grassroots level. Principal implementer: TBD.

Improve the Quality of Workforce (\$1,200,000 FSA). This activity will strive to improve the capacity of the workforce, and address competitiveness challenges and labor market issues through formal and informal education and training related, and service interventions in order that market supply and demand reach an equitable level. Principal implementer: TBD.

**FY 2006 Program:** Build Health Systems Capacity (\$540,000 FSA). The primary healthcare project will enter policy dialogue with the MOH to reach agreement on improved health financing schemes and integrated PHC models. Principal implementer: TBD.

Reduce Noncommunicable Diseases and Injuries (\$540,000 FSA). The primary healthcare project will work on strengthening the system of early detection and prevention of hypertension and cancer by training health providers and educating population on healthier behaviors. Principal implementer: TBD.

Improve Maternal Health and Nutrition (\$660,000 FSA). The primary healthcare project will start integrating maternal health care services into the PHC delivery system and promote healthier lifestyles among mothers and young women. Principal implementer: TBD.

Improve Child Survival, Health, and Nutrition (\$1,300,000 FSA). The primary healthcare project will focus on prevention of childhood diarrhea and acute respiratory infections, inclusion of IMCI into primary healthcare services and related health promotion activities. Principal implementer: TBD.  
The aforementioned four program components will be integrated under one primary health care project.

Protect and Enhance the Assets and Livelihoods of the Poor During Periods of Stress (\$3,167,000 FSA). The project will strive to reform social systems that affect vulnerable populations. The intervention will ensure policy and procedural reform is instituted at the national level and implemented at the grassroots level. Principal implementer: TBD.

Improve Workforce Quality (\$1,700,000 FSA). This activity will strive to improve the capacity of the workforce, related competitiveness challenges, and labor market issues through formal and informal education and training related, and service interventions in order that market supply and demand reach an equitable level. Principal implementer: TBD.

**Performance and Results:** In FY 2004, more than 489,722 recipients of USAID assistance benefited from training, economic activities, and healthcare support. Communities contributed \$409,786 (39%) to projects. On the whole, 48% of the beneficiaries were women. Community mobilization, business development, and financial service delivery methodologies became more advanced. Other accomplishments included ensuring sustainability of community assets through integration and collaboration with local governance, strengthening government entities, and supporting development of microenterprises to provide a base for economic development in conflict-affected areas.

At the completion of this strategic objective, policy reforms on PHC financing and restructuring into integrated models and extending contraceptive prescription rights to health providers other than obstetricians and gynecologists will be achieved. Rates of unintended pregnancies, maternal and child mortality will be reduced and the health delivery system strengthened and institutionalized.

## US Financing in Thousands of Dollars

Azerbaijan

112-0310 Humanitarian Assistance	CSH	DA	ESF	FSA
<b>Through September 30, 2003</b>				
Obligations	0	83	99	102,932
Expenditures	0	83	99	94,201
Unliquidated	0	0	0	8,731
<b>Fiscal Year 2004</b>				
Obligations	3,000	0	0	7,027
Expenditures	0	0	0	6,774
<b>Through September 30, 2004</b>				
Obligations	3,000	83	99	109,959
Expenditures	0	83	99	100,975
Unliquidated	3,000	0	0	8,984
<b>Prior Year Unobligated Funds</b>				
Obligations	0	0	0	3,438
<b>Planned Fiscal Year 2005 NOA</b>				
Obligations	0	0	0	7,907
<b>Total Planned Fiscal Year 2005</b>				
Obligations	0	0	0	11,345
<b>Proposed Fiscal Year 2006 NOA</b>				
Obligations	0	0	0	7,907
Future Obligations	0	0	0	7,900
Est. Total Cost	3,000	83	99	137,111

## Data Sheet

<b>USAID Mission:</b>	Azerbaijan
<b>Program Title:</b>	Cross-Cutting Programs
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	112-0420
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$5,978,000 FSA
<b>Prior Year Unobligated:</b>	\$1,373,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$4,633,000 FSA
<b>Year of Initial Obligation:</b>	2000
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** This cross-cutting objective is comprised of training and small grants assistance that support all of USAID's strategic objectives. Training supports all objectives and consists of short and long-term training. The small grants assistance to private sector and civil society groups is an instrument to provide financial support to USAID's local partners.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Participant Training (\$2,953,000 FSA). The training program focuses on a variety of issues including poverty reduction, gender equality, youth empowerment, fiscal reform, community development, non-governmental organization (NGO) strengthening, journalism and media strengthening, rural health services, and municipal and national government capacity building. Principal grantee: World Learning.

Eurasia Foundation (\$1,730,000 FSA). Grants will be awarded to NGOs and private enterprises that promote Caucasus regional media linkages, resource management, and increased agricultural productivity. Civil society policy and information dissemination, social and economic demographic research and methodologies will be enhanced through small grants. Principal grantee: Eurasia Foundation.

Improve Quality of Workforce (\$600,000 FSA, \$600,000 FSA carryover). USAID will provide technical assistance and training to assist in achieving USAID's strategic objectives and to enhance participants' professional leadership role. USAID support will include the introduction of the Human and Institutional Capacity Development concept throughout its programs. As part of the overall participant training program, USAID will implement a Community Connections program to contribute to economic and democratic reform and to promote mutual understanding in Eurasia through exposure to U.S. society and personal connections with Americans. Through local community host organizations in the U.S., men and women entrepreneurs, local government officials, legal professionals, NGO leaders, and other professionals from Azerbaijan will be provided with a three to five week training program in the U.S. tailored to their professional or business interests. Principal implementer: Academy for Educational Development, and sub contractor to be determined (TBD).

Program Development and Support (\$20,000 FSA, \$773,000 FSA carryover). USAID will utilize these funds to support program-funded staff and to cover other costs related to program design and development.

Anti-Corruption Program (\$600,000 FSA). USAID is planning to start a program to support the Government of Azerbaijan's effort in fighting corruption. These support activities will be related mostly to programs in economic growth and democracy and governance areas. Principal implementer: TBD

Peace Corps Training Program (\$75,000 FSA). USAID will provide funding to Peace Corps for training of its staff, volunteers, and local counterparts. Principal implementer: Peace Corps (prime).

**FY 2006 Program:** Participant Training (\$2,400,000 FSA). A new activity with short and long term training in Azerbaijan, in the U.S. and in third countries on a variety of topics supporting USAID's strategic objectives. Principal implementer: TBD.

Eurasia Foundation (\$1,500,000 FSA). USAID will support cross-regional civil society and economic grants to organizations. Principal grantee: Eurasia Foundation.

Community Connections/Exchanges Program (\$500,000 FSA). USAID will continue to support the Community Connections program with emphasis on human and institutional strengthening in support of its strategic objectives. Principal implementer: TBD.

Program Development and Support (\$233,000 FSA). USAID will utilize these funds to support program-funded staff and to cover other costs related to program design and development.

**Performance and Results:** Approximately 1,500 Azerbaijanis have participated in training events in the United States, third countries, and Azerbaijan in technical areas that support USAID's strategic objectives including civil society, independent media, fiscal reform, social-demographic research, natural resource management, conflict mitigation, and Caucasus regional issues.

Cross cutting themes including anti-corruption, gender, youth, trafficking-in-persons and Islam, will be emphasized in FY 2005 and FY 2006 in the participant training programs.

## US Financing in Thousands of Dollars

### Azerbaijan

	FSA
112-0420 Cross-Cutting Programs	
<b>Through September 30, 2003</b>	
Obligations	17,588
Expenditures	11,108
Unliquidated	6,480
<b>Fiscal Year 2004</b>	
Obligations	4,969
Expenditures	4,717
<b>Through September 30, 2004</b>	
Obligations	22,557
Expenditures	15,825
Unliquidated	6,732
<b>Prior Year Unobligated Funds</b>	
Obligations	1,373

<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	5,978
<b>Total Planned Fiscal Year 2005</b>	
Obligations	7,351
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	4,633
Future Obligations	5,303
Est. Total Cost	39,844