

Capital: Yerevan

Population: 3.0 million (est. July 2004, official 2003)

GDP(current US\$): \$5.0 billion (2005), 9.9% growth (est. 2004)

Population below national poverty line (2005): 34%

GDP per capita (current US\$): \$1667 (2005)

GDP per capita (purchasing power parity): \$3,500 (2004)

Religion: Armenian Apostolic Church 94%, other Christian 4%, Yesidi 2%

Language: Armenian (96%), Russian, other

President: Robert Kocharian

Prime Minister: Andranik Margaryan

Ambassador to U.S.: Tatoul Markarian



National Interest: Armenia is considered important to regional stability and security. The U.S. seeks to promote a peaceful settlement of the Nagorno-Karabakh issue, thereby easing Armenia's relations with Azerbaijan and Turkey. Stability and security are key factors in enhancing investor confidence, which is vital for continued economic growth with concomitant employment. Armenia is also important to U.S. security and economic interests due to U.S. concern over the accessibility of energy resources from the Caspian Sea Basin. U.S. support to Armenia is bolstered by the interest of the influential Armenian-American Diaspora.

OVERVIEW OF USAID/ARMENIA PORTFOLIO

FY06: Total FSA - \$69.0 million; USAID Total - \$51.1 million

Increased Employment in a Competitive Private Sector (FY06 \$10.9 million, 21% of budget): This multi-faceted portfolio strengthens micro-enterprises and SMEs, while improving the business environment through economic policy reform. A primary focus is on job creation in a more competitive economy. Activities focus on technical assistance to private enterprise, efforts to enhance SME and micro-lending and labor market development that supports improved competitiveness. USAID directly assists Armenian businesses and business associations with training and technical assistance to agribusiness, tourism and IT, among others. At the macro level, USAID has new and ongoing projects with the Armenian government to increase the efficiency, transparency and fairness of the tax system, and is working to improve commercial law and the financial system, including capital markets and financial intermediation. (DAI, BearingPoint, Bankworld Inc., Chemonics, Nathan Associates, ACDI/VOCA, Booz Allen Hamilton).

Access to Energy and Water Resources (FY06 \$7 million, 14%): This program focuses on sustained access to a restructured, commercially-driven energy system and water sector. Activities foster increased private sector participation, increased economic and environmental efficiency, and diversified energy sources. In FY04 electricity and natural gas sector reforms helped improve payment discipline and reduce financial losses. A water management program is improving the national framework for water quantity and quality monitoring. It supports local level efforts to develop commercially-based approaches to improving water quality, and strengthens the institutional and financial sustainability and operations of water supply entities. At the macro level, USAID assists the Government of Armenia in regulating the energy, water and telecommunications sectors. (AEAI, EICG Ltd., ASE, NARUC, PA Consulting).

Improved Democratic Governance (FY06 \$11.7million, 23 %): Activities in this area seek more transparent, accountable and democratic governance. The activities support citizen participation; strengthen civil society groups, NGOs and local governments; and promote rule of law and anticorruption efforts. Rule of law programs focus on an independent judiciary, improved professionalism of legal associations, and legal education reform. Through town-hall meetings, information campaigns and citizen action committees, USAID helps a broad range of citizens to understand and advocate for their rights. Legislative strengthening activities focus on building the capacity of the National Assembly to support the legislative process particularly improving budget analysis and oversight processes, constituency outreach and media relations. With upcoming 2007 and 2008 parliamentary and presidential polls, respectively, USAID is implementing a comprehensive election support program (Counterpart, AED, IREX, ABA/CEELI, IRI, IFES, NDI, DAI).

Social Protection (FY06 \$5.7 million, 11%): This program strengthens and assures the sustainability of key aspects of the social safety net, while providing critical services to the most vulnerable. Key activities focus on reforms on employment, family and health benefits, on prevention of child abandonment and institutionalization, on help to the elderly, and on small grants and infrastructure to communities and institutions for the vulnerable (UNDP, Mission Armenia, World Vision, Fund for Armenian Relief, CHF, Save the Children).

Health Care (FY06 \$8 million, 16%; plus CSH \$0.3 million): Reforms in primary healthcare services include reproductive health care and rural health services. USAID works with U.S., Armenian and international health agencies to develop efficient administrative, managerial and financing mechanisms, strengthen medical education and improve the regulatory environment for healthcare service delivery. The USAID-promoted open enrollment system allows for citizens to select their own family doctor, and builds on prior achievements: a family medicine curriculum, trained rural nurses and mobile health services. (World Vision, AAWC, EMG, AECF).

Cross-Cutting Program (FY06 \$7.8 million, 15%; plus CSH \$0.6 million): Multi-sector programs for human and institutional capacity, strengthened civil society, public administration, media and cross-border cooperation, fall in this area, and are addressed through a number of USAID cross-cutting programs. In response to the Avian Influenza (AI) outbreak in this region, USAID has put in place activities aimed at developing Armenia's preparedness and ability to prevent, detect, and contain the threat (AED, Eurasia Foundation, AUA, Project Harmony, DAI).