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Volunteers for Economic Growth Alliance

VEGA Armenia Long Term Business Advisors Quarterly Report (April – June 2007)

**LEADER WITH ASSOCIATE AGREEMENT (LWA)
EEM-A-00-04-00002-00**

**Associate Cooperative Agreement
111-A-00-05-00061-00**

**Prepared for the United States Agency for
International Development (USAID)**

Implementing Organizations:

**INSTITUTE OF
INTERNATIONAL
EDUCATION**

Summary:

This is an update on the four 2006-2007 Advisers whose assignments are in progress.

Tasks completed this quarter:

- IIE's Senior Program Officer Usha Balakrishnan traveled to Armenia in May and met with all four Advisers. Her observations are noted below.
- Disbursed funds to all Advisers.
- Monitored Case Study development of current Advisers and alumni.
- Received and evaluated reports submitted to IIE. (All Adviser Projected Impact Reports and Training and Technical Assistance Activity Reports received during this reporting period are included as separate files with this report).

Publicity: An article covering the activities of all four Advisers appeared in page 4 of the [June edition of the VEGA newsletter](#).

Site Visit Report: Ms. Usha Balakrishnan, Senior Program Officer for IIE, EMDAP, made a site visit to Yerevan and Gyumri, May 7-11, 2007. She met with each of the Advisers, their work supervisor, and USAID Officers, to get a 360-degree perspective on the quality of the technical assistance provided through the four EMDAP Advisers. While USAID and the host organizations were extremely pleased with the output and level of professionalism of the Advisers, the Advisers felt that the pace was slow at times as they waited for “next step” decisions to be made at higher levels. At the time of the site visit, the Advisers were mid-way through their assignments and had no major issues that needed to be resolved. They were looking forward to the upcoming technical training (which has since been completed), completing their case studies, and planning their post-EMDAP careers. Individual assessments are included in each assignment update.

Volunteers and Assignments:**1. Marshall Chase, Senior Adviser for Advocacy, American Chamber of Commerce (AmCham)**

Contact e-mail: mdchase@umich.edu

Assignment Period: 10 months, November 27, 2006 – September 27, 2007

Training: “Advanced EMS Auditors Course,” Excel Partnership, Oxford, England, June 18 – 22, 2007

Marshall's accomplishments during this reporting period include:

- Completed a survey of AmCham membership about members' business concerns, with a response rate of over 50%;

- Created and distributed 150 copies (up from 90 for the first newsletter) of a second newsletter;
- Initiated a member-to-member discount program and enrolled eight companies to provide discounts;
- AmCham obtained membership in the UN Global Compact (after having submitted an application during the previous reporting period); and,
- Drafted correspondence on behalf of a member company that felt it was the victim of government corruption.

Marshall also paid a visit to AmCham Georgia for two days, which enabled him to compare best practices and subsequently suggest improvements to AmCham Armenia.

He participated in an auditors' course he found quite relevant to his work, noting "it will be used to help finalize criteria for evaluating member requests for AmCham action, for evaluating and improving internal procedures, [and possibly] to assist members with improving their export opportunities."

Marshall's priorities during the next reporting period will be to analyze the results of the member survey and prepare for AmCham's Annual General Meeting and Board Election, during which a strategy for addressing issues raised by the survey will be discussed.

During her site visit, Ms. Balakrishnan met with representatives of the AmCham Board who were glad that they had selected Marshall as their Adviser. In their view, he has brought a new balance to the sometimes challenging relationship between AmCham and U.S. Embassy representatives. AmCham made a request for another EMDAP Adviser in 2007 after having seen in Marshall the value of a professional short-term volunteer to manage their memberships' expectations of the association. USAID Officers were also satisfied that Marshall had helped build trust and understanding on various issues that were sometimes contentious between business interests and the government.

EMDAP ADVISER PROJECTED IMPACT REPORT
CATEGORY II: BUSINESS ASSOCIATION

Date of Report: 7 June 2007

Report #: 3 – End Second Term

Name of Adviser: Marshall Chase

Country: Armenia

Name of Host¹: American Chamber of Commerce in Armenia

Address: Marriott Armenia Hotel, 1 Amiryan St, Yerevan

Contact Name, Title, Phone, Email:

Elen Ghazarian, Executive Director, Tel. 599187, email amcham@arminco.am

Period of Adviser Assistance: December 2006-September 2007

I. INDICATORS OF IMPACT *(Provide data only for those indicator(s) that you believe have been/will be impacted by Adviser's advice/assistance and where data can be obtained without excessive effort/expense.)*

(all financial data in AMD)

Indicator	Amount during Period Preceding Assistance [specify]¹	Amount during Current Period [specify]¹	Projection of Amount during Next Period [specify]¹
Number of members	81 [1 December 2006]	83 [1 June 2007]	95 [1 December 2007] >95 [1 December 2008]
Income from membership dues	15,300,000 AMD [2006]	16,400,000 AMD [2007]	To be determined [2008]
Number of services introduced/strengthened		2 (member-to-member discount program, membership survey) [March-May 2007]	To be determined
Income from services	Not Applicable	Not Applicable	Not Applicable
Number of new initiatives [specify]		To be determined	To be determined
Number of members participating in & benefiting from new initiatives		To be determined	To be determined
Income to members resulting from association initiatives		Not Available	Not Available
Total income to association	15,400,000 AMD [2006]	16,400,000 AMD [2007]	To be determined
Website page views per 28 day period	340 [31 Jan -27 Feb 2007]	243 [11 May – 7 June 2007]	To be determined
Number of members joining	9 [2006]	4 [March-May 2007]	To be determined
Number of members leaving	3 [2006]	2 [March-May 2007]	To be determined
Newsletters directly distributed	90 [Dec 2006]	150 [March 2007]	To be determined
Other indicator(s) of impact [specify]			

¹Preferably, the period is a year, to facilitate comparison with other periods.

¹The organization with which the Adviser is working on a day-to-day basis during his/her assignment.

II. BENEFICIARIES (Provide any quantification you can of the people who have received/will receive an increase in income or other tangible improvement in their lives as a result of Adviser's work. Some of these data may match/duplicate data in the table in Section I.)

(all financial data in \$USD)

Category of Beneficiary	Number of People in Category	Income ¹ during Period Preceding Assistance ¹ [specify] ²	Income ¹ during Current Period [specify] ²	Projection of Income ¹ during Next Period [specify] ²	Other Tangible Improvement in Lives [specify]
Employees					
Member employees					
Other [specify]					
Total					

¹Specify whether income figures are "Net" (with production expenses subtracted) or "Gross" (with no deduction for costs of production). Net is preferable to Gross.

² Preferably, the period is a year, to facilitate comparison with other periods.

III. DISCUSSION (please use additional pages as necessary)

- A. Briefly discuss the meaning of each of the impacts listed in Sections I and II. Elaborate how Adviser's assistance was/is/will be instrumental in producing them. Please note that financial data – at this point, only income from membership dues – is in Armenian Drams (AMD) rather than US dollars. AmCham financials are Dram-denominated, and past and expected ongoing dramatic currency fluctuations (a 20% appreciation vs. the US dollar in 2006 alone) will result in spurious demonstrations of impact if translated into dollars.

Number of members, members leaving and joining, and income: Adviser is working on initiatives to increase the value of AmCham membership, with the aim of attracting and retaining members. This will increase revenue from membership dues, AmCham's only significant source of income.

Note that AmCham currently receives no regular income from services, but may do so in the future, for example through advertising in the newsletter or on the website, or through project work.

Website page views: Adviser is working with AmCham staff to upgrade website to make it more useful for members and others interested in business in Armenia, which should generate greater traffic to the website.

Newsletter distribution: Adviser created AmCham newsletter and will be working to establish regular electronic and hard copy distribution channels. Note that indirect or secondary distribution (e.g. forwarded emails, online views, or passing on a hard copy) is not included in this estimate.

- B. Confirm the source(s) of the numbers and how reliable they are.
- Source for current and previous number of members is AmCham Staff. Reliable.

- Future number of members was estimated based on AmCham target of adding 20 members by end of 2007, less my estimate of 6 members leaving. Rough estimate.
- Source for 2006 income from membership dues was 2006 cash flow statement from AmCham Treasurer.
- 2007 estimated income from membership dues was calculated as follows: estimated 7 net additional full AmCham members paying 250,000 AMD annually, and 7 net additional associate members paying 125,000 AMD annually, both prorated over 5 months (current membership is split nearly evenly between full and associate members). Rough estimate.
- Number of web page views comes from independent tracking statistics, which track either cumulative use since 2003 or for the most recent 28-day period. Reliable, but does not reflect actual number of independent visitors.
- Direct newsletter distribution includes direct emails and hard copies distributed by AmCham staff. Reliable.

C. If there are indicators not included in the questionnaire that would provide better indication of impact, please identify them.

Indicators have been added to chart above in blue as relevant.

D. If there are indicators that would provide good indication of impact but cannot be obtained without excessive effort/expense, please identify them.

- Indirect and secondary newsletter distribution

E. For all projections (the last column in both tables), explain how certain they are. Are there major threats or risks that could prevent them from being realized?

The most important future indicators for AmCham are tied directly to number of members (income, etc). They are conservative projections, as described in section B, but there is a small risk that membership numbers could be adversely affected by the economic and political climate in Armenia.

2. Jeff Standley, Business Consultant, Shirak Competitiveness Center (SCC)

Contact e-mail: JeffStandley@msn.com

Assignment Period: 10 months: November 27, 2006 – September 27, 2007

Training: “Microenterprise and Development Institute,” Southern New Hampshire University, Manchester, NH, June 11 – 22, 2007

Jeff spearheaded an internal analysis based on research, observation and interviews with 23 for-profit, non-profit and government organizations, resulting in the identification of SCC staff capabilities and a value chain. He is gratified that SCC has agreed with the recommendations and seems “eager to develop a professional and demand driven organization” for maximum impact on the Gyumri business community.

Jeff was also instrumental in helping the SCC secure an important grant allowing continued work in developing farmer associations and, significantly, cover some of its operating expenses, giving the SCC added stability.

During this period, Jeff attended a microenterprise training program which “provided good practical examples of enterprise development programs in action and best practices.” Jeff also received training materials that he can use to teach staff about market access principles. “SCC has worked with primary producers in the dairy industry...My training can assist in the development of this project.”

Going forward, Jeff’s priorities will be to assist in remodeling the SCC’s website, assist in the development of a real estate brokerage, and develop new marketing approaches to include the launch of a newsletter.

Ms. Balakrishnan observed that Jeff Standley has by far the most challenging assignment among the four Advisers in Armenia. Not only is he by himself in rural Gyumri, away from the other three Advisers, but his project has had major funding problems almost since Jeff arrived. The uncertainty of continued funding has made planning very difficult. Jeff’s direct work supervisor is often working from Yerevan instead of Gyumri, and Jeff has had to manage long-distance communication issues with respect to timely guidance and feedback. The project’s CEO accepted the fact that funding issues had created some constraints in the normal progress of Jeff’s work plan. It is a credit to Jeff that he has worked with very limited resources and direct guidance and found new ways of stretching thin resources and also submitted some winning proposals (as noted above) for additional funding. The Shirak project has USAID’s close attention and Jeff’s business plan was much appreciated. Before another Adviser is placed at the SCC, it would be wise to determine the funding situation so that an Adviser’s assistance is maximized for the ten months.

II. BENEFICIARIES (Provide any quantification you can of the people who have received/will receive an increase in income or other tangible improvement in their lives as a result of Adviser's work. Some of these data may match/duplicate data in the table in Section I.)

(all financial data in \$USD)

Category of Beneficiary	Number of People in Category	Net Income ¹ during Period Preceding Assistance ¹ [2006] ²	Income ¹ during Current Period [2007] ²	Projection of Income ¹ during Next Period [2008] ²	Other Tangible Improvement in Lives [specify]
Owners					
Employees					
Clients					
Other [Organization]	1	\$10,445	\$261		
Total					

¹Specify whether income figures are "Net" (with production expenses subtracted) or "Gross" (with no deduction for costs of production). Net is preferable to Gross.

² Preferably, the period is a year, to facilitate comparison with other periods.

III. DISCUSSION (please use additional pages as necessary)

- A. Briefly discuss the meaning of each of the impacts listed in Sections I and II. Elaborate how Adviser's assistance was/is/will be instrumental in producing them. Adviser will be working to develop capacity of organization to provide services to clients and increase revenue streams.
- B. Confirm the source(s) of the numbers and how reliable they are. The numbers are obtained from financial statements generated by the organization.
- C. If there are indicators not included in the questionnaire that would provide better indication of impact, please identify them. I have worked on strategic issues and it will be difficult to quantify the results.
- D. If there are indicators that would provide good indication of impact but cannot be obtained without excessive effort/expense, please identify them. Economic impact on clients would be valuable information, but may be difficult to obtain. A client would need to open their financial records.
- E. For all projections (the last column in both tables), explain how certain they are. Are there major threats or risks that could prevent them from being realized? There are no projections currently for 2008.

EMDAP ADVISER TRAINING AND TECHNICAL ASSISTANCE ACTIVITIES

Under USAID reporting requirements, EMDAP must compile data on specific Adviser training and technical assistance activities. Advisers are requested to fill in the following two charts on an ongoing basis, adding lines as required, and include them in their quarterly reports to IIE.

TABLE A: DATA ON ADVISER TRAINING¹ ACTIVITIES

Training Event No.	Location (Locality)	Date(s)	Topic(s)	Training Performed By		Duration				Primary Host/Target Group							Number of People Trained				
				Adviser Name	Other Trainer(s) (name and affiliation)	1 day or less	2-7 days	8-30 days	More than 30 days	For-Profit Enterprise(s) ²	Business Service Provider(s)	Bank(s)	Credit Union(s)	Farmer Cooperative(s) ³	Not-For-Profit Organization(s) ⁴	Educational & Research Institution(s)	Government Agency(ies) ⁵	Male	Female	Total	
1	Gyumri	May 2007	Sales	Jeff Standley		X					X								1	3	4
2																					
3																					
4																					
5																					
6																					
7																					
8																					
9																					
10																					
11																					
Totals																			1	3	4

¹Training defined as a formally structured group educational activity, usually in a classroom or workshop, with formal learning objectives.

²Excluding business service providers and for-profit financial institutions.

³Not-for-profit farmer cooperatives. For-profit cooperatives are reported as for-profit enterprises

⁴Non-governmental, other than farmer cooperatives and educational institutions.

⁵Other than educational and research institutions.

3 & 4. Sarah Gray and Anthony (Tony) Woodham, USAID Armenia Tax Improvement Project (ATIP), Booz Allen Hamilton (BAH)

Contact e-mails: rosiesg9@hotmail.com and ABWoodham@yahoo.com

Assignment Period: 10 months: November 27, 2006 – September 27, 2007

Training: Sarah – “Integrated Marketing Communication for Behavioral Impact in Health and Social Development,” New York University, New York, NY, July 8 – 28, 2007

Tony – “Microenterprise and Development Institute,” Southern New Hampshire University, Manchester, NH, June 11 – 29, 2007

During her site visit, Ms. Balakrishnan observed that both Tony Woodham and Sarah Gray are held in high esteem and confidence by the ATIP COP who reported that he often seeks their opinion and ideas as he navigates through the many layers of local bureaucracy to make changes in taxation policies and processes. Tony and Sarah for their part are very aware that they walk a fine line between various implementing partners and respect the need for confidentiality of their high profile clients. While Tony and Sarah did not anticipate that their EMDAP assignment would offer them such a steep learning curve, they are glad they had the opportunity to be in the middle of such a complex project and learn about real development work through different lenses. USAID Officers are well-informed about Tony and Sarah’s work since the Advisers are part of such a high-profile project. ATIP will be going through some major changes at the end of the current contract and the idea of another round of EMDAP Advisers was too premature for discussion.

During this reporting period, as a member of ATIP’s outreach team, Sarah’s focus was primarily on setting up the newly approved Taxpayer Training and Outreach Division at the Armenian State Tax Service (STS). As part of this effort, she is providing technical assistance in designing such customer service processes as developing a toll-free hotline and procedures for assessing customer satisfaction and addressing taxpayer inquiries. She is also assisting with ATIP’s survey to assess communication targets, information needs, and channels to implement self-assessment, one of the project’s main tasks under the larger objective of strengthening taxpayer services and operations.

Sarah notes that, ideally, “we would create a fully functional and strategically thought out taxpayer services division, which would solve most of [the STS’s] client interface problems. This has to be coordinated with automated audit processes, third party matching and of course self-assessment. However, [because] we aren’t there yet, we are starting with a behavioral analysis... Hopefully by [our] close of service the STS will realize the value in this analysis.”

**EMDAP ADVISER PROJECTED IMPACT REPORT
CATEGORY VII: USAID PROJECT IMPLEMENTERS**

Date of Report: 06/13/07

Report # (circle 1): 1. Begin Assignment 2. End 1st Term 3. End 2nd Term
4. End of Assignment 5. (Host only) 6 Mos. following

Assignment

Name of Adviser: Sarah Gray

Country: Armenia

Name of Host Organization³: Booz Allen Hamilton – Armenia Tax Improvement Project

Address: Yerevan, Armenia

Contact Name, Title, Phone, Email: Sarah Gray, Senior Program Officer, 091 195 571, gray_sarah@bah.am

I. INDICATORS OF IMPACT *(Provide data only for those indicator(s) that you believe have been/will be impacted by Adviser’s advice/assistance and where data can be obtained without excessive effort/expense.)*

(all financial data in \$USD)

Indicator	Amount during Period Preceding Assistance [specify] ¹	Amount during Current Period [specify] ¹	Projection of Amount during Next Period [specify] ¹
Number of client processes introduced/strengthened		3	0
Number of client products introduced/strengthened		11	0
Number of client services introduced/strengthened		2	0
Number of new training courses offered		2	0
Number of people trained		49	0

¹Preferably, the period is a year, to facilitate comparison with other periods.

II. DISCUSSION (please use additional pages as necessary)

A. Briefly discuss the meaning of each of the impacts listed in Sections I and II. Elaborate how Adviser’s assistance was/is/will be instrumental in producing them.

Processes

One of ATIP’s main goals for 2007 is to create a modern Taxpayer Training and Outreach Division. I will provide technical assistance in designing some of the new requirements for the outreach branch, including customer service processes such as developing a toll-free hotline and procedures for assessing customer satisfaction and addressing taxpayer inquiries.

³The organization with which the Adviser is working on a day-to-day basis during his/her assignment.

Products

I will work with our communications team to produce 11 products related to taxpayer education and taxpayer training. These products will inform taxpayers about changes related to legislation, Income and Property Declaration, and filing in the context of self-assessment, along with other tax-related issues. It will also include training materials for taxpayers owning small and medium-sized enterprises and internal STS training on training and outreach processes.

Services

I will assist ATIP's survey to assess communication targets, information needs and channels to implement self-assessment, one of our main tasks under the larger objective of strengthening taxpayer services and operations. Furthermore, I will advise on language and content of the English version of the STS website.

Training

I will assist with training the staff of the newly formed Training and Taxpayer Services Division and work with our communications staff on the training of SMEs.

- B. Confirm the source(s) of the numbers and how reliable they are.
These indicators of impact are directly related to ATIP's projected outputs per its 2007 Implementation Plan as identified by international tax experts.
- C. If there are indicators not included in the questionnaire that would provide better indication of impact, please identify them.

The form has been adapted to reflect outputs of a tax reform project.

- D. If there are indicators that would provide good indication of impact but cannot be obtained without excessive effort/expense, please identify them.

The form has been adapted to reflect outputs of a tax reform project.

- E. For all projections (the last column in both tables), explain how certain they are. Are there major threats or risks that could prevent them from being realized?

N/A