

USAID/Armenia
FY 2002
Annual Report

The attached results information is from the FY 2002 Annual Report for Armenia and was assembled and analyzed by USAID/Armenia.

The R4 is a "pre-decisional" USAID document and does not reflect results of USAID budgetary reviews. Additional information on the attached can be obtained from Richard Loudis, EE/PCS.

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Released on or after July 1, 2002

Abbreviations and Acronyms

AED	-	Academy for Educational Development
AERC	-	Armenian Energy Regulatory Commission
AIHA	-	American International Health Alliance
AJRA	-	Association of Judges of the Republic of Armenia
ANPP	-	Armenian Nuclear Power Plant
ARMEX	-	Armenian Stock Exchange
CDA	-	Central Depository of Armenia (CDA)
CIS	-	Commonwealth of Independent States
CO ₂	-	Carbon dioxide
DAS	-	Data Acquisition System
DHS	-	Demographic and Health Survey
EBRD	-	European Bank for Reconstruction and Development
E&E	-	Europe and Eurasia Bureau
EQZ	-	Earthquake Zone
EU	-	European Union
EU/TACIS	-	European Union Technical Assistance CIS
FINCA	-	Foundation for International Cooperative Assistance
FY	-	Fiscal Year
GDA	-	Global Development Alliance
GDP	-	Gross Domestic Product
GOAM	-	Government of Armenia
GTZ	-	Gesellschaft für Technische Zusammenarbeit
HMIS	-	Health Management Information Services
HydroMet	-	Hydrometeorological Services
ICASS	-	International Cooperative Administrative Support Service
IBTCI	-	International Business and Technical Consultants, Inc
ICT	-	Information and Communications Technology
IESC	-	International Executives Service Corps
IFC	-	International Finance Corporation
IMF	-	International Monetary Fund
IOSC	-	International Organization of Securities Commissions
IR	-	Intermediate Result
MWh	-	Megawatt hours
MFE	-	Ministry of Finance and Economy
MOH	-	Ministry of Health
MOJ	-	Ministry of Justice
MOUD	-	Ministry of Urban Development
MSPM	-	Ministry of State Property Management
NGO	-	Non-governmental Organization
NIS	-	New Independent States
NSS	-	National Statistical Service
OSCE	-	Organization for Security and Cooperation in Europe
PMP	-	Performance Monitoring Plan
SCA	-	Securities Commission of Armenia
SCWM	-	State Committee for Water Management
SME	-	Small and Medium Enterprises
SO	-	Strategic Objective
SOE	-	State-Owned Enterprise
SpO	-	Special Objective
USAID	-	U.S. Agency for International Development
USG	-	U.S. Government
WFP	-	World Food Program
WTO	-	World Trade Organization

ANNUAL REPORT PART III:

FY 2001 PERFORMANCE NARRATIVE

ANNUAL REPORT PART III – PERFORMANCE NARRATIVE

Key Achievements:

- In FY 2001, over 7,700 micro-entrepreneurs received USAID-funded loans totaling nearly \$7.6 million dollars. Over 500 small and medium enterprises (SMEs) received another \$3.05 million, with an average loan size of \$6,060.
- USAID's efforts to strengthen the competitiveness and efficiency of targeted Armenian enterprises led to the creation of 453 new jobs and an increase of \$4.5 million in the value of exports produced by these firms.
- The legal and regulatory framework for private sector growth was strengthened through the passage of new laws on bank bankruptcy, registration of legal entities, and procurement. Over 50 workshops and training sessions were held to educate public officials on these laws.
- All major tax systems were automated, and tax collection increased by 40% in Yerevan once the new systems were fully operative.
- The foundation for privatization of energy distribution companies has been laid.
- USAID's non-governmental organization (NGO) strengthening program trained 1,136 NGO representatives and disbursed 37 grants. Armenia's score on the USAID/Europe and Eurasia Bureau's NGO Sustainability Index improved a full point on a seven-point scale.
- USAID grassroots outreach programs engaged over 20,000 citizens in dialogue groups, action groups, and citizen councils, enhancing their understanding of and participation in political processes.
- Significant progress was made in establishing the legal and regulatory framework for reform of the pension system. The information management systems necessary for implementing the reforms have also been designed with USAID technical assistance.
- Targeting and administration of the Poverty Family Benefit social assistance program has been improved through the establishment of a new information management center, for which USAID provided technical and material assistance.
- Direct assistance programs provided employment, food, or health care to over 100,000 vulnerable individuals.

STRATEGIC OBJECTIVE PERFORMANCE REVIEW

SO 1.3: Growth of a Competitive Private Sector – Met Targets

This is a multi-faceted Strategic Objective (SO) with four major intermediate results (IRs): IR 1: State-owned Holdings Privatized; IR 2: Policy, Legal and Institutional Environment Conducive to Private Sector Activity; IR 3: Access to Financial Capital Increased; and IR 4: Increased Capacity of Private Enterprises in Selected Sectors to Conduct Business. This SO met expectations and the majority of its targets.

IR 1: State Owned Holdings Privatized

Significant progress was made in IR 1, with all of the targeted 91 state-owned enterprises (SOEs) liquidated or privatized, including nine key enterprises. USAID has successfully provided assistance to the Ministry of State Property Management (MSPM) in issuing privatization decrees, conducting investor outreach, responding to investor needs and questions, as well as advising during all phases of the tender process. However, there was continuing disappointment with the privatization process. SOEs were overvalued and burdened with high-indebtedness, their quality was low, and privatization process less than fully transparent. Since the general framework for privatizing SOEs is now in place and the remaining enterprises have limited potential for contributing to future industrial output growth and employment generation, the Armenia Mission and USAID have decided to phase out this intermediate result. Resources will be shifted to a new umbrella commercial law/ economic regulation activity under IR2, which will also include a component on strengthening competition policy.

Principal Beneficiaries: Privatized companies benefited from improved corporate governance, while consumers benefited from the increased market-orientation of the privatized companies, which over time should increase product quality and quantity.

IR 2: Policy, Legal, and Institutional Environment Conducive to Private Sector Activity

Significant results were achieved in this IR, which focuses most directly on capacity building for Government of Armenia (GOAM) institutions, and helps create a positive legal environment for private business. Several laws important to enhancing the legal and regulatory framework affecting private sector activity were adopted or their implementation strengthened. A major issue was the lack of political will, staff, and other resources the GOAM was able to devote to policy formulation, priority-setting, and implementation. USAID responded to this challenge by working with the international finance institutions to apply conditionality and by taking a more proactive advocacy position, i.e. having the GOAM respond to draft legislation prepared by USAID advisors, rather than waiting for it to develop drafts.

All major tax systems were automated, which resulted in a 40% increase in revenue collection in Yerevan once the new systems were fully operational. The Mission's key indicator for this IR, tax revenue as a percentage of gross domestic product (GDP), did not quite hit its target of 16.5% -- the actual was 14.3% -- partly due to exceptionally high growth in GDP (9.6%). However, there were further significant improvements in the tax and customs regime. Major amendments to tax legislation, drafted with USAID technical assistance, went into effect on January 1, 2001. These amendments expanded the revenue base for tax collection. A new Customs Code, for which USAID had provided extensive assistance -- especially on customs valuations, country of origin, anti-dumping duties, and intellectual property -- also went into effect on January 1, 2001. The Prime Minister issued a decree in April 2001 setting forth a plan for modernizing customs administration that drew largely on the recommendations from the customs diagnostic exercise performed with USAID assistance in March 2000. However, the human dimension of tax and customs administration needs to be addressed, as corrupt behavior continues. In the future, USAID will focus more intensively on developing and implementing enforceable codes of ethics, training of tax and customs officials, and reviewing their compensation and career structures.

In the fiscal arena, USAID worked to strengthen the GOAM's budgeting and accounting systems to meet the needs of a market economy. With USAID assistance, the Ministry of Finance and Economy (MFE) has increasingly taken ownership of the medium-term expenditure framework, which the GOAM uses to outline its key economic and social priorities. Additionally, an annual budget report for 2000 was published for the first time. USAID also completed the development of software for macroeconomic modeling of the Armenian economy for use by the MFE.

USAID strengthened implementation of the Law on Procurement passed in 2000, by helping to draft implementing rules and regulations, a comprehensive manual of standard forms and contracts, and a training manual. USAID also funded training for over 100 procurement officials. The implementation of this law is expected to have corruption-curbing effects, as all government procurements over \$500 must now be competitively bid through a transparent process.

Assistance was also provided to strengthen implementation of the GOAM's new Law on the Registration of Legal Entities, which expedited the process for businesses seeking to register, lowered the cost of registration, and minimized the opportunity for corruption by making the process simple and transparent. The State Registry must now respond to a completed request for registration within two days. USAID helped develop the forms and registration books for implementing this law and assisted in establishing the registration system mandated by the law.

In the banking sector, a new Law on Bank Bankruptcy and related changes to the Law on the Central Bank, drafted with USAID assistance, reduced the time necessary for bankruptcy declaration, minimizing the window of opportunity to maneuver against the interest of depositors, and removed the courts from the process. These changes have strengthened the Central Bank's ability to enforce prudential regulation practices.

Technical assistance to the GOAM resulted in the development of a national Information and Communications Technology (ICT) Master Strategy, which lays the foundations for developing a regional ICT hub in Armenia. USAID has advised the GOAM on restructuring the institutions that regulate the telecommunications sector and provided expert commentaries on draft e-document and e-commerce laws.

Principal Beneficiaries: Tax and customs payers benefited from the development of more transparent and efficient regimes. Social insurance recipients benefited as increased revenue collection made more funds available for social benefits. Users of banking services benefited from improved banking regulation. Private enterprises benefited from the increased access to capital and capacity-building assistance. Armenian ICT companies benefited from an improved environment for business development.

IR 3: Access to Financial Capital Increased

During the past year, the regulatory capacity of the Securities Commission of Armenia (SCA, established in 2000) expanded, the new Armenian Stock Exchange (Armex) was registered as a self-regulating organization, and the Central Depository of Armenia (CDA) was privatized. USAID helped the SCA develop a program and budget for 2002, an organizational structure appropriate for promoting market development, and trained SCA staff to carry out their functions according to international standards set by the International Organization of Securities Commissions (IOSCO). With USAID assistance, Armex developed the internal rules and regulations to function as a self-regulating organization. Armex opened for trading on July 6, 2001, when trading worth about \$50,000 took place. Additionally, USAID assisted Armex in developing a marketing program to support growth in trading volume. A key indicator for this IR is the stock market turnover as a percentage of stock market capitalization. The target for this year was 22% and data for the first three quarters of CY 2001 indicated that it had been exceeded, with the actual being 27.8%. USAID's work with the CDA helped it to develop the rules and regulations that would enable it to function as a private clearance and settlement center and depository. Privatization of the CDA was finalized on June 30, 2001.

Through micro-enterprise loan programs, this IR also contributed to USAID's objective of increasing access to economic opportunity for the rural and urban poor. In FY 2001, USAID grantees made 7,700 loans to Armenian micro-entrepreneurs, with total lending adding up to almost \$7.6 million, of which some \$5.9 million went to women. These loans were largely used to acquire additional goods for sale, enabling loan recipients to raise their incomes through increased sales. Another major component of this IR is providing capital to small and medium enterprises (SMEs) in key sectors, namely agribusiness, information technology, tourism, jewelry, and machine tools. In FY 2001, \$3.05 million in loans were extended to 504 small and medium enterprises.

Principal Beneficiaries: Capital market participants benefited by increased adherence to standards set by the IOSC. Micro-entrepreneurs benefited from increased income, while SMEs benefited from expansion of their businesses through increased access to capital.

IR 4: Increased Capacity of Private Enterprises in Selected (Sub) Sectors to Conduct Business

A range of firm-level assistance interventions was provided to SMEs in the key sectors identified above. Much of the assistance was focused on agribusiness. Though accurate statistics on agribusiness' contribution to GDP are not available, agribusiness comprises a much larger portion of the economy than on-farm agricultural production, which contributes roughly 23% to Armenia's GDP. Targeted firms received assistance in improving production, packaging, marketing, management, and business practices. USAID tracks progress in this indicator through the increase in the value of exports by client firms. The target for this year was \$2,350,000, which was far exceeded by the actual value, \$4,493,000. Additionally, 453 new full-time jobs were created as a result of business growth attributable to USAID assistance.

Principal Beneficiaries: Target SMEs, particularly agribusinesses, were able to increase profitability and their new employees gained income.

SO 1.5: A More Economically and Environmentally Sustainable Energy Sector – Met Targets

Armenia is highly dependent on imported fuels, with some 80% of primary energy consumption reliant on imports. This energy dependency has resulted in large debts to external energy suppliers, primarily Russian. The sector provides substantial subsidies to enterprises and government agencies, as a result of ineffective collection practices, mismanagement, and corruption. Privatization of the electricity distribution companies (EDCs) is a condition of the World Bank's Structural Adjustment Credit Program.

The Mission's energy SO focuses on laying the foundation for a restructured, market-driven energy sector. Its key IRs include: 1) Increased Private Sector Participation; 2) Increased Economic and Environmental Efficiency; and 3) More Diversified Sources of Energy. This SO has contributed to the Agency objective of protecting the world's environment and promotes the U.S. Government's (USG's) environmental interests. These include the potential economic and environmental impacts of energy management, the desire to promote cross-border cooperation, and the policy objective of facilitating the closure of the Armenia Nuclear Power Plant (also known as Metzamor). The SO level indicator of revenues as a percentage of full cost recovery did not meet its target of 86% for CY 2001, as the 12-month figure is estimated to be around 72%. This shortfall is due to the combination of a fall in the weighted average retail tariff, a rise in the full cost recovery tariff, and continuing substantial technical losses (i.e., theft). The fact that the ratio did not deteriorate more markedly is a clear sign of strengthened financial discipline in the sector. However, this SO met its targets at the IR level.

In FY 2001, USAID technical assistance and USG policy dialogue – coordinated with other donors, especially the World Bank – resulted in substantial progress towards privatization of Armenia's EDCs. The IR level indicator, which qualitatively measures the percentage of progress toward privatization of distribution companies, met its target of 100%. A failed initial tender in April 2001, largely attributable to the GOAM's failure to respond to strategic investor concerns, served as a spur to redress these shortcomings for the December re-tender. In response to pre-qualified strategic investor input, USAID provided assistance in reworking the key draft tender documents, including the Share Purchase Agreement and License. USAID also helped develop a financial model to facilitate analysis and comparison of different deal-structuring options and supported key GOAM activities in ensuring complete and accurate information on company assets and liabilities. These documents collectively resulted in substantial clarification, increased transparency, and improvement of sector policy and EDC operations.

Despite the high quality of preparation and commitment shown by the GOAM during the re-tender, exogenous factors – in particular, the slow-down in the world economy and the events of September 11 – diminished strategic investor interest in the tender, and there were no bids for the EDCs in December. Nonetheless, the government's commitment to privatization by sale remains strong, and the GOAM has moved forward rapidly with the intermediary step of placing management of the EDCs in the hands of an internationally experienced operator, which should be on the ground by the end of 2002. USAID plans to continue supporting energy sector privatization by strengthening the capacity of the independent regulator and the institutions necessary for developing the wholesale power market. The outlook for privatization of generation assets remains uncertain, but USAID will retain the ability to support open and transparent tendering to internationally qualified strategic investors for these assets.

A major policy milestone in this sector was the passage of the new Energy Law in April 2001, which greatly clarifies and strengthens the role of the Armenia Energy Regulation Commission (AERC) in the developing power market. USAID will provide further assistance in developing resolutions, implementing regulations, and procedures for tariff setting, and licensing for the new law. A plan for establishing a regulated wholesale power market, which will facilitate privatization by increasing the transparency of the sector financial operations, has been approved in principle by all sector stakeholders and is expected to be approved by the AERC in early 2002. USAID plans to provide technical assistance to support implementation of the plan once the AERC approves the key regulatory provisions.

Another major achievement in 2001 was completion of the installation of tamper-proof distribution and transmission meters and a Data Acquisition System (DAS) -- key steps in establishing a secure and accurate system for measuring network flows of power and ensuring an associated transparent system for managing sector financial flows. All of the planned 6,785 distribution meters have been delivered and 98.8% are installed and functioning. Similarly, 95% (3,131 of the planned 3,289) of the transmission meters are installed and functioning. System financial analysis for the first six months of 2001 shows clearly that overall losses have declined (indicating better control of flows) by \$6 million in comparison to the same period in the previous year. The analysis also shows that non-payment has dropped sharply as a share of total losses, leaving "excessive line losses" (theft) at 63% of that total. The meters and DAS have enabled system managers to identify and minimize energy theft, reducing corruption in the energy sector.

USAID's program to improve energy efficiency through demand-side management and use of more diversified energy sources began in May 2001. Key baseline work included an Energy Conservation Plan, an Energy Efficiency Financing Report, a series of Renewable Energy Technology Assessment Reports, and the Heat Supply Strategy Assessment. Based on these documents, the Mission will undertake an integrated program of pilot projects which will strive to establish market-oriented financing mechanisms and foster development of energy service companies. Four potential non-grid renewable energy applications have been selected as possible areas of focus: geothermal heat pumps, solar thermal, wind energy for water pumping, and biogas digester systems.

Principal Beneficiaries: The Ministry of Energy, AERC, and energy and gas sector companies have benefited from technical assistance, while the energy and gas sector companies have also received material assistance (meters, data analysis equipment, and computers). The general population of Armenia has benefited through the creation of a more efficient and transparent energy sector.

Special Objective 1.6: More Sustainable Water Management for Enhanced Environmental Quality – Met Targets

As a result of environmental degradation, deteriorated physical infrastructure, and weak policies and institutions governing the sector, water management in Armenia is at a critical juncture. Pollution of potable water poses health risks and the failure of irrigation systems has affected agricultural production. Unregulated use of Lake Sevan for hydropower and irrigation have led to a 20 meter decline in its surface level over the past 70 years, and pollution has threatened its ecological balance. This is endangering the sustainability of economic activities dependent on the lake, such as tourism and fishing, not to mention future irrigation and hydropower. This Special Objective (SpO) promotes sustainable water management through three IRs: 1) National Policy and Institutional Framework for Water Management Improved; 2) Water Quality and Quantity Monitoring Systems Rehabilitated; and 3) Local Capacity to Develop and Implement Market-based Solutions Increased. This SpO also contributes to the

agency's objective of protecting the world's environment and has achieved significant results during FY 2001. Initial targets for this SpO, which were oriented towards the establishment of key policies and legal reforms, were met.

The GOAM has demonstrated a clear commitment to addressing fundamental inadequacies in the water sector. The incentive for institutional and legal reforms has been reinforced by conditions precedent established by the World Bank for initiation of a five-year \$170 million program to address the physical infrastructure needs of the sector. USAID will continue to leverage the resources of the Bank to achieve the goals of this SpO. In February 2001, the GOAM approved a concept paper for major institutional reform of the sector, and established the State Committee for Water Management (SCWM) to address problems in management of irrigation, urban water supply, and waste water treatment. The SCWM has since taken a number of steps to reorganize the sector and establish a market-oriented management team, laying the foundations for commercialization and possible ultimate privatization of the potable and waste water treatment systems.

USAID has provided technical assistance to the GOAM to improve the legal code and overall institutional structure for water management, as well as to establish an independent regulatory regime to promote cost recovery-based tariffs. USAID provided technical assistance to review the new Law on the Hydrometeorological Service (HydroMet), passed in March 2001, which rationalizes and clarifies responsibilities for collection, management, and access to key water and other climate data. HydroMet is now performing most of the functions necessary for execution of its responsibilities. Priorities for water quantity observation post improvements and guidelines for designating monitoring locations were established. Water quantity monitoring parameters and the components of a national water monitoring strategy have also been developed. The framework has been established for initiating a small grants program in early 2002 that will support local initiatives to address problems of water quality or quantity.

Principal Beneficiaries: The SCWM, the Ministry of Nature Protection, and HydroMet have benefited from technical assistance in implementing the institutional requirements of the GOAM concept for improved water management, and HydroMet will also receive material assistance in upgrading monitoring and data analysis equipment. The general population of Armenia will benefit through enhanced participation in a more efficient and effective system for integrated water management.

SO 2.1: More Transparent, Accountable, and Democratic Governance – Met Targets

This SO seeks to achieve its objectives through five IRs: 1) Increased Citizen Participation in Policy Development and Oversight of Government; 2) Increased Availability of Multiple Sources of Information; 3) More Responsive and Effective Local Government; 4) More Effective and Responsive Parliament; and 5) A Transparent, Dependable, and Effective legal system. IR 4 is not yet active; the Mission is currently finalizing procurement for this activity. There were significant results in a majority of the active IRs, contributing to the agency objectives of promoting the development of a politically active civil society and more transparent, accountable government institutions. Armenia's accession to the Council of Europe in January 2001 accelerated the pace of legal reform related to democracy and governance, as revision or passage of several key laws was required by accession.

The most dramatic progress in FY 2001 occurred in enhancing citizen participation in policy development and oversight of government. As the Mission's NGO strengthening program developed momentum, over 1,100 NGO representatives received training in the key areas of advocacy, media relations, institutional analysis, organizational development, and management. Intensive institution-building support was provided to 37 grant recipients, who embarked on initiatives addressing issues ranging from domestic violence to environmental protection. USAID also promoted coalition-building to enable NGOs to better advocate on issues of common concern. The immediate outcome of these efforts was marked increase in dialogue between NGOs and the GOAM on issues such as the draft Law on Non-Governmental Organizations, the Law on Charities, the Law on Television and Radio Broadcast, privatization of newspaper distribution, the rights of the disabled, and a draft Freedom of Information Law. While the NGOs' positions did not always prevail, they did become more skilled at organizing themselves and presenting coherent policy positions. Armenia improved a full point on the NGO Sustainability Index, from

5.0 to 4.0 on a seven-point scale. Another major component of this IR was direct grassroots outreach to citizens, through the establishment of citizen dialogue and initiative groups and community action councils. Over 20,000 citizens were engaged through this outreach, receiving information on issues such as the roles and responsibilities of local government officials, the Constitutional amendments, the census, the legal system, and tax legislation. A number of these citizen groups were able to solve community problems through advocacy and engagement of government officials, or collective action.

USAID's efforts in strengthening the quality and financial status of independent media also resulted in solid progress. Training on advertising and marketing improved the financial position of print media, with advertising nearly tripling on average from a 4.1% to an estimated 13% of content. Major obstacles to financial viability remain, however, due to the relatively high cost of production and problems with the state-owned newspaper distribution system. USAID supported the development of the independent Gind printing press, which by providing competition to the state-owned press, has lowered production costs somewhat. The Mission is also working with the newly created Association of Armenian Newspapers to establish an independent distribution system. Broadcast media demonstrated improvements in news quality, quantity, and financial sustainability. Scores on indexes created to gauge progress in these dimensions exceeded targets across the board. For news quality, the target for 2001 was 61%, the actual 63%. For news quantity, the target was 48%, the actual 71%; and for financial sustainability, the target was 58% and the actual 66%. USAID assisted a group of independent broadcast media in successfully lobbying for improvements to the Law on Broadcast Media (amended in September 2001) and related regulations. Overall the changes eliminated excessive administrative requirements and clarified key regulatory procedures.

In local government, USAID interventions have yielded significant results, both in terms of reform of the legislative framework for local governance and in improving transparency, accountability, and efficiency in nine pilot cities. USAID provided technical assistance on drafting amendments to the 1996 Law on Local Governance that will grant greater autonomy to local governments in administering local budgets and in collecting land and property taxes. The amended law passed its first reading in December 2001, and its adoption is expected. USAID also worked to create a more coherent framework for local governance by helping the GOAM harmonize the Law on Local Governance with laws on the Budget, Property Tax, Income Tax, Land Tax, and Urban Development. Through the Municipal Finance Officers Association, USAID has provided training to municipal finance officers on a multi-faceted software system that improves budgeting and tax collection. Effective use of this system has enabled pilot municipalities to increase revenue collection by 30% on average and has also made budget information more accessible to the public. Local residents are able to review budget information at USAID-funded citizen information centers. USAID has also promoted the increased engagement of citizens on the part of local officials, through public budget hearings and the establishment of community advisory councils.

Progress in creating a more transparent, effective, and accountable legal system has generally not been meeting expectations. While a number of laws have been passed that improve the environment for democracy, reform in the justice sector has been slow. European Union Technical Assistance CIS (EU/TACIS) support for the Judicial Training Center fell through due to disagreements with the GOAM on the staffing structure. The judge's association remains weak and has failed to demonstrate serious commitment to reforms. However, amendment of the Constitution may yield more rapid progress. A number of USAID recommendations on amendments concerning the independence of the judiciary were accepted. The most significant breakthrough was the acceptance of a provision that would enhance the independence of the Council of Justice, which governs the judicial system. Seven of the Council's 10 members are now to be elected by the judges themselves. Additionally, an enforceable code of ethics for justices, on which USAID had provided significant technical assistance during FY 2001, was passed on

December 27, 2001. Given the importance of the judicial system to both economic and democratic development, the Mission will conduct a rule of law assessment in Summer 2002 to determine how it might better achieve its objectives.

Principle Beneficiaries: NGOs have benefited from training and grants; citizens have benefited from increased information on key issues; the pilot municipalities have gained technical assistance, training, and computer equipment; and independent media have received training and equipment.

SO 3.4: Mitigating the Adverse Social Impacts of Transition – Met Targets

This SO seeks to mitigate the adverse effects of transition to a market economy by strengthening key elements of the social safety net (pensions, unemployment, disability, and social assistance benefits) and the health care system in Armenia, while providing needed services to the most vulnerable in selected regions of the country. IRs include: 1) Legal and Institutional Foundations in Place for Sustainable Social and Health Insurance Systems; 2) Improved Mobilization, Allocation, and Use of Social Assistance and Health Care Resources; 3) Nutrition, Shelter, and Primary Health Care Services Provided; and 4) Short-term Employment Available in Selected Regions. This SO met its targets in FY 2001.

The Mission's targets on the establishment of new rules with respect to pensions, personal identification numbers (PINs), and the personified tracking of pension contributions were met. Key legislation and normative acts to support improvements in the pension program and introduction of the PIN were prepared with USAID assistance and are awaiting parliamentary action. The PIN and personal data protection laws set the foundation for improved social and health information management. USAID provided technical assistance and, in conjunction with the World Bank, equipment in establishing the Nemrut Information Center, the data processing center for social benefits, which will also lead the development of a personal identification system. Additionally, USAID collaborated with the World Bank and the Dutch consulting firm, TNO, on the design of a Health Management Information System (HMIS) for the Ministry of Health (MOH). The World Bank's provision of system equipment in April 2002 will be leveraged with intensive USAID involvement in the implementation of the HMIS. USAID also provided support for strengthening actuarial analysis capacity in Armenia critical to social and health insurance programs. An initial actuarial model for the Armenian pension program was created, and Ministry of Social Security (MOSS) personnel trained on developing financial forecasts. A Department of the Actuary was established in the MOSS and an actuarial science degree program initiated with USAID support at Yerevan State University. The first Demographic and Health Survey in Armenia was concluded in December 2001, and the results of the report will provide information that will help the GOAM develop health and social sector policy. In June 2001, the GOAM accepted a new strategy for health care reform developed in collaboration with USAID. The strategy's pillars include 1) strengthening of government capacity to implement health care reforms; 2) restructuring health care finance; 3) strengthening the professional capacity for primary care services through the establishment of effective family medicine practices; and 4) improving the understanding of more effective approaches to optimize health care resources.

In FY 2001, USAID efforts also helped lay the foundations for improvements in the mobilization, allocation, and use of social assistance and health care resources. USAID supported the GOAM's focus on enhancing family medicine by providing technical assistance in establishing the National Family Medicine Clinical Training Center, and identifying training needs for primary and maternity hospital-based care providers in the Lori region and Yerevan. USAID conducted assessments of the health providers and facilities in Lori as part of a pilot program to create family group practices in the region. Through the American International Health Alliance and Carelift, the Mission has leveraged significant non-U.S. Government resources to provide medical equipment and training on a wide range of medical issues, including management of hypertension, diabetes, substance abuse, and eye diseases. A Global Development Alliance between USAID and the Ani and Narod Memorial Fund was established to ensure a sustainable supply of childhood vaccines in Armenia. USAID's challenge grant of \$400,000 was matched by approximately \$1.2 million in private funds. USAID has also worked intensively with 16 social and primary health care NGOs in Yerevan to improve their overall operations and increase their service delivery and information dissemination capacities.

The Mission met targets in providing nutrition and employment for vulnerable populations in selected regions: 18,000 school children received free meals, comprising 20-22% of their daily caloric requirements; 2,300 of the most vulnerable (isolated elderly and pensioners) received hot food in soup kitchens; 80,000 families received seasonal food distribution (9 kg of wheat flour and 4 liters of vegetable oil); and another 2,900 individuals received agricultural inputs. USAID-funded community-based public works projects generated 37,962 person days of employment, exceeding the target of 37,350. The beneficiaries were those identified by the target communities as being most vulnerable. For each project, the average person worked for 20-22 days, receiving \$90 in pay. Mobile medical clinics in eight remote villages of the Gegharkunik region that have no other health care facilities conducted approximately 5,000 consultations. In Yerevan, a total of 9,000 service visits were made to sick and bedridden elderly patients.

Principal Beneficiaries: The MOH and the MOSS benefited through improved information systems, progress toward more efficient and cost-effective service delivery systems, and increased capacity to make and execute policy and implement reforms. Primary care providers benefited through receipt of medical equipment and training; health and social service delivery NGOs received capacity-building assistance; vulnerable populations received nutrition, shelter, and health care and the entire population will benefit eventually from improved, more equitable access to higher quality social services.

Special Objective (SpO) 4.1: Households Living in Inadequate Shelter as a Result of the 1988 Earthquake Reduced – Met Targets

This SpO builds on the Mission's pilot housing certificate program, and includes two new components -- housing improvement grants and technical assistance to the GOAM in accelerating the re-development of the Earthquake Zone (EQZ). The expanded program will provide permanent shelter for 4,000-7,000 families who were displaced by the 1988 earthquake. The majority of these families are living in shelters made of metal cargo containers, called *domics*.

Despite start-up of activities late in FY 2001 (mid-September), it was evident that progress was on track. Issuance of housing certificates in Vanadzor began before the end of the FY, and it appeared that the targets set for the first six months of activity -- 600 housing certificates issued in Lori Marz and 800 in Gyumri by March 2002 -- would be met. USAID also worked with the Ministry of Urban Development (MOUD) to identify priority sites for the shelter initiatives, with the objective of enhancing prospects for re-development and renewal. Additionally, the foundations were laid for piloting of housing improvement grants, which would enable recipients to repair and re-occupy their homes. Procedures were established for both rural and urban housing grants, pilot sites identified, and work initiated. The housing improvement grants pilot is expected to conclude by March 2002.

Principal Beneficiaries: The MOUD has received technical assistance in facilitating the recovery of the EQZ. Some 4,000 to 7,000 families will gain permanent shelter. The higher number will be possible only if the Mission extends the activity for the optional third year.

SO 4.2: Cross-cutting and Special Initiatives – Met Targets

This SpO encompasses a number of cross-cutting or special activities that meet Administrative directives or Congressional earmarks, activities that address opportunities outside the Mission's strategic framework, or broadly support the Mission's objectives but do not produce results predominantly affecting a single SO. The activities in this SO largely met their objectives.

Pilot Housing Certificate Program: This activity was extended to December 15, 2001 to enable USAID's partners to complete administrative tasks. By September 2001 it had successfully provided permanent shelter to 302 earthquake-affected families in Gyumri, meeting its target. Over 200 temporary shelters (*domics*) were removed and destroyed, freeing municipal land for other uses. A playground was erected on the primary site, followed by the opening of a sports center/park.

Strengthening Regional Sustainable Water Management in the Caucasus: *The purpose of this activity is to strengthen the dialogue between the South Caucasus countries on regional water management, assist key water management institutions develop more effective systems, and contribute to regional confidence-building. A regional stakeholder workshop, with representatives from Georgia, Armenia, and Azerbaijan, was held in February 2001. The outcome of this workshop was agreement on five activity areas: 1) monitoring water quantity and quality in the Kura-Aras basin; 2) developing a regional Geographic Information System (GIS); 3) promoting data exchange to facilitate water management; 4) building capacity for integrated river basin planning; 5) developing a process for a legal framework to facilitate co-riparian management. Start-up of these initiatives began in August 2001.*

Global Training for Development: Training conducted under this activity supports the skills development and knowledge acquisition necessary to the success of the Mission's strategic objectives. In FY2001, USAID financed training for 2,007 participants, 43% of which were women. Trained individuals included staff from GOAM agencies, NGOs, and private sector organizations.

Eurasia Foundation: In FY 2001, the Foundation disbursed 36 small business loans totaling \$1,508,920. It also supported the development of business associations and technology incubators, as well as enterprise development in the tourism and information technology sectors. In civil society, the Foundation helped develop an extensive public dialogue campaign, bringing together regional TV stations, municipal information centers, local libraries and NGOs, to increase dialogue between citizens and the GOAM. In media, Eurasia funded the independent Gind Printing House and established a Freedom of Information Center to lobby for increased access to government information. Eurasia also helped established Citizen Information Centers in seven cities participating in USAID's Local Governance Program, enhancing citizen access to local government information.

Census Support: USAID provided technical assistance to the National Statistical Service (NSS) in developing the survey methodology for the October 2001 census. Additionally, it helped design a management control system and provided training to NSS staff on programming data. The enumeration process was successfully executed, but the data processing and analysis will not be complete until mid-2002.

Principle Beneficiaries: 312 families in the EQZ received permanent housing; 2,007 individuals who received participant training; 36 small businesses that received loans; civil society organizations and citizens benefiting from Eurasia Foundation's activities; and the National Statistical Service.

ANNUAL REPORT PART IV:

**FY 2001 PERFORMANCE DATA TABLES AND
RESULTS FRAMEWORKS**

Table 1: Annual Report Selected Performance Measures

February 25, 2002

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
Pillar I: Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives					
1 Did your operating unit achieve a significant result working in alliance with the public sector or NGOs?	Yes			FSA	No data quality issues under this component. Reporting period is FY 2001
2 a. How many alliances did you implement in 2001? (list partners) b. How many alliances do you plan to implement in FY 2002?	1 - Ani and Narod Memorial Foundation - initiated in FY 2001 4			FSA	
3 What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	USAID's investment of \$400,000 leveraged \$1.2 million in private funds			FSA	
Pillar II: Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the environment and improving energy efficiency.					
4 If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets?		Met		FSA	The definitions of some of the indicators for this SO will be modified to track progress more directly, i.e. using nominal numbers instead of percentage increases. Some indicator targets were unrealistic, based on erroneous baseline information provided by implementing partners. These targets will be adjusted in a thorough review of the SO PMP in March/April 2002. Finally, there were some inconsistencies in the way that implementing partners collected data for aggregated indicators. This has been corrected and the data reported in the PMP adjusted accordingly.
USAID Objective 1: Critical, private markets expanded and strengthened					
5 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes			FSA	The IR indicator of stock market turnover as a percentage of capitalization was based on 9-month data, which otherwise met USAID data quality requirements as outlined in ADS 203.3.6.5.

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged					
6 Did your program achieve a significant result in the past year that is likely to contribute to this objective?			N/A		
USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable					
7 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes			FSA	Through micro-enterprise lending, the incomes of 7,700 subsistence entrepreneurs were raised. FY data was used and met USAID data quality requirements.
USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded					
8 Did your program achieve a significant result in the past year that is likely to contribute to this objective?			N/A		
9 a. Number of children enrolled in primary schools affected by USAID basic education programs (2001 actual) b. Number of children enrolled in primary schools affected by USAID basic education programs (2002 target)	Male	Female	Total		
USAID Objective 5: World's environment protected					
10 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes, under SO 111-015: A More Economically Sustainable and Environmentally Sound Energy Sector			FSA	While qualitative performance information met USAID data quality requirements, some data -- such as energy consumption -- was reliant on information collected by the government, which may be prone to some distortions. USAID/Armenia's interventions should improve the reliability of government data over time. Because only 9-month actual data was available for the SO-level indicator of sector revenues as a percentage of full-cost recovery, the projected year-end CY figure was extrapolated on the basis of prior year trends. In the future, the Mission will use FY data to the extent possible.
Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes, under SO 111-016: More Sustainable Water Management for Enhanced Environmental Quality			FSA	Progress under this SO in FY 2001 was predominantly in the policy and institutional arenas, measured through qualitative indicators that met USAID standards. The Mission may consider introduction of additional policy and institutional milestones in its qualitative indicators, pending a review of SO PMP indicators in Spring 2002.
11 a. Hectares under Approved Management Plans (2001 actual) b. Hectares under Approved Management Plans (2002 target)	N/A				

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
Pillar III: Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.					
<p>If you have a Strategic Objective or Objectives linked to the 12 Global Health pillar, did it/they exceed, meet, or not meet its/their targets?</p>		Met		FSA	<p>USAID/Armenia's contributions to this pillar during the past FY, achieved under its Social Transition SO, were largely in the policy arena, and met USAID's standards for qualitative performance indicators. However, the SO team may introduce more incremental steps in its policy milestones, pending a review of the PMP in Spring 2002.</p>
USAID Objective 1: Reducing the number of unintended pregnancies					
<p>13 Did your program achieve a significant result in the past year that is likely to contribute to this objective?</p>			N/A		
USAID Objective 2: Reducing infant and child mortality					
<p>14 Did your program achieve a significant result in the past year that is likely to contribute to this objective?</p>			N/A		

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth					
15 Did your program achieve a significant result in the past year that is likely to contribute to this objective?		No		FSA	The Mission has initiated an activity to improve the quality of women's reproductive health services, including maternal health, delivery, neonatal care, and birth spacing. However, the activity was initiated in May 2001 and has not yet achieved significant results.
USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries					
16 Did your program achieve a significant result in the past year that is likely to contribute to this objective?			N/A		
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance					
17 Did your program achieve a significant result in the past year that is likely to contribute to this objective?			N/A		
Pillar IV: Democracy, Conflict and Humanitarian Assistance					
18 If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets?	Met Targets, SO 011-0210 More transparent, accountable, and responsive democratic governance			FSA	SO-level indicators based on Freedom House data were not available in time to incorporate into the review of performance. As this is a persistent issue, the SO team will consider other SO-level indicators during its review of the PMP in Spring 2002. Key IR indicators for this SO met USAID data quality requirements. CY data was used for local government revenue collection statistics, because the Government of Armenia's fiscal year is the calendar year and data is only available on a CY basis.
	Met Targets, SpO 011-0411 Households living in inadequate shelter as a result of the 1988 earthquake reduced.			FSA	Indicators for this SO meet USAID data quality requirements. However, the results framework may be adjusted in Spring 2002, pending an SO team review.
USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened					
19 Did your program achieve a significant result in the past year that is likely to contribute to this objective?		No		FSA	Targets for some of the indicators under the relevant IR need to be adjusted, as a number of policy milestone targets are no longer relevant. Some indicators rely on survey data, which may not fully meet USAID data quality standards. The SO team will be reviewing its PMP in Spring 2002 and will correct these weaknesses.

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 2: Credible and competitive political processes encouraged					
20 Did your program achieve a significant result in the past year that is likely to contribute to this objective?			N/A		
USAID Objective 3: The development of politically active civil society promoted					
21 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes			FSA	Both qualitative and quantitative data used to evaluate USAID/Armenia's progress towards this Agency objective met USAID data quality requirements.
USAID Objective 4: More transparent and accountable government institutions encouraged					
22 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes			FSA	The majority of data used to assess performance met USAID quality requirements. One exception, however, was survey data used to measure citizen satisfaction with local government, where it appeared that the percentage change (which was positive) was within the margin of error.
USAID Objective 5: Conflict					
23 Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?			N/A		
24 Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?			N/A		
25 Number of refugees and internally displaced persons assisted by USAID			N/A		
USAID Objective 6: Humanitarian assistance following natural or other disasters					
26 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes			FSA	Data for the pilot earthquake zone housing certificate program met USAID data quality requirements.
27 Number of beneficiaries	302				NB: The number of beneficiaries was small because the activity was a pilot.

Table 2: Selected Performance Measures for Other Reporting Purposes

The information in this table will be used to provide data for standard USAID reporting requirements

Indicator (all data should pertain to FY or CY 01)	OU Response	Fund Account	Data Quality Factors
Child Survival Report			
Global Health Objective 1: Reducing the number of unintended pregnancies			
1 Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)	22.30%	FSA	The reported data is from a recently concluded DHS, which meets USAID data quality requirements
Global Health Objective 2: Reducing infant and child mortality			
2 Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	N/A		
3 Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	N/A		
4 Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	N/A		
5 Were there any confirmed cases of wild-strain polio transmission in your country?	N/A		
Global Health Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth			
6 Percentage of births attended by medically-trained personnel (DHS/RHS)	83%	FSA	The reported data is from a recently concluded DHS, which meets USAID data quality requirements
Global Health Objective 5: Reducing the threat of infectious diseases of major public health importance			
7 a. Number of insecticide impregnated bed-nets sold (Malaria) (2001 actual) b. Number of insecticide impregnated bed-nets sold (Malaria) (2002 target)	N/A		
8 a. Proportion of districts implementing the DOTS Tuberculosis strategy (2001 actual)	N/A		
b. Proportion of districts implementing the DOTS Tuberculosis strategy (2002 target)	N/A		

HIV/AIDS Report

Global Health Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries

9	a. Total condom sales (2001 actual)	N/A			
	b. Total condom sales (2002 target)	N/A			
10	a. Number of individuals treated in STI programs (2001 actual)		N/A		
	b. Number of individuals treated in STI programs (2002 target)		N/A		
11	a. Is your operating unit supporting an MTCT program?	No			
	b. Will your operating unit start an MTCT program in 2002?	No			
12	a. Number of individuals reached by community and home based care programs (2001 actual)		N/A		
	b. Number of individuals reached by community and home based care programs (2002 target)		N/A		
13	a. Number of orphans and vulnerable children reached (2001 actual)		N/A		
	b. Number of orphans and vulnerable children reached (2002 target)		N/A		
14	a. Number of individuals reached by antiretroviral (ARV) treatment programs (2001 actual)		N/A		
	b. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 target)		N/A		



Victims of Torture Report				
Democracy, Conflict, and Humanitarian Assistance Objective 7: Providing support to victims of torture				
15	Did you provide support to torture survivors this year, even as part of a larger effort?	No		
16	Number of beneficiaries (adults age 15 and over)	N/A		
17	Number of beneficiaries (children under age 15)	N/A		

Global Climate Change				
USAID Objective 5: World's environment protected				
18	Global Climate Change: See GCC Appendix			

Factors impacting on USAID's SO, but beyond the Mission's ability to substantively influence include:

- monetary policy
- physical infrastructure
- access to external markets (impact of blockade)
- political stability

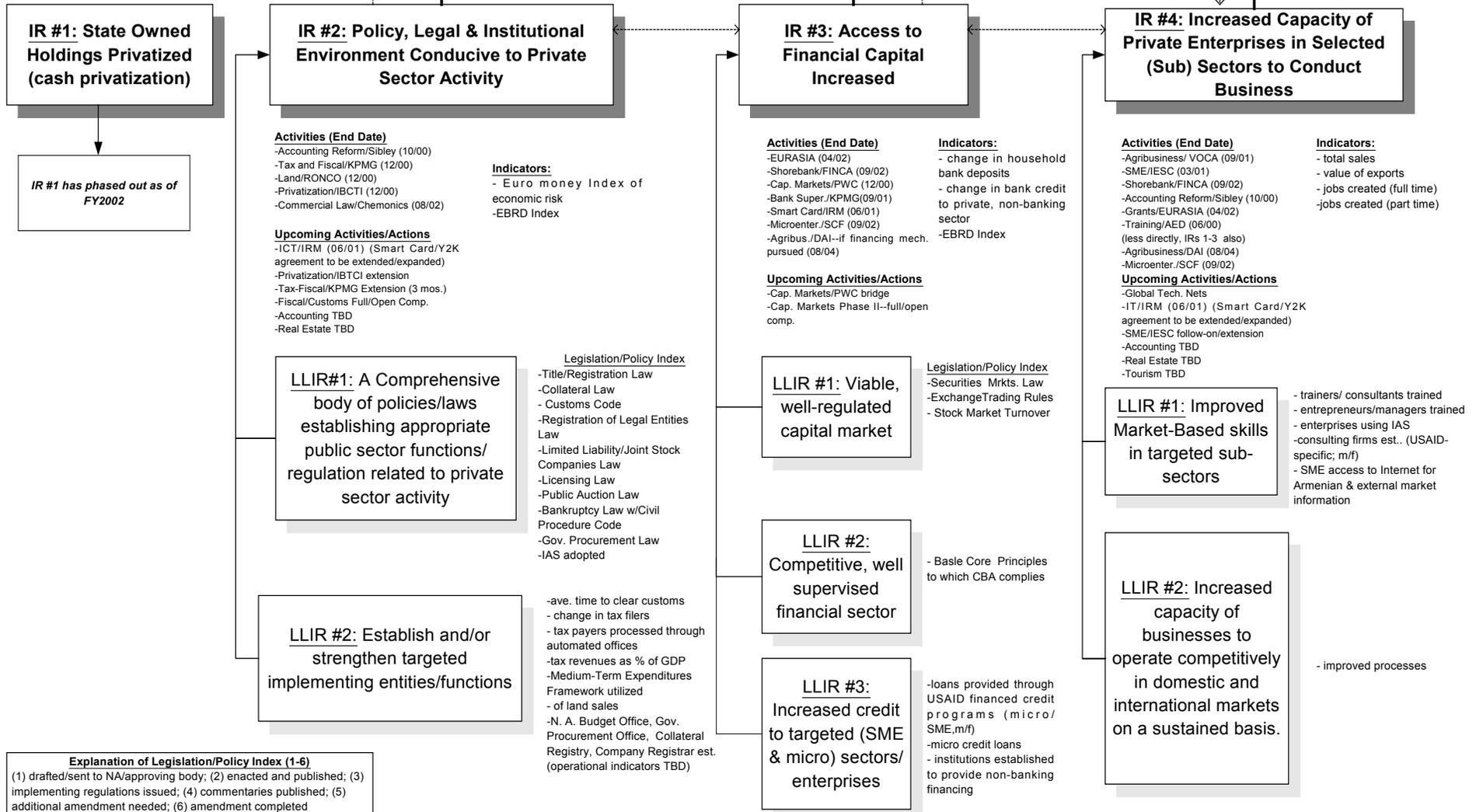
Overarching Goal: Increased Employment and Income Opportunities

01/31/02

Strategic Objective 1.3: Growth of a Competitive Private Sector

SO Indicators:

- 1) Private Sector Share of GDP
- 2) Private Sector Share of Employment
- 3) Private Sector Investment as a share of GDP



Explanation of Legislation/Policy Index (1-6)

- (1) drafted/sent to NA/approving body;
- (2) enacted and published;
- (3) implementing regulations issued;
- (4) commentaries published;
- (5) additional amendment needed;
- (6) amendment completed

SO 1.5: A MORE ECONOMICALLY SUSTAINABLE AND ENVIRONMENTALLY SOUND ENERGY SECTOR

SO Indicators:

- Sector Revenues as % of full cost recovery
- Energy consumption per unit output (kg/GDP)

IR 1: Increased Private Sector Participation

Activities:

- HB
- USEA
- NARUC

Indicators:

- % electric utility entities privately owned for
- distribution
- generation

LLIR 1.1: Restructured energy sector

Indicators:

- % privatization process completed for
- distribution
- generation

LLIR 1.2: Independent & effective energy regulatory commission

Indicators:

- Cost-based tariffs in place
- # of licenses issued
- % of ERC budget from non-state sources

LLIR 1.3: Legislation promotes private sector participation

Indicators:

- Energy law amended
- Legal basis for PMMU established & functioning

IR2: Increased economic and environmental efficiency

Activities:

- HB
- AEA/RMA

Indicators:

- % of billed energy collected
- Generation replaced by DSM

LLIR 2.1: Market-driven tariff in place

Indicators:

- % of actual tariff in full cost recovery tariff

LLIR 2.2: Strengthened commercial operations

Indicators:

- # of energy companies using IAS

LLIR 2.3: Energy efficiency/savings and demand-side management projects realized

Indicators:

- # of projects or target entities implemented
- cost savings realized

LLIR 2.4: Legislation/policies promote more efficient energy sector

Indicators:

- Energy efficiency plans developed and approved by GOAM
- # of demonstration projects implemented including PR for public information
- National Strategy for Urban Heating in place

IR 3: More diversified energy sources

Activities:

- HB
- TBD

Indicators:

- volume of generation (USAID pilots)
- generation capacity (projects developed by USAID)
- volume of electricity imports/exports

LLIR 3.1: Selected public/private energy projects, including to replace ANPP, realized

Indicators:

- # of projects

LLIR 3.1: Increased regional energy sector cooperation and trade

Indicators:

- N/A (see IR-level)

Special Objective 1.6: More Sustainable Water Management for Enhanced Environmental Quality

SpO Indicators:

- Key Armenian Water Management institutions functioning effectively
- Number if specific water quality and/or quantity indicators improved at specific locations

IR1: National Policy and Institutional Framework for Water Management Improved

- Primary water resources management institutions address key legal and policy issues to support integrated water resources management

LLIR 1.1

Policy and Legal framework for integrated water resources management improved

- # of key identified laws/regulations revised

- # of recommended regulatory opportunities for water pricing or other economic instruments developed

LLIR 1.2

Institutional capacity for integrated water resources management improved

- # key water resources management institutions apply integrated water resources management techniques

- forums established and supported for broad based intersectoral stakeholder participation in institutional deliberations on water resources management decision-making

IR 2: Water Quality and Quantity Monitoring Systems Rehabilitated

Water quality and quantity monitoring systems are more reliable

LLIR 2.1

Systems for gathering, managing and sharing information improved

of data indicators on quantity and quality of surface/water collected, stored and used in resource management

LLIR 2.2

Availability of water quality data increased

of sampling locations upgraded to international standards for water quality monitoring

LLIR 2.3

Availability of water quantity data increased

of water quantity hydropost upgraded to international standards for water quantity monitoring

IR 3: Local participation in integrated water resources management increased

Non-governmental and private sector organizations participating in integrated water resources management

LLIR 3.1

Public awareness and outreach to support integrated water resources management improved

Grant Projects to promote public awareness regarding water conservation and protection

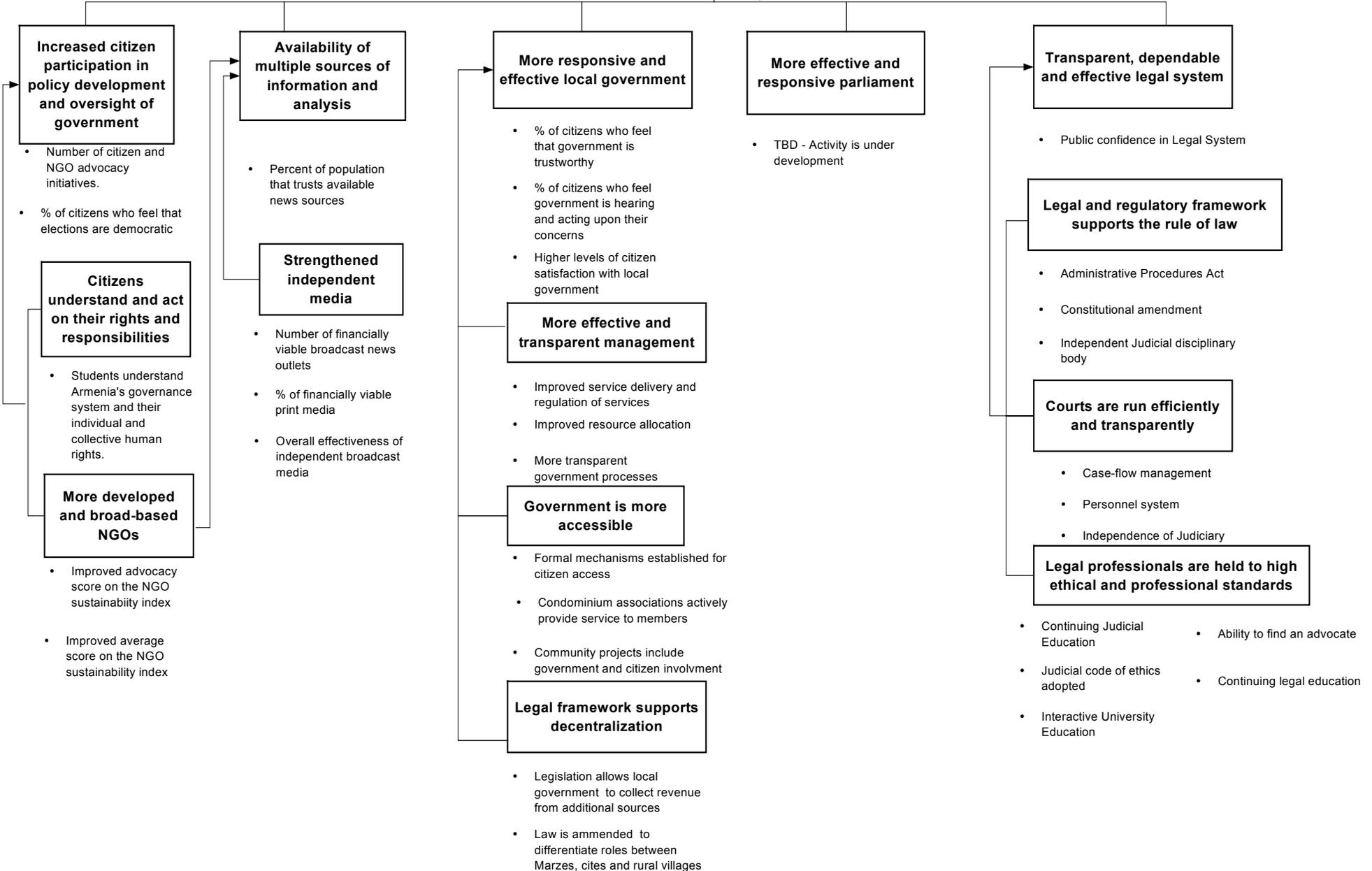
LLIR 3.2

Projects and grants to support integrated water resources management supported

Grants to support integrated water resources management

More Transparent, Accountable and Responsive Democratic Governance

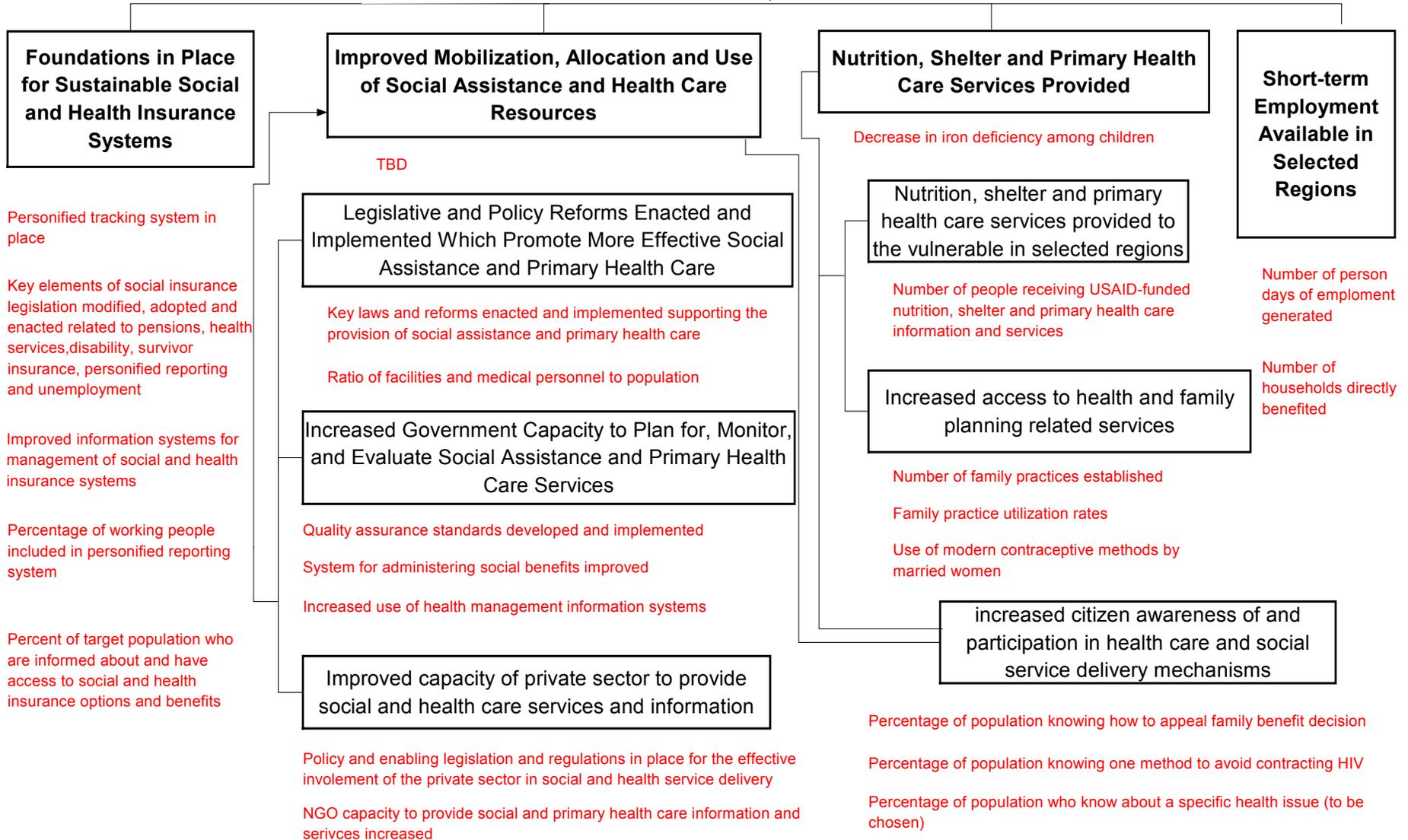
- Freedom House -Political Rights
- Freedom House - Civil Liberties
- Democratic Framework assessment
- Percent of citizens who feel that government is hearing and acting upon their concerns
- Percent of citizens who feel that government is trustworthy



SO 3.4 Results Framework and Indicators

Mitigation of Adverse Social Impacts of the Transition

- Decreased financial barriers to accessing health care
- Decreases in under five mortality rate
- Increase in births attended by trained professional
- Decreased percentage of population below poverty and food line
- % of population reporting improvement in social situation



USAID EARTHQUAKE ZONE RECOVERY PROGRAM

RESULTS FRAMEWORK

STRATEGIC OBJECTIVE

Meeting the housing needs of a significant portion of those families who lost housing in the 1988 earthquake (4000, or with the option year 7000, families out of an estimated 12,000 families still in need.)

IR 1: Housing certificate mechanism in place and working;

Indicators:

- * numbers of certificates issued
- * rates of certificate issuance in the various communities
- * numbers/% of certificates successfully used to purchase housing
- * average time required to purchase and move into new homes
- * number of temporary shelters/domics removed and destroyed
- * average time required for domic removal
- * # and average amount of money saved by purchasers—remainders
- * # of sellers leaving Armenia as a result of the sale
- * # of non-eligible households on sites rehoused by GOAM

IR 2: Housing improvement grant models(urban and rural) piloted, and based on those results rolled out:

Indicators:

- * numbers of urban families housed
- * numbers of rural families housed
- * number of functioning condominiums participated
- * number of cases where other donor programs assist in improvement of a unit/building
- * average time required for completion of work per unit
- * vacancy rates(before/after) of participating urban buildings
- * results of surveys(e.g. satisfaction levels) of participating households
- * numbers of Armenian/local businesses participating in the program

IR 3: Program sites(certificates) are reclaimed/redeveloped as a result of the efforts at donor coordination and effective urban planning by the Armenian partners;

Indicators:

- * numbers of sites/public facilities targeted by the certificate program
- * numbers of such sites considered substantially reclaimed
- * numbers of projects initiated by other donors on(or adjacent to) program sites
- * numbers of GOAM projects(e.g.museums, schools, etc) opened on program sites
- * establishment of donor/GOAM consultative mechanism(s)
- * numbers of public meetings held to discuss planning issues
- * numbers of NGOs/community groups which participated in the program

**ANNUAL REPORT PART VII:
ENVIRONMENTAL COMPLIANCE**

ANNUAL REPORT PART VII : ENVIRONMENTAL COMPLIANCE

1. Notional plan for new/ amended Initial Environmental Examinations (IEEs) or Environmental Assessments (EAs)

a) Pending IEE's: None

b) Other actions:

- The Mission has approved SO-level umbrella IEE's in place covering all activities, most of which involve classes of action that are within the categories listed in paragraph (c)(1) of Section 216.2 of Title 22 CFR 216 and therefore subject to categorical exclusion. For specific activities by SO, the IEEs grant a negative determination where no significant adverse effects are expected, but multiple sites and sub-activities are involved that were not yet fully defined or designed at the time of approval. The approved umbrella IEE specifies the conditions regarding a process of environmental capacity building and screening, mitigation, and monitoring.
- For a small and clearly defined set of activities, the IEEs confirm the potential for significant adverse effects of one or more activities and make a positive determination, indicating that an appropriate environmental review may be needed and shall be conducted. The Bureau Environment Officer will be informed by the Mission Environment Officer and guidance sought on a case-by-case basis when the monitoring and implementation procedures indicate that an EA may be required. Activities affected cannot proceed until an EA is approved. At this time, no specific activities are identified in this category.

2. Brief compliance statement for Strategic Objectives

Mission environmental compliance of its entire portfolio is complete, with umbrella IEE's approved for all of its six SO's:

- *Private Sector Growth (SO 110-013)*, comprising agribusiness and other small- and medium-sized enterprise support; limited privatization activities; capital markets development; central bank supervision; and tax, fiscal, customs capacity building.
- *Energy (SO 110-015)*, comprising legal and regulatory reform, commercialization, privatization and investment attraction, energy efficiency, demand-side management, and renewable energy resource development.
- *Water (SO 110-016)*, encompassing water management for enhanced environmental quality
- *Democracy/Governance (SO 110-021)*, comprising local government capacity building, NGO/civil society strengthening, broadcast media, civic education, parliamentary strengthening, and anti-corruption.
- *Social Sector (SO 110-034)*, comprising strengthening of the social benefit infrastructure and direct service provision in health and nutrition, and short-term employment generation.
- *Special Initiatives (SpO 110-042)*, comprising a housing certificate program in the Earthquake Zone (subsequently renamed Special Objective 4.1.1), a grant to the Eurasia Foundation, and the Armenia portion of the regional water program.

All extant portfolio activities are in compliance under these procedures.