



Strategy Paper on Programmatic Directions for 2009-2013

Background

During the five years of USAID/Armenia's 2004-2008 strategy period Armenia experienced rapid economic growth and developed some important aspects of a market economy. USG assistance programs, combined with the efforts of other donors and the Government of Armenia resulted in significant progress and reforms across sectors.

These reforms have laid the foundations for the next stage of Armenia's development. Poverty, though still prevalent, has been and continues to be reduced; an improved legal and policy framework is in place; substantial progress is being made in the rehabilitation of infrastructure and utilities; a middle class is rapidly emerging; and there is increasing potential for civil society to play a determining role toward positive transformation.

But Armenia's rapid growth and continuing reforms have not yet led to a substantial increase in national competitiveness and have not resulted in sustainable and broad based economic development. Public services, including social services and healthcare, have improved in some aspects but remain under-funded and of insufficient quality. And Armenia's economic growth has not been matched by equal progress in the consolidation of democratic processes and good governance.

The key areas where continuing need is combined with significant opportunities for USAID to assist in Armenia's development are: (1) progress toward national competitiveness, (2) increased quality of social and healthcare services, and (3) a more effective role for civil society in promoting democratic reforms.

Goal

In light of the progress made to date and the remaining challenges described above, USAID/Armenia's overall goal for 2009-2013 is the following.

Overall goal: "Sustainable development through increased competitiveness, higher quality social services and a more empowered civil society"

This goal drives the results targeted under three main Functional Objectives: Governing Justly and Democratically, Investing in People, and Economic Growth, as outlined below. In addition, the strategy framework includes results corresponding to Peace and Reconciliation Processes.

Objectives and Results

Governing Justly and Democratically (GJD)

GJD objective: “Agents of change effectively promote democratic reform”

GJD result 1: Increased civic participation and access to information

- Civic participation through advocacy, think tanks, watchdogs
- Alternative media

GJD result 2: Enhanced political participation

- Election law and financing
- Political parties and culture

GJD result 3: Improved governance and rule of law

- Local government service provision
- Working with parliament and the judiciary

GJD result 4: Improved control of corruption

- Mobilizing civil society against corruption
- Anti-corruption strategy and systems

Investing in People (IIP)

IIP objective: “Increased use of health care services and improved social protection”

IIP Result 1: Increased use of health care services, with a focus on primary health care

- Quality of health care services
- Health system financing and efficiency
- Health behaviors, including preventive and care-seeking behavior

IIP Result 2: Improved social protection systems

- Social insurance systems
- Social benefits
- Social services to vulnerable populations

Economic Growth (EG)

EG objective: “Increased competitiveness and economic sustainability”

EG result 1: Enhanced private sector capacity

- Management and marketing capacity of businesses
- Trade capacity of businesses

- Workforce development

EG result 2: Increased access of businesses to financing

- Banking sector
- Financial infrastructure
- Policy and systems related to credit and lending

EG result 3: Improved policy and systems to foster competitiveness

- Tax administration
- Business enabling environment
- Public services and environment, particularly telecommunications and water

Peace and Security (P&S)

P&S objective: “Increased understanding of the benefits of ties with neighboring countries”

P&S Result 1: Increased popular pressure in Armenia and its neighbors for better ties

- Dissemination of information
- Meetings, seminars, and studies

P&S Result 2: Cross-border cooperation mechanisms established

- Support to cooperation initiatives between Armenia and its neighbors

Cross-Portfolio initiatives

The new Strategy Framework includes cross-cutting themes and places special emphasis on initiatives in education and in environmental protection which contribute directly to results targeted under the four above-mentioned objectives. Specifically, some activities developed under the four objectives would include aspects related to:

- Workforce development; vocational, higher and secondary education
- Environmental mitigation/remediation; water, air and ground pollution; solid waste management

Overarching Strategies

Overarching strategies determine how USAID/Armenia will design activities and work with partners, beneficiaries and counterparts during the 2009-2013 strategy period. These strategies are not explicitly included in the results outlined above, but they will:

- Become a basis for designing and assessing new activities
- Be incorporated in evaluation criteria for competitive awards

Overarching Strategy 1: Public-private partnerships

The 2009-2013 strategy will maximize opportunities for working with non-traditional resource partners in order to substantially increase matching investments in development. Through public-private partnerships USAID/Armenia will:

- Harness expertise and fresh perspectives
- Leverage development funds
- Introduce third-party oversight and ownership of activities
- Promote corporate social responsibility
- Partner with the Government of Armenia and the private sector in targeted initiatives beyond technical assistance
- Address NGO sustainability
- Catalyze foreign direct investment

A special category of partners for development in Armenia is the Armenian diaspora. The strategy will place particular emphasis on working with the diaspora in ways that are optimal for achieving USG interests while also furthering the goals of dedicated development partners.

Local and international businesses are also prime targets for partnership, whether through Corporate Social Responsibility programs or other more targeted alliances. The Government of Armenia is a natural partner in three-way consortia involving private companies or foundations co-investing along with USAID and the Government of Armenia in areas of common interest and mutual political will.

Overarching Strategy 2: Empowering agents of change

A decade of rapid economic growth in Armenia has resulted in opportunities for social and economic transformation. This growth has started to give rise to an economically and/or civically active segment of the population that has the potential to become an effective agent of change and a generator of national prosperity during the course of the 2009-2013 strategy period. Over the next decade, there is an opportunity to support and shape the growing demand by Armenians for better governance, better services, more competitive professional careers, and opportunities for sharing power and affluence within a broader segment of society. Supporting agents of change will mean targeting:

- Active individuals and organizations in civil society
- The middle class
- Youth
- Reform oriented government officials and managers

The strategy of empowering agents of change will likely have programmatic implications such as:

- Strengthening grants mechanisms and making them more flexible
- Increasing public-private partnerships (see above) and local contracting
- More actively supporting think tanks and others who influence national policy
- Creating further opportunities for international exposure and exchanges

Overarching Strategy 3: Access to information and networks

This strategic approach consists of facilitating civil society's access to reliable information and local and international networks as resources with substantial transformational potential.

Under Economic Growth, this would mean:

- Assisting in the rapid and sound development of the telecommunications industry
- Promoting rapidly increasing internet penetration
- Expanding ICT usage to the regions
- Fostering international integration and competitiveness through increased access to global networks and trade.

In Investing in People, the emphasis would be on:

- Access to life-enhancing and life-saving information
- Access to e-services for remote communities

Under Governing Justly and Democratically, access to information would be a tool for:

- Fostering and organizing civic participation
- Ensuring media independence
- Securing equal access
- Reducing corruption through e-governance
- Increasing the reach of advocacy efforts

Transition Plan

There are a number of programmatic directions that were active during the previous strategy period but are not included in the 2009-2013 Strategy Framework. Most of these will be discontinued after 2008 but the following four will be phased out more gradually and will be discontinued by 2010, with no new activities being initiated in them in the interim.

- Direct financing of social service provision
- Social infrastructure development
- Labor issues and occupational safety and health
- Natural resource management in water