

## Armenia

**The Development Challenge:** Armenia is politically and economically isolated, with Azerbaijan and Turkey maintaining an economic blockade against it as a result of the Nagorno-Karabakh (NK) conflict. The blockade has a large negative impact on Armenia's economy and its prospects for growth, though some highway and rail traffic continues across the borders with Iran to the south and Georgia to the north and a small amount continues with Turkey through Georgia. The dominance of the executive branch of government has reduced competition in Armenia's political and economic spheres. As a result, rule of law is problematic, political parties are weak and the media are not truly independent. Corruption is undermining Armenia's economic, political and social reform process. Despite high rates of economic growth, poverty in Armenia remains persistent. Basic poverty indicators demonstrate little progress during the last few years.

**U.S. Interests and Goals.** Since its independence, Armenia has emerged as a strategically important country in the Caucasus. U.S. ties to Armenia are many and varied, from the cultural bond of the large Armenian-American diaspora to diverse personal connections, commercial interests, and broader political relationships. U.S. national interests in Armenia, and in the larger Caucasus region, revolve around security, conflict resolution, internal reform and energy security. Armenia's progress towards becoming a stable, Western-oriented and democratic country with a transparent, market-based economy is important to U.S. security and economic interests in the region. USAID contributes to USG policy priorities in Armenia through its support for reforms advancing democratic governance and a market economy, integrated into the community of nations.

**The USAID Program:** The USAID/Armenia Program covers seven strategic objectives for which USAID is requesting FY 2004 and FY 2005 funds. These seven programs concentrate on technical assistance and training to support institutional changes that support growth in small and medium enterprises (SMEs), the economic segment most likely in the near term to create jobs; companion public investment in a healthy and appropriately-trained society; a climate of governance conducive to those public and private investments; and, the presence of transparent, accountable institutions that respond to the needs and demands of the Armenian society. FY 2004 funds will be used to implement ongoing programs in economic restructuring, energy sector reform, democracy and governance, primary health care, and social assistance, including earthquake zone recovery. The specific activities to be funded by FY 2004 and FY 2005 appropriations are described in more detail in the following Program Data Sheets.

**Other Program Elements:** The USAID Farmer-to-Farmer Program strengthens the capacity of host organizations at three levels: the firm level, agricultural support organizations, and financial institutions.

**Other Donors:** The United States is the largest bilateral donor in Armenia. The second largest bilateral donor is Germany (private sector, small and medium enterprise development, export promotion, infrastructure development, public administration, and education). Other bilateral donors include France (education, health sector, and culture), United Kingdom (public sector reform, civil society, and support for the national census), the Netherlands (agribusiness), Japan (private sector development and technical assistance), Sweden (social and health sectors, poverty reduction, environment, governance and civil society, and education), Switzerland (housing, social sector, health, and elections), Belgium (health) and Italy (health and culture).

The largest multilateral donor in Armenia is the World Bank (WB) (natural resource management and poverty reduction, foreign investment and export promotion, information technologies, infrastructure, education, health, social sector, agricultural reform, municipal development, transport, and judicial reform). Armenia joined the WB in 1992 and the International Development Association (IDA) in 1993. IDA lending has helped finance infrastructure rehabilitation, including support for earthquake reconstruction, irrigation, power, road maintenance, and municipal water. IDA credits supporting the social safety net and improving access to services have included operations in health, education, and a social investment fund aimed at improving basic social and economic infrastructure. WB and USAID activities complement each other's efforts in most sectors, particularly social, health, and information technology development.

Donors to Armenia have established formal mechanisms to coordinate their assistance, supplementing frequent informal consultations. Most donors participate in formal monthly donor meetings, co-chaired by the World Bank (WB), United Nations Development Programme (UNDP) and USAID. Theme groups meet periodically as well, reporting critical technical and policy information to the donor coordination group.

Other multilateral donors include the European Union (energy, legal reform, environment, macroeconomic policy, governance, education, transport, SME development, and information technology), the International Monetary Fund (macroeconomic policy), the United Nations network of agencies, e.g. United Nations Development Program (poverty reduction, democracy and governance, post-crisis management, infrastructure, and information technology), United Nations High Commission for Refugees (refugee support), United Nations Children's Fund (health, education, and social sector), World Food Program, World Health Organization, and the OSCE (anticorruption and elections).

Several Armenian diaspora donors are active as well, the largest of which is the Lincy Foundation (road network, Yerevan public works restoration and improvements, SME development, tourism and earthquake recovery). In addition to Armenian diaspora, private foundations such as the Open Society Institute, are also active in Armenia (civil society, education, public health, culture, media, and judicial reform).

## Data Sheet

<b>USAID Mission:</b>	Armenia
<b>Program Title:</b>	Economic Restructuring
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	111-0130
<b>Proposed FY 2004 Obligation:</b>	\$15,000,000 FSA
<b>Prior Year Unobligated:</b>	\$5,608,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$14,000,000 FSA
<b>Year of Initial Obligation:</b>	FY 1999
<b>Year of Final Obligation:</b>	2008

**Summary:** USAID's program to increase employment in a competitive private sector includes training and technical assistance to improve the business environment and promote the growth of micro-, small-, and medium-sized enterprises through human capacity development, grants, and limited commodity support.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Improved business environment (\$8,519,800 FSA, \$3,364,981 FSA carryover). In order to strengthen and increase the transparency of Armenia's fiscal system, USAID will fund training and technical assistance to facilitate more efficient tax administration with a high level of taxpayer compliance, reform fiscal relations between the central government and the municipalities, and strengthen budgeting and accounting systems. USAID will continue providing technical assistance to the Association of Accountants and Auditors of Armenia (AAAA) to enhance the capacity and qualifications of accountants and auditors working in the private and public sectors. USAID's new commercial law activity will facilitate legal and regulatory reform efforts to improve the commercial environment for trade and investment. Priorities will include enhancements to collateral, company and contract law, telecommunications, and intellectual property rights. USAID will continue support to the Central Bank of Armenia to adopt risk-based supervision practices as well as to assess options for supervising the Armenian financial sector. USAID will finalize its work to support development of capital market institutions according to internationally accepted standards, helping to create a cadre of professionally competent broker/dealers. USAID will continue working with the Armenian Development Agency to strengthen its capacity to increase foreign direct investment for Armenian enterprises. USAID will conduct a financial sector assessment in order to confirm priorities in this field and will finalize the financial system strategy based on the outcomes of that study. Principal contractors/grantees: BearingPoint (Prime), the Institute of Chartered Accountants of Scotland (Prime), IBM Business Consulting Services (Prime), International Real Property Foundation (Prime), and SETA Corporation (Prime).

Growth of micro, small and medium sized enterprises (\$6,480,200 FSA, \$2,242,973 FSA carryover). During FY 2004, USAID will inaugurate a new initiative to improve the competitive position of Armenia and promote industry clusters. USAID will continue to explore and identify new agri-business opportunities and create employment. This effort will be broadened to directly focus on textiles and apparel, as well as rural non-farm income. USAID will collaborate with the European Bank for Reconstruction and Development (EBRD) to provide technical assistance to partner banks under loan guaranty programs to increase lending to small and medium enterprises (SMEs). Recently, USAID initiated a new program to strengthen microenterprises with a focus on the legal and regulatory environment for microenterprises, business development services, and the strengthening of bank and non-bank financial institutions. USAID activities will expand networks and strengthen core competencies of finance institutions lending to SMEs as well as introduce new SME financing instruments (leasing, fund-type instruments, guarantees, etc.). Institutional strengthening of financial institutions will provide

new opportunities for lenders and SMEs alike. Principal contractors/grantees: Chemonics (Prime) and Development Alternatives, Inc. (Prime).

**FY 2005 Program:**

Improved business environment (\$8,019,800 FSA). USAID will continue these activities described for FY 2004. For commercial law, the emphasis may shift towards strengthening institutions that regulate the economy, such as the Public Utilities Regulatory Commission and the State Committee for the Protection of Economic Competition. Fiscal reform efforts may focus more on enhancing the abilities of the National Assembly. In the financial sector, USAID may broaden its approach to focus on corporate governance of commercial banks, unified supervision, development of a mortgage industry, and the areas recommended by the financial sector assessment. Other "second generation" reforms could include: encouraging the entry of new actors, such as credit unions, leasing companies and other non-bank financial institutions especially attuned to the needs of SMEs that are too small to attract commercial bank interest; further strengthening the legal and regulatory infrastructure; and creating credit bureaus, rating services, and internationally-accepted accounting and auditing standards that bring greater transparency to the investment and lending process and build mutual trust. Principal contractors: same as above.

Growth of micro, small and medium sized enterprises (\$5,980,200 FSA). USAID expects to build upon the support provided to SMEs in FY 2004. Efforts to develop the local textile and apparel sector and increase rural non-farm incomes will continue in FY 2005. A new activity will begin to increase the competitiveness of promising sectors of the Armenian economy. Technical assistance to promising industry "clusters" and businesses will be provided. USAID will work with the commercial banks to increase the level of lending to promising SMEs. New activities will be developed to promote a qualified pool of local labor through workforce development programs and more effective use of entrepreneur and jobseeker networks. These activities will also seek to improve business development services (BDS). Principal contractors: same as above.

**Performance and Results:** In FY 2003 there was significant progress in improving Armenia's business environment, in particular, the accession of Armenia to the World Trade Organization. USAID assistance was critical to the introduction of a bank examiner accreditation program, improvement of on-site bank examinations, implementation of risk-based bank supervision, and development of an improved legal framework for commercial banks, including corporate governance. USAID supported transparency and accountability by developing a "Guide to Armenian Taxes, Payments, Duties and Contributions" and provided support to the National Certification Program for accountants. Similarly, USAID supported the "Review of Tax Policy and Tax Legislation in the Republic of Armenia." Finally, improved macroeconomic analysis was supported through the publication of the "Journal of Economic Policy & Poverty." USAID finalized the State Registry System, which led to a much improved automated business registration system.

In FY 2003, USAID continued to achieve significant results at the enterprise level. Over 100 client companies supported by USAID increased sales by \$6.1 million, 55 percent of which were exports, while adding nearly 2,000 new full-time jobs. In collaboration with the International Finance Corporation, as well as an international bank, USAID supported the start-up of a leasing company. USAID support at the "cluster level" was instrumental in establishing the Armenian jewelry manufacturers' representation in Los Angeles. USAID implemented a major regional tourism promotion project in two of the culturally and historically significant regions of Armenia.

The successful completion of the SO will lead to an improved legal and regulatory environment favorable for the growth of private enterprises. USAID efforts will contribute to the growth of SMEs, strengthen their capacity to conduct business and facilitate access to finance for SMEs. Armenia's competitiveness will improve, exports increase, and employment opportunities will improve significantly.

## Data Sheet

<b>USAID Mission:</b>	Armenia
<b>Program Title:</b>	Energy Sector Reform
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	111-0150
<b>Proposed FY 2004 Obligation:</b>	\$9,900,000 FSA
<b>Prior Year Unobligated:</b>	\$7,439,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$8,900,000 FSA
<b>Year of Initial Obligation:</b>	FY 1999
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** USAID's energy and water sector program includes training and technical assistance to: achieve energy security not based on unsafe nuclear power; provide critical economic infrastructure for growth and jobs; and ensure reliable and affordable access to essential utilities for all Armenians. USAID's program provides technical assistance to foster the development of water and energy utility governing bodies and the delivery of safe, reliable, affordable, and accessible public utilities. The program supports President Bush's sustainable development initiatives for clean energy, water for the poor, and global climate change.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Improved Performance of Institutions for Sustainable Energy and Water Management (\$2,240,000 FSA, \$2,657,600 FSA carryover). USAID will provide technical assistance, training, and commodities support to selected private sector and Government of Armenia (GOAM) counterparts, energy and water service companies, condominium associations, NGOs, and other civil society stakeholder organizations. Technical assistance and training will strengthen the Natural Monopolies Regulatory Commission's capacity to maintain cost-based tariffs and to formulate and effectively monitor enforcement of the power market and its members. USAID will support legislative and institutional strengthening for effective and balanced water management at the national and basin levels. Principal contractors: PA Consulting (Prime) and Associates in Rural Development (Prime).

Improved Delivery of Heat and Water Supply (\$5,055,000 FSA, \$3,916,710 FSA carryover, \$141,750 FSA prior year recoveries). In order to improve the quality of services delivered to customers, USAID will continue collaborating with the World Bank and coordinating its assistance to the GOAM. USAID support will continue supplying a limited number of water meters to wholesale water supply companies. USAID will provide technical assistance to enhance accounting and customer billing and information systems. Wholesale water suppliers will be better able to effectively manage bulk water supplied to irrigation and drinking water distribution companies and to gauge their readiness to develop enhanced commercial operations in support of eventual privatization. USAID will also continue its assistance to energy sector companies in the areas of customer billing and information systems as well as use of international accounting standards. Principal contractors/grantees include Associates in Rural Development and Development Alternatives, Inc.

Increased Energy Security (\$2,605,000 FSA, \$722,500 FSA carryover). USAID will provide technical assistance, training, and commodity support to facilitate efficient and environmentally sound energy and heat supply systems management. Working with key GOAM and other sector stakeholders, USAID will help to put in place policies promoting environmentally sound energy use. USAID support will facilitate development of energy efficiency projects, minimizing expensive new generation investments. Increasing Armenia's energy security also involves developing the country's substantial renewable energy resources. USAID will assist in successful demonstration of how these resources can contribute to the country's

energy security. Principal contractors: PA Consulting (Prime), Advanced Engineering Associates International (Sub), National Renewable Energy Laboratory (Sub).

**FY 2005 Program:**

Improved Performance of Institutions for Sustainable Energy and Water Management (\$1,840,000 FSA). USAID will provide assistance to energy and water management regulatory institutions to further strengthen their abilities to enhance effective resource management and commercial operation in the private sector as well as promote public access to information and participation in decision-making proceedings. USAID plans to provide technical assistance to a civil society “watchdog” consortium of GOAM regulatory and management bodies. Transmission, dispatch, and settlements operations will establish independent governance structures to mitigate political interference. USAID will work with condominium associations and other private heating consumers to increase their cooperation with local and national governments to develop heating systems policies. Implementers: to be determined.

Improved Delivery of Heat and Water Supply (\$4,655,000 FSA). USAID will support the pilot deployment of various heat supply alternatives, such as central heating rehabilitation and modernization, co-generation, small heat-only boilers for apartment blocks, and conversion to direct natural gas. The pilots will determine cost, management, and environmental benefits in different residential and commercial scenarios. Customer information, billing, collection, and service capabilities of municipal organizations, condos, and similar private entities will be supported. USAID plans to assist Armenian entities responsible for promulgating health, safety and environmental standards in heat and energy supply to assess which technologies best meet these objectives. USAID will work with water supply companies to improve financial and customer information management systems and to support the establishment of required implementation standards. Implementers: to be determined.

Increased Energy Security (\$2,405,000 FSA). USAID will continue technical assistance, training, and commodity support to private and public institutions to make the management of energy and heat supply systems more efficient and environmentally sound. Program resources will focus on institutions that provide services using energy resources, commit to improve transparency and governance, and provide technical assistance to identify and implement activities that reduce waste, manage demand growth, increase supply, and improve the quality of service delivery. Implementers: to be determined.

**Performance and Results:** USAID's policy activities contributed to increased efficiency and transparent operation of the energy and water sectors. With the completion of the privatization of the electricity distribution company in 2003, electric sector collected-income as a percent of approved revenue-requirement exceeded the 2003 target of 89%, reaching 92%. Use of USAID-provided electricity meters and the data acquisition system reduced financial losses by nearly 70%, from \$49 million in 2002 to \$15 million in 2003. USAID energy efficiency pilot projects achieved demonstrated savings of 1.98 MW as a foundation for future expansion of energy efficiency development. USAID work in renewable energy led to the completion of the Armenia Wind Atlas in March 2003. This atlas identifies wind resources for future development with results provided to all local counterparts and interested donors.

## Data Sheet

<b>USAID Mission:</b>	Armenia
<b>Program Title:</b>	Water Management
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	111-0160
<b>Proposed FY 2004 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$2,595,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	FY 1999
<b>Year of Final Obligation:</b>	FY 2005

**Summary:** USAID's program for sustainable water resources management is designed to address some of the more severe consequences of environmental degradation in Armenia. In particular, the program focuses on improving the framework of national policy and institutions for water management, rehabilitating selected elements of the water quality and quantity monitoring systems, and providing support to local-level initiatives to develop capacity and implement market-based solutions to water management problems.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

National policy and institutional framework for water management (\$1,535,000 FSA carryover). USAID will support the development of regulations and sub-laws and work to strengthen the capacity of the associated institutional structures required to begin effective implementation of the newly enacted Water Code. In particular, USAID will provide training and technical assistance to help develop the organizational, staff, and methodological systems for the Water Resources Management and Protection Agency (WRMPA) of the Ministry of Nature Protection, which has the role of issuing water use and quality protection permits. USAID will provide logistical support to the National Water Council as well as technical assistance and training to the agencies the Council designates to develop policies and legislation in areas of water system management and regulation. USAID will also provide support to the decentralized Water Basin Management bodies that have a new and key role to play in the Water Code's system of integrated water management and planning. The focus of the program will shift to strengthening capacity at the WRMPA and providing targeted assistance on policy and implementation to the water system management and regulatory entities. USAID also plans to continue to provide institutional strengthening and capacity building support to decentralized Water Basin Management entities. Principal contractors/grantees are: Associates in Rural Development (prime), others to be determined.

Water monitoring systems (\$1,060,000 FSA carryover). USAID will provide equipment, facilities' renovation, training, and technical assistance to ensure restored and enhanced monitoring capabilities for 29 water quality parameters at 65 key sites in the Lake Sevan-Hrazdan River basin system, including at regional and central environmental monitoring laboratories. Renovations and upgrades for monitoring water quantity flow and depth will be completed at ten hydro-posts, in particular at: the Arpa tunnel inflow to Lake Sevan; the outflow from Lake Sevan; the major tributary to the Hrazdan River below Yerevan; the point where the Hrazdan River flows into the Araks River; three border posts along the Akurian and Araks Rivers; and three posts on the Debed-Khrami Basin. USAID will be supplying another quantity of water meters to wholesale water supply companies, along with enhanced accounting and customer billing and information systems; this will assist them in more effectively managing bulk water supplied to irrigation and drinking water distribution companies and to gauge their readiness to develop enhanced commercial operations in support of eventual privatization. Principal contractors/grantees are: MIR-A International (prime); Associates in Rural Development (prime); and Development Alternatives, Inc. (prime).

**FY 2005 Program:**

**Performance and Results:** In the water sector there were significant results from USAID interventions. Although the target for improving specific water quality and quantity indicators at specific locations was 4, improvements were actually made at 12 locations and an additional 5 on trans-boundary rivers. Significant progress was made in strengthening the national policy and institutional framework for integrated water management, as water use permitting guidance was developed. This guidance is one of the most important regulatory mechanisms of the Water Code, as it provides for an open and transparent permitting process. Finally, water quality monitoring equipment upgrades were completed at the Central Laboratory and at the Yerevan, Artashat, Sevan and Vanadzor Hydromet Regional Centers, reestablishing their ability to monitor 27 key quality parameters. Successful completion of this program will lead to improved governance and resource management in the water and energy sectors, increased transparency and enhanced commercial operations in the sectors, and improved energy security.

Continued progress in this objective will support Armenia's economic growth by promoting integrated and sustainable management of a key, scarce natural resource and help to address fundamental causes of the severe ecological impacts of historically weak water management.



## Data Sheet

<b>USAID Mission:</b>	Armenia
<b>Program Title:</b>	Democracy and Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	111-0210
<b>Proposed FY 2004 Obligation:</b>	\$7,425,000 FSA
<b>Prior Year Unobligated:</b>	\$2,829,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$6,900,000 FSA
<b>Year of Initial Obligation:</b>	FY 1999
<b>Year of Final Obligation:</b>	2008

**Summary:** USAID's program to achieve more transparent, accountable, and democratic governance includes training and technical assistance to: enhance citizen participation; strengthen civil society, non-governmental organizations, non-state media, local governments, and legislature; and promote rule of law and anti-corruption efforts.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Increasing Civic Participation (\$2,432,000 FSA, \$1,503,560 FSA carryover). To increase activism among civil society, USAID will provide technical assistance and training to strengthen non-governmental organizations (NGOs) and will award grants to a selected group of NGOs. USAID will continue supporting discussion groups, initiative groups, civic action groups, and town hall meetings that bring together citizens and government officials to solve community problems. An increased focus on youth will become an integral part of USAID's democracy program. USAID will also support anti-corruption activities initiated by local NGOs. These initiatives will include raising awareness, campaigning, advocating for policy change, and increasing accountability for corrupt practices. The new and follow-on programs will support NGO strengthening as well as initiatives targeted to community and youth involvement proposed by civil society actors. Principal contractors: World Learning (Prime), International Foundation for Election Systems (Prime), National Democratic Institute (Prime), and Junior Achievement International (Prime).

Strengthening Non-State Media (\$2,040,000 FSA). Enhancing the professionalism and financial viability of Armenia's independent media outlets will continue to be a program priority in FY 2004. USAID will support training for journalists, editors, and managers in areas such as business management, fact-based journalism, and investigative journalism. USAID will support technical assistance for reforms to create a more enabling legal framework for the media sector. Assistance to electronic media will continue to focus on TV stations that demonstrate potential to operate independently. New and follow-on programs will enable non-state media outlets to strengthen their ability to operate as businesses. Principal contractor: InterNews (Prime).

Governance (\$2,953,000 FSA, \$1,325,182 FSA carryover). USAID programs will provide technical assistance to strengthen selected governance institutions including the National Assembly (NA), local governments, and the legal sector. USAID support for strengthening local governments will continue with an emphasis on strengthening local government capacity, increasing responsiveness to and interaction with citizens, and supporting local economic development. The follow-on Legislative Strengthening program will provide technical assistance to increase the representational and oversight role of the NA. USAID will continue to strengthen the organizational capacity of the lawyers' association and support law school reform. Given poor progress with the judiciary, USAID will limit work with the judiciary to monitoring the sector and encouraging reform while shifting support to improve legal education. If the GOAM and the judges clearly indicate their commitment to establishing the judiciary as an independent branch of government, the Mission will selectively restart programs with the judiciary. Principal contractors: Urban Institute (Prime), Development Associates, Inc. (Prime), American Bar

Association/Central European and Eurasian Law Initiative (Prime), and Development Alternatives, Inc. (Sub).

**FY 2005 Program:**

Increasing Civic Participation and Promoting Non-State Media Sustainability (\$4,122,000 FSA). USAID will continue this activity through a broad program of assistance to the NGO sector and direct technical assistance to independent media. USAID will foster citizen participation at the grassroots level by strengthening advocacy NGOs through grants as well as tailored technical assistance. USAID's technical assistance will strengthen non-state media by heightening business acumen, consolidating an over-saturated market, and improving objective reporting. USAID will work to encourage civic activism among youth. USAID will support public awareness campaigns involving NGOs, media, and the private sector that address corruption and the shared responsibility in combating it. Principal contractor/grantee: to be determined.

Governance (\$2,778,000 FSA). USAID plans to continue efforts to support targeted governance institutions including local governments, the National Assembly, lawyers associations and law schools. USAID will further support the development of professional and organizational capacities of lawyers' associations and assist in legal education reform in selected law schools. Assistance to the judiciary will be linked to judges' performance in promoting judicial independence. USAID will provide support for local governments to improve fiscal and administrative management systems and develop local economies. In addition to helping the NA to further its research and analytical capacity, USAID will focus on strengthening the NA's representational and oversight role. Principal contractors/grantees: Urban Institute (Prime), ABA/CEELI (Prime), and others to be determined.

**Performance and Results:** USAID's democracy and governance program contributed to successes both within civil society and government by strengthening the legislature's institutional capacities; improving fiscal and administrative management in nine municipal governments; strengthening organizational and reporting capacities in broadcast and print media; and promoting civil society through support for a broad array of non-governmental organizations and enhancing their abilities to advocate for change.

USAID activities succeeded in enhancing citizens' understanding of their rights and responsibilities by engaging 12,000 citizens in over 1,346 dialogue and action groups on issues of concern to citizens including the legal system, community needs, human rights, tax legislation, engaging local government officials. Members of Voter List Advisory Committees (VLACs) made a total of 47,462 changes to voter lists in 49 communities prior to the elections. A two-year effort by three NGOs, working with MP's and international experts, resulted in the passage of a Freedom of Information Act. Public hearings on the budget were conducted in six cities. Capital improvement projects were implemented in six pilot cities. The resource center at the Pedagogical Institute in Gyumri became sustainable and continues to offer services to journalists and students of journalism in the region. Citizen awareness of local government increased by 17% over last year while satisfaction with city officials and service delivery increased by 21%. Training and consultations for the Control Chamber resulted in procedures for an improved budget oversight process and implementation of the new Law on the Budget System. The newly developed website on the NA increased access to information about it. The first legal clinic was established to train advocates on how to apply to the European Court of Human Rights. The percentage of cases sent back by the Court of Cassation was reduced from 70% in 2002 to 30% in 2003.

Completion of this strategic objective will lead to improved democratic governance through expanded civic participation and strengthened governance institutions.

## Data Sheet

<b>USAID Mission:</b>	Armenia
<b>Program Title:</b>	Primary Health Care
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	111-0320
<b>Proposed FY 2004 Obligation:</b>	\$5,765,000 FSA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$5,169,000 FSA
<b>Year of Initial Obligation:</b>	2004
<b>Year of Final Obligation:</b>	2008

**Summary:** USAID's program to increase access to sustainable high quality primary healthcare services includes training and technical assistance to strengthen the capacity of the Ministry of Health to implement primary healthcare reform while providing basic primary health care services to meet the immediate needs of vulnerable populations. USAID will support activities to: improve medical education by strengthening educational institutions; increase the transparency and efficiency of administrative, managerial, and health financing mechanisms; improve the regulatory environment for the delivery of healthcare service; expand high quality primary care service delivery and outreach services; and enhance consumer demand for client-focused healthcare services. USAID closely coordinates its work in this sector with other donors.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Strengthening and reform of the health system (\$2,305,000 FSA). USAID will expand existing activities focused on strengthening governmental institutions responsible for managing and delivering healthcare services. The Unified Family Medicine Curriculum will be implemented in three existing pilot sites, and open enrollment in family medicine departments will be expanded. The central drug supply tracking system designed in FY 2003 will be implemented, and end-users and relevant donor community representatives will be trained to use the system. Planning and procurement for the 2005 Demographic and Health Survey (DHS) in Armenia will begin. In support of the Mission's HIV/AIDS/STI (sexually transmitted infections) strategy, national protocols and training materials on STI management and infection prevention within reproductive health settings will be drafted and adopted. A full-scale model training center for rural healthcare providers will be launched. Remaining curriculum modules will be developed and six local trainers will start the training of the providers. Principal contractors/grantees: PADCO (Prime), Abt Associates (Sub), Intrah (Prime), John Snow Inc. (Prime), and ORC Macro (Prime).

Primary health care services (\$3,460,000 FSA). USAID will support an expanded program for outreach services through mobile medical teams and supplemental feeding programs for vulnerable populations. A fourth family group practice pilot site will be selected and launched with emphasis on quality assurance, open enrollment mechanisms and technical support. Regional and urban activities to promote health awareness and education through community mobilization will continue. Preventive test offerings including Pap smears, mammography, breast exams, vision, cholesterol, diabetes, and blood pressure screening will be expanded to rural areas. Training for primary and rural providers in clinical skills will continue and small scale health infrastructure renovations will take place in five rural communities. Community health committees in several rural areas will be established to prioritize and address community health needs. Principal contractors/grantees: PADCO (Prime), Abt Associates (Sub), Intrah (Prime), World Council of the Hellenes Abroad (Prime), International Relief and Development (Sub), American International Health Alliance (Prime), United Methodist Committee on Relief (Prime), and Carelift International (Prime).

**FY 2005 Program:**

Strengthening and reform of the health system (\$2,007,000 FSA). The 2005 Demographic and Health Survey will be conducted. USAID support will continue to improve and implement changes in the financial, legal, and regulatory environment for primary healthcare. Principal contractors/grantees: PADCO (Prime), Abt Associates (Sub), ORC Macro (Prime), and others to be determined.

Primary health care services (\$3,162,000 FSA). Provision of medical and outreach services will continue for rural and vulnerable populations through mobile medical teams and supplemental feeding programs. Primary health care family group practices will continue to function in a polyclinic setting, and health partnership programs will promote healthy lifestyle choices, provide clinical training for primary providers, and offer expanded primary health care screening tests and preventive services. Principal contractors/grantees: PADCO (Prime), Abt Associates (Sub), and others to be determined.

**Performance and Results:** USAID's health sector activities achieved several important results in FY 2003, building on the previous integrated social and health strategic objective 0340, Mitigation of Adverse Effects of the Transition. With stakeholder collaboration, the Unified Family Medicine Curriculum was developed and approved by the Ministry of Health. This curriculum will be used in both undergraduate and continuing medical education. With USAID assistance, the design of a central drug tracking system was completed to coordinate centralized pharmaceutical procurement and distribution among the largest suppliers in Armenia. Reproductive health service delivery policy, a standards framework, and improved clinical protocols were drafted and are being reviewed by the MOH. Three polyclinic-based family group practice pilot sites with family medicine departments were launched, introducing the concepts of continuous quality improvement, open enrollment, financial/cost accounting, and patient information software. A comprehensive clinical training program for primary healthcare providers in rural areas was implemented along with the creation of four rural clinical practice training sites. A regional primary healthcare center offering expanded preventive services and screening tests opened. Additionally, mobile medical teams provided medical outreach services to more than 8,000 vulnerable people, successfully meeting targets for FY 2003. Ongoing efforts of the partnership program also helped to promote healthy behaviors and lifestyle choices as well as emphasize preparedness and preventive medicine.

At the completion of this strategic objective, the foundations of the legal and regulatory framework established by the previous strategic objective will be expanded to ensure sustainable delivery of high quality primary healthcare services. USAID support will lead to transparent administrative, financial and managerial processes, and expanded access to enhanced, client-focused primary care services delivered by appropriately trained providers.

## Data Sheet

<b>USAID Mission:</b>	Armenia
<b>Program Title:</b>	Social and Health Sectors
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	111-0340
<b>Proposed FY 2004 Obligation:</b>	\$7,270,000 FSA
<b>Prior Year Unobligated:</b>	\$2,754,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$6,900,000 FSA
<b>Year of Initial Obligation:</b>	2004
<b>Year of Final Obligation:</b>	2008

**Summary:** USAID's program to improve social protection includes training and technical assistance to strengthen Armenia's social assistance and insurance programs. Beginning in CY 2004, a vocational training program specifically targeting out-of-school youths and unemployed adults will be introduced and coupled with a labor development program. Through the introduction of the vocational program, USAID support will contribute to the overall reduction of extreme poverty while increasing the number of people participating in the labor market.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Social Assistance and Insurance (\$5,520,000 FSA, \$2,453,730 FSA carryover). Soup kitchens offer immediate alleviation of hunger for Armenia's vulnerable elderly population, which has been struggling to find adequate sources of income to cover basic needs after the collapse of the Soviet pension system. USAID support for the Soup Kitchen program will expand in 2004 from 21 to 24 soup kitchens and will increase the number of beneficiaries from 3,531 to an estimated 4,010. In addition, social programs will continue to be offered to an estimated 4,750 vulnerable elderly people through community centers for the elderly that will operate in tandem with the soup kitchens. The Armenian Social Transition program will assist Armenia to develop an integrated legal, regulatory, service, and information framework that supports sustainable social insurance and social assistance programs. In 2004, an additional one million Armenians will receive their Social Security cards as the result of a three-year program to overhaul the social insurance system. Additionally, more than 100 government workers will receive computer training, which will complement the introduction of Integrated Social Services Centers. Social worker training will continue in 2004 with 629 public sector and NGO social workers receiving training in order to complete the total design and implementation of national standards for social work. The NGO Training and Resource Center (NGOC) will focus on larger, longer-term grants, and sector-specific training for NGOs. Principal contractors: PADCO (Prime), Armenian Assembly of America (Prime), and others to be determined.

Vocational Training and Labor Development (\$1,750,000 FSA, \$300,000 FSA carryover). USAID will provide training and technical assistance for a four-year vocational training program targeting out-of-school youth and unemployed adults. The program will merge with the public works program in FY 2004/2005 to create an integrated vocational training and labor development program. The number of direct beneficiaries of the labor development program will increase from 815 to 902. Principal contractor: to be determined.

#### FY 2005 Program:

Social Assistance and Insurance (\$4,900,000 FSA). USAID will continue support for The Soup Kitchens program, which will continue to expand from 24 to 27 soup kitchens and will increase the number of beneficiaries from 4,010 to 4,500. Social and health programs will be offered to 5,000 vulnerable elderly people through the social and health outreach programs offered in tandem with the soup kitchens at community centers for the elderly. Work in pension and poverty benefit reform will continue. USAID will support the deinstitutionalization and safe placement of children residing in orphanages and evaluation of

the legal and administrative framework addressing elderly and disabled care. Principal contractor: to be determined.

Vocational Training and Labor Development (\$2,000,000 FSA). In FY 2005 the program will be fully operational and the number of people trained will increase from 800 to 2,000 and the number of people engaged in labor development will increase from 902 to 1,350. Principal contractor: to be determined.

**Performance and Results:** Significant progress was achieved in establishing the legal and regulatory framework necessary for efficient operation of social insurance and assistance programs. Information management systems, critical for improved targeting of the poverty family benefit program and other social assistance and insurance programs, are in place. The NGOC provided intensive management training to 15 NGOs to improve overall operations and service delivery. Areas covered in training included personnel management, budget and finance, fundraising, human resources management, and proposal writing. With USAID support, eight parent councils received grants totaling \$54,557 and administered school lunches to 11,391 schoolchildren, covering 30% of daily recommended caloric intake per child. A new undergraduate program in actuarial sciences was created at Yerevan State University. Legislation was introduced to allow the introduction of Armenia's Social Security card and subsequent rollout. The social insurance personification (PARNAS) prototype software was developed and accepted by the Social Insurance Fund. Three pilot projects on Government/NGO partnerships and 15 micro public works projects created short-term employment for 815 vulnerable persons were completed.

At the conclusion of this program, USAID expects that most of the core design work for sustainable social insurance programs will be complete. USAID support will allow Armenia to continue to develop and refine the legal and regulatory framework for sustainable social delivery systems. In addition, workers with outdated or limited work skills will receive training and employment opportunities through a labor development program.

## Data Sheet

<b>USAID Mission:</b>	Armenia
<b>Program Title:</b>	Earthquake Zone Recovery Program
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	111-0411
<b>Proposed FY 2004 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$3,052,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	FY 2001
<b>Year of Final Obligation:</b>	Year of Final Obligation is MISSING

**Summary:** USAID's Earthquake Zone (EQZ) Recovery Program assists the Government of Armenia (GOAM) to compensate families who lost housing in the 1988 earthquake and still live in temporary shelters. Through provision of housing certificates and housing improvement grants (HIGs), USAID's program operates within the context of a comprehensive, integrated approach to redevelopment in the target area.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Improve access to housing for earthquake victims (\$1,398,250 FSA carryover, \$1,600,000 FSA prior year recoveries). USAID expects to issue 1700 housing certificates, to complete total program issuance of 6563. Two thousand five hundred ten housing certificates will be redeemed for the purchase of permanent housing by beneficiary families, bringing the total redeemed under this program to 5579, an 85% success rate. An important follow-on activity will be the continued removal of the temporary shelters vacated as a result of program beneficiaries moving into permanent housing. Principal contractor: The Urban Institute (Prime).

Improve homes of earthquake victims (\$40,000 FSA carryover). The completion, turn-over, and occupancy of the 150 remaining houses completed under the rural HIG component took place by the end of December 2003. Total number of houses completed under this component will be 664. Principal contractor: Catholic Relief Services (Sub).

Strengthen the role of modern urban planning principles and practices in the redevelopment of the region (\$13,310 FSA carryover). USAID will continue to support public participation in community planning and development activities, donor program coordination, and, through the Shirak Development Center, business investment and tourism promotion in Shirak Marz. Principal contractor: The Urban Institute (Prime).

#### FY 2005 Program:

This program will be completed in FY 2004.

**Performance and Results:** In FY 2003, 2,298 housing certificates were issued, bringing the total number of beneficiary families to 4,863. In FY 2003, 1,541 housing certificates issued were used to purchase permanent homes, bringing the total to 3,069. As beneficiary families have relocated to permanent housing, substantial tracts of urban land have been freed up for redevelopment by other donors, local governments and private investors for housing, public use such as parks and schools, and commercial use. A pilot project to partially renovate urban, multi-family buildings was successfully completed and resulted in improved housing conditions for 60 beneficiary families in the pilot building. The rural HIG pilot component was rolled out, providing homes for 424 families in FY 2003 for a total of 664 families in nine communities. Coordination with other donors and implementers in the EQZ resulted in more effective assistance activities, clearly visible in the significant redevelopment now underway in the city of Gyumri.

At the completion of this three-year program, USAID will have significantly helped the GOAM meet its obligation to re-house earthquake victims, thus freeing government resources and attention to focus on other pressing needs. The recovery of the earthquake zone, in particular the country's second largest city of Gyumri, is well underway, and a number of Armenian officials, urban planning professionals, and community leaders now possess greater knowledge and experience in modern urban planning principles and practices and have the capacity to incorporate them into other development activities.



## Data Sheet

<b>USAID Mission:</b>	Armenia
<b>Program Title:</b>	Cross-Cutting Programs
<b>Pillar:</b>	Global Development Alliance
<b>Strategic Objective:</b>	111-0420
<b>Proposed FY 2004 Obligation:</b>	\$6,300,000 FSA
<b>Prior Year Unobligated:</b>	\$2,198,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$5,000,000 FSA
<b>Year of Initial Obligation:</b>	FY 1999
<b>Year of Final Obligation:</b>	2008

**Summary:** USAID's cross-cutting objective encompasses efforts that are limited in time and scope to address targets of opportunities outside of the Mission's strategic framework, emphasizing a broad impact without a predominant contribution to a single strategic objective. USAID's program includes: human and institutional capacity development; private sector development; good governance and strengthened civil society; media and communications capacity; dialogue among the countries of the region regarding sustainable water management; and the Global Development Alliance (GDA) initiative.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Participant Training Program (\$2,000,000 FSA). USAID will provide technical assistance and training to participants needed for the achievement of USAID's strategic objectives and to enhance their professional leadership role. USAID support will include the introduction of the Human and Institutional Capacity Development concept throughout the Mission's portfolio. Principal contractor: Academy for Educational Development (Prime).

Eurasia Foundation Grant and Loan Program (\$2,000,000 FSA). USAID will continue to assist small businesses and professional associations and will fund initiatives promoting a stronger civil society. In FY 2004, the program will emphasize support for business advocacy initiatives, a countrywide network of Chambers of Commerce, grassroots community action mechanisms, institutional development, expansion of existing municipal information centers, and media strengthening. Principal contractor: Eurasia Foundation (Prime).

Global Development Alliance (\$1,210,000 FSA, \$1,649,202 FSA prior year recoveries). To promote the GDA initiative, USAID will support public-private alliances to carry out activities under the USAID/Armenia strategy for FY 2004-2008.

Logistical and administrative support (\$1,090,000 FSA, \$548,978 FSA carryover). Logistical and administrative support for the Mission's portfolio will be funded under this cross-cutting objective.

#### FY 2005 Program:

Participant Training Program (\$1,200,000 FSA). USAID will continue to support this program, with emphasis on human and institutional strengthening in support of its strategic objectives. Principal contractor: Academy for Educational Development (Prime).

Eurasia Foundation Grant and Loan Program (\$1,878,788 FSA). USAID plans to continue assistance to the Eurasia Foundation to support development of the private sector and democracy and governance in Armenia. Principal grantee: Eurasia Foundation.

Global Development Alliance (\$1,200,000 FSA). USAID plans to continue its support to public-private alliances under its strategy.

Logistical and administrative support (\$721,212 FSA). USAID plans to utilize resources to support the USAID portfolio's logistical and administrative expenses.

**Performance and Results:** Participant Training Program (PTP). In FY 2003, 4,506 trainees (52% women) participated in US-based, third-country, and in-country programs. Training on procurement was organized for public sector employees, supporting the implementation of the legal, regulatory and procedural framework established for public procurement. PTP supported USAID efforts in WTO accession. PTP contributed to the achievement of the Water strategic objective by implementing a National Park Management Capacity Building program, leading to development and implementation of a plan to improve management of national park ecosystems. Providing support for the Mission's democracy and governance program, PTP conducted a number of democratic leadership programs for NGOs, women, and youth. Contributing to Mitigation of Adverse Effects of the Transition objective, a Social Work Program built capacity and professionalism in the field by training 720 social workers employed in 55 Regional Social Service Centers and 60 social case workers employed by NGOs. Trainees gained practical skills, knowledge and information to deliver social, health and educational outreach services to vulnerable population in all 11 regions of Armenia. To supplement the Earthquake Zone (EQZ) Recovery Program, a place-making approach, emphasizing community participation in planning, was applied for the development of All-Savior-Freedom Square in Gyumri. Due to the success of this event, similar approaches will likely be duplicated in other regions of Armenia.

In FY 2003, the Eurasia Foundation disbursed over \$ 1 million through 48 grants, including eight civil society grants, 16 private enterprise grants, and 24 public administration and policy grants. These grants supported strengthening of Armenian business associations, increasing citizens' legal awareness and participation in political and economic decision-making. The South Caucasus Cooperation Program continued its programs aimed at overcoming political and economic obstacles to regional integration in the South Caucasus and increase in stability and prosperity of the region. Under the Izmirlian-Eurasia Small Business Loan Program (SBLP) (jointly funded by the Izmirlian Foundation) 40 loans totaling almost \$2 million were extended in FY 2003. The sectors addressed include food processing, farming, consumer products, business products, and services. The SBLP created 345 new jobs in FY 2003. With major funding from Carnegie Corporation of New York, the Caucasus Resource Research Center was established at the Yerevan State University, the goal of which is to build domestic capacity for applied social science research through provision of research and library facilities, virtual information dissemination, training, and fellowships.

USAID/Armenia recently made establishment of public-private alliances a priority and has been working towards leveraging its funds with additional funds from the private sector and other donors. Alliances were formed under the EQZ (Earthquake Zone) Recovery Program, health partnerships, and the commercial leasing activity. In addition, the Mission started four Development Credit Authority activities in FY 2003, which effectively leverage U.S. resources and are GDA activities. In FY 2003, four more alliances were formed: Eurasia Foundation's American University of Armenia loan program; IBM Business Consulting's work in non-bank financial institutions with the Cafesjian Foundation; Eurasia Foundation's Network Media Program with the Open Society Institute; and Eurasia Foundation's electronic translator project, also with the Open Society Institute. To further support public-private alliances, USAID/Armenia developed a GDA Annual Program Statement under which funds are made available to carry out activities responsive to critical development needs in the sectors where USAID/Armenia works. USAID/Armenia reaches out to the American, especially the Armenian-American, community actively engaged in Armenia, to foster GDA partnerships. The Mission initiated a series of meetings and forums with local businesses to introduce the concept of corporate social responsibility and to explore opportunities for future cooperation. Successful integration of Armenian businesses into development efforts will be a major step toward self-sustaining progress in Armenia.