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ENDORSEMENT MEMO FOR THE DIRECTOR OF U.S. FOREIGN ASSISTANCE HENRIETTA FORE

FROM: Chargé d'Affaires Joseph Pennington 

SUBJECT: Performance Report on Fiscal Year 2007 for Armenia

Since the submission of our first Operational Plan in February 2007, despite the internal and regional challenges Armenia has faced, our assistance efforts have brought forth relevant and tangible results. This performance report, which I fully endorse as the Chief of Mission, details USAID's accomplishments up until the end of FY07. It also provides a realistic picture of the problems that remain unsolved and require further attention as we continue our assistance efforts.

Accomplishments over the past eight months both contributed to and were enhanced by positive developments in the country. Armenia's nationwide polls for the National Assembly represented an improvement over past elections; rapid economic growth restored the Country's GDP beyond that of the Soviet period and lifted thousands out of poverty. Armenia has also generally managed well its ties with Russia and Iran, without threatening its relations with European and U.S. partners.

Nevertheless, obstacles to Armenia's development remain, and in some cases have hardened. Despite the decrease in poverty, income inequality has widened. Armenia continues to be at an impasse in its relations with Azerbaijan and Turkey; hopes are dim for open borders with these neighbors anytime soon. Lastly, little headway was made in overcoming the deep-rooted development challenge of wide-spread corruption, as evidenced, *inter alia*, by stubbornly low tax collections.

The impact of our assistance efforts has also been affected directly by an average 11% annual loss in the value of the dollar versus the local currency since February 2005. Particularly with those assistance activities dependent upon construction and rehabilitation, targets have been scaled back to accommodate the reduction in the dollar's purchasing power.

USAID programs, the subject of this report, have made inroads in supporting Armenians under four of the five USG functional assistance objectives: Peace and Security, Governing Justly and Democratically, Investing in People, and Economic Growth.

To promote Peace and Security, we have modestly supported unique cross-border partnership initiatives at the grassroots level that address issues of concern to the entire region among the countries of Armenia, Azerbaijan, Georgia, and Turkey. USAID's most significant achievement

during this period centered on an international conference that considered the potential economic and social impact of opening the Armenian-Turkish border. Attended by U.S., Turkish, Armenian and other regional experts, the conference supported follow-on discussion sessions in Tbilisi, Istanbul and Ankara, which spurred constructive public debate in both countries.

Under the goal of Governing Justly and Democratically, USAID's programs enhanced the capacity of the GOAM to conduct elections in an open and transparent manner and to strengthen Armenia's political culture by reducing public apathy. Election-related activities included assistance to improve the voter registry system and to strengthen political parties. Turnout for the parliamentary election that took place in May was higher than expected, and the election was an improvement toward international standards. The USG will continue to work with the GOAM and civil society to improve election administration, electoral adjudication, voter education, and equal media access.

Investing in People featured the launch of a pension reform program aimed at strengthening the social safety net for vulnerable communities. In addition, health sector reform began a nationwide roll out of "open enrollment" that stimulates competition among healthcare providers. Further healthcare improvements will follow. Adoption of the USAID-supported National Water Law will result in greatly expanded access to potable water, reaching some 224,000 Armenians. Lastly, USG technical assistance laid the groundwork for Armenia's "2008-2015 Education Development Program" which the Ministry of Education submitted to Parliament promising future reforms in this critical sector.

In Economic Growth, USAID assistance strengthened Armenia's financial sector and business environment. Due partly to our efforts, the information technology industry grew by 16% reaching \$97 million in 2007 and tourism grew by 49%, to \$317 million. The legal framework for the banking, insurance and security sectors was improved through 11 new pieces of legislation, thus making the system more compliant with international best practices. U.S. assistance worked with the GOAM to improve energy security through 72 projects in renewable and efficient use of energy, including preliminary studies for a replacement nuclear power plant. A replacement plant is both the lowest cost solution for power generation, and would break unhealthy dependence on Russia and Iran for natural gas.

USAID's broad portfolio of programs continued to support Armenia's development toward a democratic, stable and prosperous society. As the Performance Report shows, these activities were mutually reinforcing and covered a full spectrum of complementary approaches, tackling both top-down policy reforms and bottom-up work with civil society and business. Numerous challenges remain across Functional Objectives, yet the tangible results achieved and the evidence of longer term positive trends demonstrate the value of our investment in a region which continues to be strategic for USG foreign assistance.

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OPPR Acronyms

as of 11/09/07

AAWC - Armenian American Wellness Center
AFIP - Armenia Freedom of Information Project
AI – Avian Influenza
BMO – Basin Management Organization
BRIDGE – Building & Rehabilitating Infrastructure for Development & Growth in Employment
BSP - business service provider
CAPS - Competitive Armenian Private Sector Project
CASP - Civic Advocacy Support Program
CBA – Central Bank of Armenia
CBO - community-based organization
CEC – Central Electoral Commission of Armenia
CLERP - Commercial Law and Economic Regulation Program
CSO - civil society organization
CV – curriculum vita
CVL – Central Veterinary Lab
DCA - Development Credit Authority
DNA- DeoxyriboNucleic Acid, the genetic material of a cell.
DOTS – Directly Observed Therapy System, a method for treatment of tuberculosis.
EE - energy efficiency
EF – Eurasia Foundation
EIA – environmental impact assessment
ESA - Employment Service Agency
EU – European Union
FP – family planning
FTC – Federal Trade Commission
FY – Fiscal Year
GATS – General Agreement on Trade and Services
GDA – Global Development Alliance
GDP – gross domestic product
GIS – Geographic Information System
GOAM – Government of Armenia
HICD - Human and Institutional Capacity Development
HPAI – Highly Pathogenic Avian Influenza
IAS - International Accounting Standards
IASB – International Accounting Standards Board
IASC – International Accounting Standards Committee
IFAC – International Federation of Accountants
IFES - International Federation for Electoral Systems
IFRS - International Financial Reporting Standards
IMF – International Monetary Fund
ISO - intermediate service organizations
ICT – Information and Communications Technologies
IT – Information Technology
ITU – International Telecommunications Union
MAAC - Mobilizing Action Against Corruption
MCC - Millennium Challenge Corporation
MIS – management information systems
MCH - maternal and child health
MOH - Ministry of Health
MOT - Mobile Outreach Team
NDI - National Democratic Institute
NGN – Next Generation Networks
NGO - non-governmental organization
NTP - Armenia's National TB Program
ob/gyns – obstetricians/gynecologists
PAL - Practical Approach to Lung Diseases
PCR - Polymerase chain reaction, a process where researchers can produce millions of copies of a specific DNA sequence so that it can be read accurately to identify biological entities.
PHC - primary health care

PHCR - Primary Health Care Reform Project
PPE – Personal Protective Equipment
PR – public relations
PRTF – Pension Reform Task Force
PRWG – Pension Reform Working Group
PSRC – Public Service Regulatory Commission of Armenia
RFE/RL – Radio Free Europe/Radio Liberty
RH - reproductive health
SCCP – South Caucasus Cooperation Program
SCPEC - State Commission for the Protection of Economic Competition of Armenia
SESA – State Employment Services Agency of Armenia
SMEs – small and medium-size(d) enterprises
SPA - Small Project Assistance
SPSS – Social Protection Systems Strengthening Project
SSIF- State Social Insurance Fund
STS – State Tax Service of Armenia
SVIS – State Veterinary Inspection Service of Armenia
TA – technical assistance
TAM/BAS - Turnaround Management and Business Advisory Services Project
TB - Tuberculosis
telecoms - telecommunications
TIP – Tax Improvement Project
TOT – Training of Trainers
UFNC - Unified Family Nursing Curriculum
UNICEF – UN Children’s Fund
USG – United States Government
VAT – Value Added Tax
VOIP – Voice Over Internet Protocol
WHO – UN World Health Organization
WRMA - Water Resources Management Agency of Armenia
WTO – World Trade Organization
YCAP - Youth and Community Action Program

Not using acronyms, but can if needed:

Ministry of Education and Science
Ministry of Finance and Economy
Ministry of Labor and Social Affairs
Ministry of Nature Protection

Armenia 2007 Performance Report

Operating Unit Performance Summary

The USG is assisting Armenia to meet several broad challenges. Armenia's unresolved conflict with Azerbaijan and blocked borders present challenges to all areas of development. Armenia's GDP growth has been impressive, though overly dependent on construction and remittances. Armenia's lack of energy resources makes it overly dependent on other states. Its healthcare, social support and education systems need upgrading. Armenia's general progression towards just and democratic governance has been slow and in some aspects retrograde.

Post's development assistance efforts cover fifteen Program Areas which can be summarized into eight broad goals with key achievements under each.

1. Mitigating conflict and improving formal and informal regional relationships: a USG-supported conference brought new worldwide calls to open the Armenian-Turkish border;
2. Building civil society and an independent media to increase citizen participation and reduce corruption: The USG's youth action program has formed the basis for the founding of a national youth action association;
3. Strengthening decentralized governmental functions, particularly to counter an overly strong executive: USG support helped Armenia conduct parliamentary elections that were deemed an improvement over past polls;
4. Rationalizing the government's social support systems to ensure the truly vulnerable receive the assistance they need: USG social services projects have directly benefited 224,000 persons;
5. Improving private sector competitiveness and workforce development to provide Armenia with a sustainable economic base: USG has spurred considerable growth in Information Technology and Tourism;
6. Reforming the financial sector to achieve an enabling environment for businesses: New USG-supported rules and practices have already led to growth in financial services;
7. Promoting the efficient and safe use of energy and water: USG projects and technical assistance have instrumentally helped Armenia meet its needs in these sectors;
8. Reforming the healthcare system from one that is too focused on specialization and without consumer choice: Nearly half of the country's population now has access to primary health care services.

Post takes into consideration social (including gender) issues and political sensitivities and acts in tandem with government, other donors and civil society to implement programs. All activities are in full compliance with their 22 CFR 216 determinations.

Program Area Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation

The USG goal in this Program Area is to establish a more favorable climate for cross-border conflict reduction on a civil society level. In FY07, the USG supported the Eurasia Foundation to implement a number of initiatives in the three South Caucasus countries (Armenia, Azerbaijan, and Georgia) that resulted in an increased number of cross-border partnerships among civic activists and other engaged citizen groups. These initiatives promoted and strengthened economic and social ties among the neighbors at the grassroots level to accelerate confidence building in the South Caucasus. The resulting impact includes increased regional cooperation through the exchange of ideas and lessons learned in key common areas of public

policy, increased opportunities for intra- and extra-regional trade among businesses, and establishment of strategic partnerships through a joint Masters Program in Journalism. These grassroots efforts to create partnerships set the stage for further higher level actions aimed at improved regional cooperation in the South Caucasus.

The USG also supported a cross-border program aimed at increasing opportunities for the development of positive economic and diplomatic relations between Armenia and Turkey. This effort resulted in increased understanding, at least at the grassroots level, of the need to re-establish dialogue and cooperation between the two countries. While it has led to the exploration of opportunities for further dialogue and increased opportunities for cooperation in the region, this still remains a sensitive area with little political will. Tangible results very much depend on a complicated array of political factors, and only upon their resolution will bilateral negotiations on reintegration at the state level be possible, thereby leading to greater regional stability and prosperity.

Program Element Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.2 Peace and Reconciliation Processes

In FY07, the USG supported several efforts implemented through the Eurasia Foundation Program. These included the initiation of a multi-stakeholder dialogue on the economic and social benefits of opening the Armenia-Turkey border, as well as support for grassroots partnership initiatives that address issues of concern to the entire region.

Under the Armenia-Turkey Project (ATP), the USG supported several research initiatives with the goal to increase understanding among governments, civil society and the general public on Armenian-Turkish relations. ATP carried out an assessment of best practices in Armenian-Turkish Track Two Diplomacy Projects. ATP also supported research on the distributional consequences to the Armenian and Turkish economies of border opening, and results were presented at an international conference in Yerevan and at round-table discussions in Armenia, Tbilisi, Ankara and Istanbul. These discussions helped identify possible areas of cooperation between civil society, media organizations and local government in FY08.

Local organizations in the three South Caucasus (SC) countries engaged in joint programming in public policy research, independent media collaboration, professional journalism development, cross-border business partnerships and trans-boundary environmental issues. Focus will continue in all areas in FY08. In FY07, the European Neighborhood Policy (ENP) Civic Dialogue Project promoted NGO-government dialogue through policy forums and joint policy reports on waste management, food safety and vocational education, as well as increased awareness of the benefits of European integration and the ENP process among journalists and the general public. The creation of a joint Export Catalogue enabled local businesses to enhance their profile among prospective foreign partners. The food safety project resulted in development of a common methodology for monitoring food products that was reflected in legislation that enables better monitoring of food safety practices. One partnership provided funding to apicultural associations that led to improved practices, increased profitability, and strengthened links among beekeepers of the region. The Journalism Education Initiative helped the development of professional and independent media in the SC by improving the quality of university-level journalism programs offered by leading educational institutions. Degrees in journalism will be mutually recognized in all three countries.

Element Indicator Narrative \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.2 Peace and Reconciliation Processes

Although the “number of reconciliation projects” is slightly below the target, there was a larger volume of activities under each grant and the planned programs had greater outreach than anticipated. In keeping with the Program’s trend to award larger but fewer grants in this area, the FY08 target for has been slightly decreased.

The result for “number of people attending events” was significantly higher than expected because of the interest caused by cross-border events. The FY08 target has been adjusted to reflect this.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights

Rule of Law in Armenia has made steady, often grudging progress. Under the Judicial Independence Program Element, the USG supported improvements in the judicial code of ethics, monitoring of more court cases, training of 140 judges in European case law application, and publishing of procedural guidelines for judges. Under the Justice System Program Element, legal professionals were trained in election adjudication prior to and on the day of the National Assembly elections and 180 judges and 400 lawyers were trained in both procedural and substantive areas of the law. With USG support, the Chamber of Advocates held the 2007 bar exam in an improved manner and developed rules and procedures for licensing of lawyers’ legal education. In addition, a Public Defenders’ Office was established. The major challenge continued to be the influence of the executive branch on judicial processes, particularly if the outcome was deemed important. Judicial corruption remains a problem. Continued training of legal professionals, strengthening of judicial institutions, developing and fine-tuning of law school curricula, oversight of an open and transparent bar exam, and working with advocacy NGOs are key components of a process that has seen measured progress in instilling the importance of rule of law principles in the legal profession as well as seeing those principles applied. Election adjudication-related training prepared a cadre of trained professionals who would, in principle, be in a position to make elections freer and fairer.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.2 Judicial Independence

In FY07, progress was achieved in increasing judicial independence through the following interventions:

The USG provided extensive expert commentary to the Judicial Code that incorporates many of the 2005 constitutional reforms. The new Code is comprehensive and touches upon nearly every aspect of the judicial sector, including the establishment of new courts and court jurisdictions, judicial selection, judicial education and judicial discipline.

The Association of Judges of the Republic of Armenia developed commentaries to the Code of Judicial Conduct in cooperation with the American Bar Association. The International Union of Judges posted the commentaries on its website as a model.

With USG assistance, 180 judges were trained to have an improved understanding of the substance of statutory reform based on the new Judicial Code and the Constitution.

Given that European Court of Human Rights (ECHR) decisions take precedence over those of the Armenian courts, Armenian judges must master the Western practice of an appeal process, be skilled in the

interpretation of substantive law, and write professionally grounded opinions to support judicial decisions. At least 140 judges received training on European case law application to study and apply well-reasoned opinions as the foundation for rule of law. Nine judges of the Court of Cassation were also trained on how to interpret and follow the precedential decisions of the ECHR.

USG provided training on election adjudication prior to and on the day of elections to ensure that the legal system performed its role in advocating for free and fair elections. Specifically, judges were trained to handle election-related cases. Through USG assistance, the Judges' Association developed and published the Bench Book for Judges that provides procedural guidelines on substantive law.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

In FY07, the Rule of Law Development Program was successful in improving the Armenian justice system, assisting in further development of professional associations, including strengthening lawyers' professional qualifications to help them act as an equal party in trials. Assistance to the newly formed Chamber of Advocates (CoA) was particularly instrumental. New rules and procedures developed with USG technical guidance helped to establish sound licensing mechanisms for lawyers. With USG technical assistance, the CoA was able to significantly improve administration of the bar exam. The exam was scored by a computerized system to avoid possible fraud. The content of the exam materials and the administration were compliant with Western standards. On the whole, the applied model was similar to the one used in countries with Western legal systems.

With the development of new legislation and consequent structural adjustments in the justice system, the USG continued to provide expert advice on key areas of substantive law and its practical application. Some 180 judges and 400 lawyers were trained in both procedural and substantive areas of law dealing with the 2005 Constitutional reform and the new Judicial Code.

Judges and lawyers were trained in election adjudication prior to and on the day of elections to ensure that the legal system performed its role in advocating for free and fair parliamentary elections.

USG assistance supported continued operation of three legal clinics in the universities of Yerevan, Gyumri, and Gavar. The quality of free legal aid has improved through the introduction of these clinics due to training and education. Around 300 clients applied to the clinics to receive legal consultancy and aid. Moreover, the legal clinics have served as a conduit for over 150 law students to gain practical experience to supplement their theoretical education.

"Alphabet of Law" series of Public Service Announcements (PSAs) scored major success this year in partnership with Armenia's Public TV Station and 15 regionally-based private stations that broadcasted them regularly and for free. The "Alphabet of Law" is a sequence of short animated PSAs geared towards teaching children about basic concepts of law and democracy.

The USG supported the establishment the first Public Defender's Office in Yerevan and provided training to 31 public defenders.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.2 Judicial Independence

All targets for this program element were met.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

All targets for this program element were met or slightly exceeded.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance

Overall results in Good Governance were mixed. Lack of cooperation by National Assembly leadership forced the cancellation of the Armenia Legislative Strengthening Program II (ALSP II) in March 2007. Nonetheless, the legacy of ALSP continues to have an impact: 157 accredited journalists used the Budget 2007 summary document for their coverage; visits to the National Assembly website, established with USG TA, doubled over the last two years; and an intern program was institutionalized. The key challenges were establishing a working relationship with the new National Assembly and overcoming an apparent lack of political will to implement legislative enforcement mechanisms.

In the local government program, 31 cities developed 37 capital improvement projects; the Ministry of Justice approved “Rules of Procedures for Local Councils;” improved financial management systems were put in place in some 30 cities; and municipalities began to work with local banks as a means of finding alternative funding resources through loans. Key challenges are the slow implementation of decentralization-related legislation and the fact that most local government reforms were put on hold prior to the 2008 presidential elections.

The USG launched the Mobilizing Action Against Corruption (MAAC) activity in late summer 2007. MAAC established relationships with the Chamber of Control, the Anti-Corruption Monitoring Commission and the Ombudsman, and already started providing the Commission with technical assistance to help draft the GOAM’s new anti-corruption strategy. The key challenge is whether MAAC’s government counterparts are truly committed to an anti-corruption strategy with specific implementation and enforcement provisions, including punitive actions, to fight corruption.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.1 Legislative Function and Processes

The only project under this element, the Armenian Legislative Strengthening Project II, was cancelled early in the fiscal year due to lack of cooperation by new National Assembly leadership. Nevertheless, the legacy of ALSP continues to have an impact: 157 accredited journalists used the Budget 2007 summary document for their coverage; visits to the NA website, established with USG TA, doubled over the last two years; and an intern program was institutionalized.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.3 Local Government and Decentralization

In FY07, the USG provided expert assistance to the Armenian national and local governments to help develop legislation for Inter-Community Unions that will allow municipalities to provide more effective services and create capacity for better fulfillment of their mandatory and delegated functions. The GOAM

put the draft on hold to consider after the 2008 presidential elections. Delegated services-costing methodology was submitted to the central government to provide additional financing to local governments for the provision of delegated services.

USG technical assistance resulted in 31 cities developing 37 different capital improvement projects, which in turn are being considered by a variety of financial sources: local, state budget, state investment funds, international donors, and the municipal credit market. USG technical assistance helped 12 communities and is currently assisting 26 others to increase their revenue base through the practice of improved asset management.

The adoption of Ministry of Territorial Administration-supported “Rules of Procedure for Local Councils” enabled these Councils to show more transparency in their decision-making, demonstrate a better knowledge of public relations techniques, and ensure proactive communication with citizens.

Results for the 38 cities participating in the USG-supported program include the adoption of nine performance budgets, 34 capital budgets and 26 newly revised capital investment plans. A capital improvement project prepared in one city will be financed by a local bank and serve as a model for future private loans. In addition, collection rates increased, which therefore increased the sustainability of local public services. Moreover, technical assistance on public and media relations helped local governments improve communications with their citizens, thereby raising awareness and interest in participating in the local decision-making process.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.4 Anti-Corruption Reforms

The award for the USG’s Mobilizing Action Against Corruption (MAAC) project, the only project in this Program Element, was awarded in July 2007 and activities began in August. Due to the late-in-the-year start up, FY07 achievements were limited.

MAAC has established relationships with Armenia’s main anti-corruption bodies: the Chamber of Control, the Anti-Corruption Monitoring Commission, and the Ombudsman.

MAAC is working closely with the Monitoring Commission, providing technical assistance to help draft the new Government of Armenia anti-corruption strategy.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.1 Legislative Function and Processes

The only project in the OP under this Element had been cancelled at the time of OP submission. Therefore, no targets were set for the indicators, and there are no results to be reported.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.3 Local Government and Decentralization

All targets for this program element were met or exceeded.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.4

Anti-Corruption Reforms

Results were not met due to the later than planned start of the Mobilizing Action Against Corruption project. Originally planned to start in the spring of 2007, it did not start until August 2007.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building

Under the Elections and Political Processes Program Element, international and domestic monitors noted improvement in the procedural conduct of the May 12 National Assembly elections. Due to USAID technical assistance, the voter registry was much more accurate than it had been in previous elections. Trainings of Election Management Bodies contributed significantly to the professional preparedness of election officials and improved conduct at the polls. Rule of Law partners implemented an election hotline and provided legal advice to voters. For voters with disabilities, the USG constructed nine ramps and introduced tactile ballot guides in all polling stations throughout Armenia. Election grants to NGOs covered such areas as voter-education, domestic monitoring and debate preparation. The result of these and related efforts was better-run elections; efforts as enumerated in USAID's 9-point election strategy will continue through the presidential elections slated for February 2008. Key issues and challenges to free and fair elections include campaign finance loopholes, manipulation of vote counts by Territorial and Central Election Committees, and allegations of vote buying. The USG will continue working with other donors to continue to nurture progress in electoral processes and toward freer and fairer elections.

Under the Political Parties Element, there was measured progress as well. Political parties used International Republican Institute polling and National Democratic Institute training to develop issue-based platforms. Parties engaged in door-to-door campaigning, targeted constituencies based on research, and were able to articulate specific policy priorities to voters. Twenty one parties pledged to ensure that at least 25 percent of candidates on party lists would be women, and the number of women elected to the new National Assembly increased from seven to 12, including a Deputy Speaker. The ongoing challenge remained the broadening of party participation and the moving away from personality-focused political parties. Activities in this Program Area are laying the groundwork for more open, efficient and transparent political processes in Armenia.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes

International and domestic election monitors noted improvement in the procedural conduct of the May 2007 parliamentary elections. The Organization for Security and Cooperation in Europe's Election Observation Mission found that the elections were a significant improvement over previous polls and, despite irregularities, largely complied with international standards.

The USG assisted the GOAM in its efforts to improve the voter database, which included cross-matching with other citizens' databases and correcting many discrepancies in the voters' lists.

Training of election management bodies contributed significantly to the professional preparedness of election officials and to improved polling.

The USG produced 5,000 copies of posters and 10,000 copies of leaflets on voter-related information,

12,000 posters on new election procedures, and two TV and radio public service announcements encouraging voters to participate and to follow correct procedures.

Challenges included campaign finance loopholes, vote buying, and manipulation of protocols during vote tabulation by Territorial and Central Election Commissions. Current draft amendments to the election code, which were drafted with USG assistance, address some of the campaign finance loopholes and improve vote tabulation procedures. The election training program is being adjusted to take into account problem areas that were evidenced in May. Voter education efforts will include a focus on combating the practice of vote buying.

Host country commitment has been mixed and varying at times. Establishing a good working relationship with the Passport and Visa Department, the records of which are the basis of the voter registry list, was difficult at first, but has been effective since. The support and commitment of the Central Election Commission has varied, at times requiring high-level U.S. Government intervention, while proceeding smoothly at other times.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties

It was evident in the 2007 parliamentary election campaign that many pro-government as well as opposition parties utilized National Democratic Institute's (NDI) technical assistance and training on campaign strategies and tactics. An unprecedented number of parties engaged in door-to-door campaigning, targeted constituencies based on research, and were able to articulate specific policy priorities to voters.

The use of International Republican Institute's polling results, coupled with NDI's message development training, was reflected in several of the major political parties' election platforms and media efforts.

Twenty one parties pledged to ensure that at least 25% of candidates on party lists were women, and the number of women elected to the new parliament nearly doubled from seven to 12. Ultimately, 23% of all party list candidates, including those from parties which had not formally pledged but had supported the aim, were women. A woman has been elevated to Deputy Speaker, the highest political rank ever held by a woman in Armenia.

Several youth discussion clubs organized by NDI allowed young people the opportunity to question candidates directly about issues of concern and to debate the merits of the various party platforms.

Personality-based political parties, government intimidation of opposition supporters, and the unwillingness of most media outlets to provide unbiased coverage of political parties, particularly outside the official campaign period, continue to hinder the development of political parties in Armenia.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes

The target for "number of election officials trained" was not met because election law amendments resulted in redistricting which reduced the number of precinct commissions. The short time frame between when precinct commissions were formed and election day also created logistical difficulties. Nevertheless, the activity accomplished its goals by training 11,183 election officials.

The target for “number of laws or amendments to ensure credible elections drafted” was not met; however, further amendments are being considered during October-November 2007. Two sets of amendments were made during FY07. They consisted mainly of improvements to election administration that were implemented in the May elections.

A custom indicator of the “number of domestic election observers trained with USG assistance” has been added to show the FY07 results for a project that was not included in the FY07 OP.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties

All targets for this program element were met or exceeded; the target for “the number of individuals who receive USG-assisted political party training has been increased accordingly.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society

Civil Society development continued in 2007 with some positive results. Under Civic Participation, the GOAM withdrew a controversial bill on lobbying due to pressure from NGOs and dialogue with the Ministry of Justice. Program grant recipients delayed the adoption of the GOAM’s program to transition to digital radio and TV, and made major in-roads with the GOAM in implementing sub-regulatory provisions supporting mental health care in Armenia. A genuinely grass-roots program helping to create youth clubs that focus on community-based issues expanded to ten new communities. Other grant recipients were active in voter education, organizing debates and get-out-the-vote efforts. Major challenges included the lack of an open legislative framework for NGO development, the inability of NGOs to directly generate commercial revenues, and weak institutional capacity for expanded membership. While these problems persist, NGOs are making steps toward sustainability and influencing government policies, albeit on small, sector-specific levels.

Results were mixed under the Media Freedom and Freedom of Information Element. All media outlets that entered the USG-supported development program graduated and were prepared for loan applications. About five media outlets progressed from work-plan development to pre-loan assessments, qualifying to apply for loans. Two Armenian partner banks already signed cooperation agreements with the program and are prepared to make loans to the qualified media outlets. Broadcast monitoring continues to provide advertisers verifiable data of ads aired. A journalism masters program was institutionalized and is sustainable. The Freedom of Information Center (FOICA) activity which ended in June trained hundreds of local officials, NGOs, and citizens about their rights under Armenia’s 2003 Freedom of Information Law and has filed and won suits against the government. The greatest hindrance to a truly free press in Armenia remains that most major media are controlled by oligarchs and business interests connected to ruling elites. This has led to self-censorship and lack of objectivity. That said, cadres of journalists and business managers have been trained in Western practices and await a political opening to create a more hospitable environment.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation

In FY07, the USG supported a grants program aimed at building local advocacy capacity. Some 83% of

grantees demonstrated proactive community mobilization practices, 64 organizations effectively engaged with local and national governments to provide input into the decision/policy making process, and four maintained a coalition to continue efforts for fair and free elections.

Three grantees created a coalition to mobilize support against proposed Radio/TV Law amendments which imposed prohibitive duties on private broadcasters and would have barred RFE/RL broadcasts. The draft law did not pass parliament. Six NGOs were successful in preventing the passage of the restrictive draft Law on Lobbying.

The USG supported development of a tool to measure the organizational development of ISOs and NGOs, in areas including governance, financial sustainability and human resources. The tool showed that ISOs were strengthened measurably over last year, built internal capacity to provide advocacy trainings and consultancies to clients, and showed steady progress in revenue generation through service provision.

Members of communities involved in USG-supported efforts to strengthen local activism were more involved in preparing project events and planning future activities. The dialogue between local authorities and communities became more concrete, and communities began mobilizing to address local issues. Community members began to overcome the feeling of isolation and became more integrated in political, cultural and social life.

In FY07, the Youth and Community Action Program branched out from 60 to 70 rural communities throughout the country and held its first national conference. This genuinely grassroots program has helped create youth clubs that select their administrative structures and focus on community-based issues either through advocacy or direct action.

In FY07, 200 people participated in a USG-supported training on environmental problems, advocacy and rights, and how to engage the public - particularly youth and women - to address these issues. Seven environmental advocacy campaigns were successfully conducted, including halting construction of a funicular on a forested hill and urging a company to compensate for forest destruction via reforestation. Environmental films were broadcast in six communities. As a result of these activities, community members became more involved in and aware of environmental issues and their possible solutions.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.2 Media Freedom and Freedom of Information

The Core Media Support Program for Armenia (CMSPA) graduated all media outlets that entered its development program. Five media outlets underwent work-plan development and pre-loan assessments by KPMG Professional Services firm and qualify to apply for loans. After a delay in the paperwork of participating banks, two Armenian partner banks signed cooperation agreements with the program in FY07, and are prepared to make loans to these qualified media outlets. Access to capital will help strengthen media outlets' financial health and editorial independence.

CMSPA's subcontractor KPMG Russia completed an assessment of Television Audience Measurement and TV Monitoring Systems in Yerevan. The assessment concluded that the CMSPA program helped the growth of the advertisers' confidence in and spending on the Armenian television advertising market (from \$3.5 million per year in 2004 to nearly \$40 million in 2006/07).

The program's regional research/survey component helped local media outlets in the provinces to measure their audiences. Targeted local media outlets began using research as a tool for audience-based management.

Two elections newspaper supplements on the topic of women and politics were produced and inserted in targeted provincial newspapers and the ArmeniaNow Online Publication during the May 2007 Parliamentary election season.

Three study tours gave journalists opportunities to learn from experiences in Ukraine, Hungary and France. The first focused on coverage of the Ukrainian Parliamentary elections. The second sent 14 newspaper managers to learn how print distribution networks operate. The third was a group of broadcast journalists who examined how French media covered the French Presidential Elections.

Another project, "Sharing Experience in Armenia: Introducing A Journalism Education Model," contributed to results in this element. Through it, Yerevan State University has taken responsibility for the sustainability of the Journalism Master's degree program founded by International Center For Journalism and reformed related curriculum and syllabi at its Armenian School of Journalism.

Lastly, the Freedom of Information Center's Armenia Freedom of Information Program activity, which ended in June, trained 300 local officials in FY07, as well as NGOs, and citizens about their rights under Armenia's 2003 Freedom of Information Law and has filed and won suits against the government.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation

All targets for program element were met or exceeded by a significant amount.

The result for "CSOs promoting political participation" was higher than expected because one implementing partner (EF) set their targets for CSOs but excluded media organizations and local community and youth groups. However, when they reported their results, they included these groups. In addition, another partner (CASP) distributed more grants than anticipated, in order to implement projects related to the 2007 parliamentary and 2008 presidential elections.

The number of CSOs improving internal organizational capacity and of those engaging in advocacy/watchdog functions were also higher than expected due to the above EF information.

The number of CSO advocacy campaigns was higher partly due to the above CASP explanation. In addition, another partner (YCAP) expanded their youth clubs faster than anticipated and experienced an elevated interest in club membership spurred in part by public outreach and word-of-mouth.

The number of people completing civic education programs was higher due to the above YCAP information, and because the result includes a project that was not included in the OP.

FY08 targets for CSOs promoting political participation and improving internal organizational capacity have been increased based on EF's FY07 results, although they won't be as high as those results because the Foundation plans to focus less on civil society programs in FY08 and more on their other program areas.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.2 Media

Freedom and Freedom of Information

FY07 targets included non-core media outlets, such as fast-track and special target outlets. However, the project has changed tactics to focus only on core media outlets as they will have the best chances of meeting the stringent requirements to receive loans and therefore of achieving financial sustainability.

In FY08, the target numbers for media outlets and for journalists trained are expected to decrease as a diminishing number of new outlets will enter the development program, while the existing participant outlets will move to the program's next phase, addressing their capacity to qualify for loans.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.3 Program Support (Civil Society)

The sector assessment was a proposed activity which subsequently was not funded in FY07. The special study was not conducted due to termination of the prior contract. This study is now scheduled to take place in FY08, and the target has been adjusted.

Program Area Performance \ 3 Investing in People \ 3.1 Health

Continued economic and social conditions present a challenging context to health service provision in Armenia. The current system is characterized by a focus on narrow specialty care to the detriment of PHC. Outdated medical training and a lack of continuing medical education negatively affect quality of care. Health sector under-financing (1.3% of GDP) causes a lack of supplies and pharmaceuticals, and encourages "informal" payments for officially free services. Recognizing these constraints, the MOH has adopted PHC as the foundation for the health care system in Armenia and, over the last 10 years, has devoted a progressively greater percentage of its budget to PHC. It has also committed to increasing health spending to 2.1% of GDP by 2012. While the GOAM is committed to health care reform, it often lacks the capacity to implement its policies and directives fully. The USG seeks to increase the use of quality PHC services by strengthening the MOH's ability to implement PHC reform, while simultaneously improving the quality of service provision. In the water sector USG assistance is focused on improvements of the legal and regulatory framework and the improved performance of water companies.

Key FY07 achievements include the successful launch of MCH initiatives in five new provinces; the development of comprehensive MCH and FP client education materials; the rehabilitation of 70 rural and semi-urban health facilities; the nation-wide roll out of open enrollment with over 50% of citizens choosing their PHC provider; the development of a TB training package to introduce DOTS at the PHC level; and the development of the Draft National Influenza Preparedness Plan. In the water sector the USG helped draft a National Water Law which has been officially adopted by the GOAM and will promote the efficient use, protection and management of water resources in Armenia.

Success in the various program elements will lead to increased transparency and efficiency of administrative, managerial and health financing mechanisms, an improved regulatory environment for public and private healthcare and water service delivery, and strengthened undergraduate and continuing medical education. In order to ensure the long-term impact of USG efforts and to move Armenia from developing to transforming country category, the overall focus of program efforts is to increase the capacity of key GOAM counterparts and institutions.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

In FY07, the USG provided technical assistance to Armenia's National TB Program to develop policies and guidelines which will enable the treatment of the disease at the PHC level. The USG assisted in the development of the National TB Strategic Program document for 2007-2015 which was endorsed by the GOAM in January 2007. Two needs-based budget scenarios associated with the new TB Program were developed. Based on the evaluation of the TB situation and TB control activities, the USG recommended continuing the provision of the essential first line TB drugs to cover the entire population to ensure uninterrupted availability of quality TB pharmaceuticals at reduced prices. One constraint is the tendency of the MOH to rely on donor funds (Global Fund and other donors) to finance all TB control activities. The USG continues policy dialogue with MOH on the need for the government to take over the plan for sustainable TB drug supply.

To improve the quality of TB care, the USG developed training plans and a training package on TB for PHC and prepared the first TOT course on TB for PHC providers. The International Standards for TB were introduced and provided a platform for reviewing and revising Armenia's TB standards. These revised standards will be incorporated into the MOH's annual statement of allowable procedures and costs under its basic benefit package.

To improve TB control while strengthening the overall management of respiratory diseases at the PHC level, the USG developed recommendations and a plan of action to adapt and implement the WHO strategy on a Practical Approach to Lung Health.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

The USG met or exceeded all OPHT indicators. USG support for non-communicable diseases reached over 1.2 million people and trained over 1,000 PHC providers.

Open enrollment (OE), or the process by which the population registers with the PHC physician of their choice, evolved from two pilot sites to a nation-wide roll out in FY07. The USG provided a comprehensive package of training, technical assistance and commodities to the MOH, the State Health Agency, and national and regional health authorities. This included computer software and hardware, training of health care providers and administrators, and the launching of an OE public awareness campaign. Approximately 50% of the Armenian population has enrolled and a new system of payment (whereby the provider's salary is based on the number of enrolled patients) is expected to begin in January 2008. Patient choice will introduce an element of competition in PHC which will contribute to improved quality of care and more rational allocation of resources.

In FY07, the USG provided training on evidence-based clinical guidelines in eye care and cardiovascular disease to over 1,000 health care providers. Many of these providers have not had continued medical education in over twenty years. In addition, the USG renovated and equipped 70 rural health posts and ambulatories providing services to approximately one half of Armenia's rural population.

Through a GDA activity, the USG supported a mobile eye clinic that screened over 50,000 people for eye conditions and provided a range of services from eyeglass provision to surgery.

Using field support mechanisms, the USG disseminated the 2005 Armenian Demographic and Health

Survey results at the national and provincial levels. The study highlighted continuing needs in MCH, including vaccination coverage and breastfeeding. The USG funded an assessment of PHC prescribing practices and drug distribution systems and designed a rational drug use course that is now incorporated into continuing education for family medicine doctors.

An assessment of the USG's flagship Primary Health Care Reform Project revealed positive progress towards reform but also highlighted a continuing need to improve the clinical skills of PHC providers. The results of the assessment will be used to inform work done in the remaining three years of the project.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

In FY07, the USG launched the second phase of its flagship MCH program in five Armenian provinces. Following the recommendations of the mid-term evaluation, the program has a stronger maternal health component and works at primary and secondary in-patient level (maternities). The USG established five clinical training sites and conducted comprehensive training in key MCH areas for 430 healthcare providers. Topics include labor and delivery, antenatal, newborn, infant and postpartum care as well as infection prevention.

One in four maternal deaths in Armenia is caused by postpartum hemorrhage. According to the most recent scientific findings, nearly all these lives could be saved with Active Management of the Third Stage of Labor (AMTSL). This year, the USG successfully introduced AMTSL to prevent postpartum hemorrhage in five maternities. Following competency-based training in late FY07, 458 women (or 90% of deliveries in target facilities) received AMTSL. In FY08, USAID will begin work with the MOH to institutionalize AMTSL through a national ministerial decree.

Medical outreach teams improved access to basic MCH services in 123 rural underserved communities through outreach visits and health education.

Over 240 communities participated in community mobilization and/or health education activities in FY07. The USG developed and disseminated a patient education brochure on prenatal care and a booklet on MCH entitled, "Ten Things Women Need to Know After Having a Baby." To educate patients on government-provided MCH benefits, USAID printed and distributed posters for every health facility. Combined, these activities will lead to improved prevention, home treatment and care seeking behaviors for MCH.

To increase the knowledge and skills of providers and clients, the USG trained over 1,400 health care providers and community health educators in maternal/newborn health and over 1,200 in child health and nutrition.

Health programs intrinsically address gender issues as women are the primary beneficiaries of MCH services and most primary health care providers are women.

Health system strengthening is essential to ensure that improvements in MCH services are sustainable. The USG enhanced the capacity of the MOH and the State Health Agency in management information systems by installing computer software and providing technical assistance and training in open enrollment.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

Presently, almost half of all pregnancies in Armenia result in induced abortion. In order to contribute to the reduction of abortions, the USG focuses its efforts on raising awareness of modern and effective FP methods and enhancing the FP/RH counseling skills of health care providers. In FY07, USAID supported the development of RH/FP training and IEC materials that are being used to improve healthcare provider performance and to raise public awareness of FP/RH.

The USG developed a four-day RH/FP Counseling and Reproductive Health Clinical Skills curriculum and conducted an initial TOT for ob/gyns, pediatricians and family physicians. The second generation of trainings will be conducted in FY08, thus expanding the provision of services to a wider range of providers. FP services are also being integrated into postabortion, postpartum, antenatal and infant care services in targeted networks. In one site, FP counseling and referrals by pediatricians increased the utilization of FP services more than fourfold.

With Armenia's 99 percent literacy rate, printed materials are an effective way to communicate health messages. The USG developed a post-abortion care and postpartum/infant care brochure that incorporates key family planning messages and disseminated 15,000 copies nationwide. The USG also developed a brochure on FP methods, which was approved by the MOH, that will be disseminated nationwide in FY08. Overall, through counseling and health education materials, the USG communicated FP/RH messages to over 86,000 people.

The MOH approved the Unified Family Nursing Curriculum and 130 rural nurses participated in a six month comprehensive training course which includes RH/FP topics. By 2010, the USG will provide this training to every rural health post nurse in the country, thereby improving quality of care, prevention, and referral.

Health system strengthening is essential to sustaining improvements in RH/FP services. The USG trained 138 PHC facility managers in modern and strategic management techniques, which improved their capacities to manage government-funded health services and their understanding of their rights and responsibilities as participants in the ongoing health care reform process.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.8 Water Supply and Sanitation

In FY07, USG-supported water programs were instrumental in improving the legal and regulatory framework for water supply and sanitation, assisting in commercialization of water companies and strengthening of their long-term sustainability, and promoting public participation in decision-making. The preliminary design package for the water supply rehabilitation of Artashat town and 27 nearby villages was approved by USAID and agreed to by the Armenia Water Company.

With USG support, the most important legal act in the water sector – the National Water Program law - was developed and adopted, and entered into force as of March 2007.

The Draft Law on Making Changes to the Water Code, which includes sections on water supply and sanitation, was prepared and given to the GOAM for circulation. The Law on Drinking Water was drafted and its first reading in the Parliament will take place in Fall 2007.

A study tour to the Czech Republic on “Compliance with European Union Water Legislation” was

organized jointly with the HICD program in May for the Working Group on Changes to Water Code.

Recommendations were developed and given to the Ministry of Nature Protection for integrating regulation of the use, abstraction and discharge of water through the permit system with the existing assessment of environmental fees on effluents and water use.

With USG assistance, the Public Service Regulatory Commission (PSRC) improved the water tariff policy via implementation of new procedures to introduce credibility, legitimacy, and transparency to the tariff setting process. Following USG-funded review and strengthening of the tariff calculation methodology, the PSRC implemented performance-based tariffs for water utilities.

The new uniform chart of accounts was finalized and accepted by the PSRC and five water companies. Formal promulgation by the PSRC is scheduled for December 2007.

In July, USG funding supported the organization and implementation of training for five water supply companies on the new Uniform Chart of Accounts, its major provisions, and descriptions of new sub-accounts.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

The FY08 target of 50 has been increased to 230, based on more accurate information regarding the number of nurses working in the project's new geographic areas.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

Re: the "number of beneficiaries of service-oriented programs," the FY07 result was significantly exceeded primarily due to the inclusion of an implementing partner that was not included in the FY07 OP. In addition, another partner adjusted their beneficiary population to include the catchment populations of additional facilities. These adjustments are also reflected in revised FY08 targets.

Re: the "number of practitioners trained in evidence based guidelines," the USG greatly exceeded this target due to the inclusion of an additional partner not in the FY07 OP. Several partners also exceeded their FY07 targets. These adjustments are reflected in FY08 targets.

A custom target was added for number of health facilities rehabilitated – these are not the same facilities as those included under Maternal and Child Health.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

Except in one case, the USG met or exceeded MCH targets. This case was the \"number of evaluations\" where the evaluation planned began in late FY07 and will be finalized in November 2007.

Number of people trained in maternal/newborn health: Results exceeded FY07 targets because several partners slightly exceeded expectations and one partner included trainings conducted with project match funds which were inadvertently left out of FY07 targets.

Number of people trained in child health and nutrition: Same as above.

Number of women receiving AMTSL: This target was not met because the training began later than anticipated following a study tour on Emergency Obstetric Care. However, immediately following the training during June – September 2007, an unprecedented 89% of all births at five project-supported clinical facilities were conducted with AMTSL. The introduction of the AMTSL requires significant change in the clinical practice and requires local buy-in. The practice is now in place and will serve as a basis for the MOH to institutionalize it on a national scale. FY08 targets have been lowered slightly based on more accurate estimations of the number of deliveries.

Number of institutions with improved management information systems – Both the MOH and the State Health Agency have increased capacity to manage Open Enrollment which will contribute to improved quality and access for MCH.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

Except in one case, the USG met or exceeded FP/RH targets. This case was the \"number of evaluations\" where the evaluation was postponed to FY08, in order to allow more time for program implementation.

Number of people trained in FP/RH: FY07 targets did not include people trained with project match funds, while actual results do. In addition, as partners developed concrete training plans throughout the year, the actual number of trainees often was greater than originally anticipated. FY08 targets have therefore been increased.

Number of new approaches successfully introduced through USG supported programs - Specifically, this refers to the incorporation of family planning referral into pediatric services. This target was met. The FY08 target has increased (from 0 to 1); the USG plans to establish Schools of Motherhood which will include RH/FP topics.

Number of people who have seen or heard a specific RH/FP message – This target was greatly exceeded because in addition to print media, one partner also aired mass media spots on reproductive health which were not envisioned in the FY07 targets.

Number of people trained in strategic information management – USAID exceeded this target because training in new provinces was completed sooner than expected. The FY08 target has therefore been reduced by a similar amount.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.8 Water Supply and Sanitation

Due to delays in both the contract award and construction approval, FY07 targets for “number of people in target areas with access to improved drinking water supply” and “and number of hours per day that households...have potable water services” were not achieved. FY08 targets have therefore also been reduced, but the project is expected to reach the initially targeted figure (60,000) in FY09.

One FY07 custom indicator has been added to show an outcome of USG-supported efforts to improve policy relating to this Element – adoption of tariff policy and guidelines.

FY08 custom targets have been added to reflect further outcomes related to policy improvement. These include approval of the Draft Law on Making Changes and Amendments to the Water Code, and adoption of the Drinking Water Law and additional decrees supporting implementation of the National Water Program and Water Code relating to water supply and sanitation. In addition, two targets reflecting outcomes related to the strengthening of utilities management have been added - on the use of the uniform chart of accounts and of quarterly report forms.

Due to delays, the FY08 target for baseline/feasibility studies will be postponed until FY09.

Program Area Performance \ 3 Investing in People \ 3.2 Education

The USG's most recent education sector program in Armenia is supporting the design of Armenia's "2008-2015 Education Development Program" which the Ministry of Education has now submitted to parliament for adoption. For the first time since gaining independence, Armenia has a strategic plan for education based on a clear vision of international participation and quality improvement. The document defines the role of the Ministry as that of transparently regulating the education sector and creating a positive enabling environment for communities, institutions and the private sector. USG technical support also contributed to making the process of developing this strategy open and participatory. It involved hundreds of stakeholders representing all relevant segments of the education sector and society as well as a variety of geographic regions. This effort included targeted input from a large number of leading education experts from the U.S. and other countries. With this project, the USG has played a leadership role in helping create Armenia's education policy framework for the next decade. Coordination with other donors has already led to the World Bank's adoption of one of the 2008-2015 Education Development Program's main directions – the reform of upper secondary and tertiary education – as the follow-on to their current program that is coming to an end.

The USG also continued the work of introducing economics education in Armenia's public schools. This program is well on its way to sustainably mainstreaming economics education just as its predecessor did for civics education.

Though a key aspect of Armenia's transition beyond the "developing country" category, the education sector proper remains an experimental area for USG assistance in Armenia. If USAID decides to continue its nascent education sector programming, one of its main targets should be the capacity of the Ministry of Education. The Ministry has exhibited political will and has demonstrated that it enjoys the support of the highest levels of the GOAM, but its human and institutional capacity would have to be improved over the next several years if it is to effectively lead the reform process that has been put in motion.

Program Element Performance \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

There are two sets of results and corresponding challenges under the Basic Education element. The first is associated with the Economics Education program. This program's goal is to introduce economics education into the public school curriculum, to assist in developing economics education textbooks, and to train corresponding teachers. While the impact of the program is relatively limited as it enters its final year, it does continue to achieve its stated objectives and performance targets.

The second set of results and challenges is related to the USG-supported Ministry of Education Strategy and Capacity Development project. This activity was designed to help the GOAM develop a strategic plan for

the next 5-10 years of education sector reforms, to assess the Ministry of Education's capacity to implement reforms, and to help carry out a public outreach campaign in support of the reforms. The program already resulted in the development of a "2008-2015 Education Development Program" which is expected to have a significant impact on the development of Armenia's education sector, the status of USG assistance to education in Armenia, and the direction of other donors' programming in the near future.

One of the drivers of the program's success has been the political will displayed by the Ministry of Education and the willingness of the GOAM to admit the need for more intensive reforms and increased investment in the education sector.

Despite its political will and progressive approach, however, the Ministry also presents the greatest challenge to the success of education sector programs in the future. Like many other GOAM ministries that are USG counterparts for assistance programs, the Ministry of Education lacks the capacity to lead reforms effectively. This problem is tractable and can be significantly alleviated in a three- to five-year timeframe. If it is not addressed, however, it is likely to impact the sustainability of any future systemic reforms of the education sector negatively.

In order to identify specific capacity building needs, the USG is conducting a human and institutional capacity assessment of the Ministry of Education.

Program Element Performance \ 3 Investing in People \ 3.2 Education \ 3.2.2 Higher Education

Higher education is increasingly the focus of the GOAM and of those international donors active in Armenia. Given its lack of natural resources, its diminished population, constraints on trade with neighboring countries and a legacy of excellence in science and education, the GOAM has made a commitment to invest in knowledge industries and to reform its higher education system.

The USG-supported Ministry of Education Strategy and Capacity Development project has been helping the GOAM to develop a strategic plan for the next five to ten years of education sector reforms, including higher education reforms, to assess the Ministry of Education's capacity to implement reforms, and to help carry out a public outreach campaign in support of the reforms. The program already resulted in the development of a "2008-2015 Education Development Program," which is expected to have a significant impact on the development of Armenia's education sector, the status of USG assistance to education in Armenia, and the direction of other donors' programming in the near future.

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capacity assessment of the Ministry of Education.

Element Indicator Narrative \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

The FY07 indicator results for number of learners enrolled and number of teachers/educators trained both exceeded their targets. The most significant over-achievement is in the number of students benefiting from the program which was 20,115 instead of the initially estimated 15,000, an increase of close to 35%. This was due to a combination of larger than expected class sizes in the public schools where the program was taught, and somewhat faster than expected progress on the part of the project. The slight increase in the FY08 target for that same indicator reflects this trend.

Although the process to develop or modify one law, policy, etc. was well underway in FY07, this target will be technically achieved in early 2008. The “2008-2015 Education Development Program” was developed and has been submitted to Parliament, but will not be considered final until any revisions resulting from Parliamentary review are incorporated.

The FY08 target has therefore been adjusted to reflect this.

Element Indicator Narrative \ 3 Investing in People \ 3.2 Education \ 3.2.2 Higher Education

Efforts relating to the target of one organizational improvement that strengthens the institutional capacity of host-country higher education institutions were well under way in FY07, but this will be technically achieved in early 2008. The FY08 target has therefore been adjusted to reflect this.

Program Area Performance \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations

A large segment of the Armenian population is still plagued by low incomes and lack of access to basic necessities. Nearly one in three Armenians lives below the poverty line, so social safety net programs play an important role in poverty reduction, offering targeted assistance to meet basic needs the poorest. Remittances constitute 20-25% of GDP and are mostly used for basic necessities.

The long-term goals of USG assistance to the GOAM are to decrease the persistence of low incomes over prolonged periods that are due to job loss or limited earning power; to protect the most vulnerable in households suffering income loss; and to protect those who fall outside the care of traditional family networks. In FY07, the USG strengthened Armenia’s social protection system based on international standards and best practices, promoted policies and increased public awareness aimed at decreasing poverty by addressing underlying causal factors for vulnerability, and increased opportunities for economic self-reliance to reduce citizens’ dependence on public support to meet basic needs.

The USG promoted an informed pension reform decision-making process. The GOAM established the Pension Reform Task Force in FY07 and is committed to addressing serious economic and fiscal pension issues. The USG helped draft proposals to improve labor regulations and occupational safety essential to the operation of effective labor markets and protection of workers’ rights. The USG assisted the Labor Inspectorate in its bid to join the International Association of Labor Inspectorates which will help them develop institutional capacity based on best international practices and experience.

USG assistance helped the GOAM to improve social services for those most in need to reduce dependency on the state; to foster social contracting mechanisms between the government and indigenous NGOs in collaboratively providing community-based social services; and to promote professional social work and quality social services. The USG implemented 25 activities that rehabilitated vital social services infrastructure, such as kindergartens, drinking water mains, health facilities, schools and city parks.

The major challenge for this area in FY07 was the substantial appreciation of local currency, which increased the dollar costs of every planned intervention.

Program Element Performance \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations \ 3.3.1 Policies, Regulations, and Systems

In Armenia, 29.8% of the population lives below the poverty line. Declining birthrates, labor emigration and a sizeable informal sector create challenges for the social protection system. The GOAM spends less than 5% of GDP a year on social benefits. Given these constraints, the USG is working to expand the social protection system by developing appropriate policies and regulations.

In FY07, the USG helped improve Armenia's social protection system, increase opportunities for economic self-reliance and reduce citizens' dependence on public support to meet basic needs. This included training on actuarial modeling of various reform alternatives, and strengthened the GOAM's ability to overhaul the social protection system.

In FY07 the GOAM established the PRTF to reform the outdated pension system and is committed to addressing serious economic and fiscal issues. The USG promoted an informed and transparent pension reform process in Armenia through a series of training seminars, workshops and conferences.

The USG conducted an analysis of business processes and management information systems for the SSIF and the individualized social security reporting system. This helped strengthen the GOAM's capacity to deliver essential social insurance benefits and services.

USG assistance helped the SESA revise its Employer Survey for 2007 and provided recommendations to improve labor market research capacity. The USG developed a toolkit and trained SESA staff and 12 other partners on Job Fair planning and implementation, which resulted in a successful Job Fair at the beginning of FY08.

The USG drafted a Labor Inspection Manual for the LI, introducing best international standards and laying the groundwork for risk-based enforcement. Labor Code amendment recommendations were drafted and a survey was conducted of public perceptions of the LI and the labor law. Regulations on Mining and Explosive Environment Occupational Safety and Health were presented and agreed in a tripartite dialogue process. The USG assisted the LI in its bid to join the International Association of Labor Inspectorates, expected in FY08.

The USG launched a five-year social reform program to address the four key areas essential to social protection system reform: social insurance, labor markets, occupational safety/health and labor regulations, and social safety nets. Despite a four-month delay in its launching, the program is fully operating and achieved significant results.

Program Element Performance \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations \ 3.3.2 Social Services

The USG assisted Armenia's central and local governments, communities and indigenous NGOs to establish formal networks and sustainable mechanisms to provide essential social services to vulnerable populations.

The USG helped the GOAM to improve social services for those most in need that reduce dependency on the state; to foster social contracting between the government and NGOs in collaboratively providing community-based social services; and to promote professional social work and quality social services. With GOAM counterparts, the USG supported a grants competition among local NGOs to enable five recipients to provide community day care services for 120 people with disabilities. The USG supported training for 100 social workers on accessibility and delivery of community-based services to vulnerable populations. Over 120 people participated in vocational training activities.

The USG helped design a widespread public information campaign to increase awareness of key social sector services and reforms, and to promote community volunteerism with formal public/private sector collaboration. The campaign is scheduled for implementation in FY08.

The USG implemented 25 activities that rehabilitated vital social services infrastructure, such as kindergartens, drinking water mains, health facilities and schools. USG implementing partners collaborated with local governments and communities in prioritizing social infrastructure projects on a competitive basis. Community matching contributions averaged from 10 to 35 percent of total projects' costs, significantly improving stakeholder ship.

In FY07, the USG provided training to the staff of 14 Community Centers to better serve 690 vulnerable children, and helped establish two new centers. Over 130 children graduated from a USG-funded project after receiving multidisciplinary services. The USG helped 45 boarding school children to reunite with their families and provided training on inclusive education to 320 teachers and 486 parents.

The USG helped provide social services to assist 8,000 vulnerable elderly beneficiaries with legal advice, counseling, health and other services through community centers.

The USG launched a five-year social reform program to address the areas essential to social protection system reform. Despite a four-month delay in program launching, the program is fully operating and achieved significant results.

Program Element Performance \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations \ 3.3.3 Social Assistance

The long term goal of USG support of social assistance in Armenia is to achieve increased institutional capacity of the central and local governments, communities and indigenous social services NGOs to provide targeted assistance to meet the basic needs of the poorest.

In FY07, USG technical assistance helped the GOAM to implement its Food Security Policy and further improve the Poverty Family Allowances Program that provides cash to the neediest 140,000 Armenian households, including the chronically poor.

The USG continued to support an indigenous social services NGO to meet the nutritional needs of the most vulnerable of Armenia's population. Through 27 soup kitchens and home delivery, the NGO provided a nutritionally balanced, hot meal once per day, five days per week, to the 4,500 neediest elderly people in Armenia (i.e., 22,500 meals per week or 1.17 million meals per year). As evidence that this activity is moving toward sustainability, in FY07 the NGO concluded nine agreements with local governments for cost-sharing projects.

As a result of continued USG assistance in building the capacity of social services NGOs, in FY07 the GOAM provided over \$320,000 to one of the most successful of these NGOs, toward salaries of social and health service providers in five regions. The GOAM's planned share of these costs will increase in FY08 to cover two additional regions.

Thirteen USG-funded public works projects provided vocational training and follow-up short-term employment opportunities that generated an increase in the competitive skills of otherwise unemployed vulnerable community members.

Furthermore, USAID's support to the Peace Corp's Small Project Assistance program helped rehabilitate infrastructure in 20 communities throughout Armenia, serving over 80,000 beneficiaries.

The USG successfully launched its five-year social protection reform project which will address the four key areas essential to social protection system reform: public social insurance, labor markets, occupational safety/health and labor regulations, and social safety nets.

The major challenge for this program element in FY07 was the substantial appreciation of local currency.

Element Indicator Narrative \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations \ 3.3.1 Policies, Regulations, and Systems

The number of social protection policy reforms drafted, adopted or implemented was higher than the target because the results of a project that was not in the OP have been included. These policy reforms included Employment Law and Labor Code amendments and draft safety regulations for two high-risk industries.

Element Indicator Narrative \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations \ 3.3.2 Social Services

Due to a delay in the launch of the SPSS project, which focuses on social protection reform, there were no targets set for SPSS in the OP. The results of SPSS have now been incorporated. As SPSS is working with the GOAM to refine and improve its social services, the results include over 150,000 people benefiting from GOAM services, including people with disabilities, elderly beneficiaries receiving home care or institutional care services, children at day care centers for the disabled, and children in orphanages, graduating from them or at risk of being placed in them. In addition, another project (BRIDGE) greatly exceeded their targeted number of people benefiting from USG-supported services, as their selection of city parks (in three cities) and solid waste collection (in five cities) as project sites greatly increased their number of beneficiaries.

Element Indicator Narrative \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations \ 3.3.3 Social Assistance

No targets were set for the SPSS project in the OP, due to a delay in the project's launch. These results have now been incorporated. As SPSS focuses on helping the GOAM improve their targeting of social assistance to those who most need it, the number of people benefiting from USG-supported social assistance programming includes the number of beneficiaries of GOAM social assistance since the inception of SPSS.

The most important indicator under this Element is the percent of total eligible persons receiving assistance through USG-supported social assistance programming. It is expected that the raw number of eligible people will increase with improved targeting in 2008, but, with improved economic growth and targeted social services, should decrease over time. The percentage, however, will increase if targeting is improved.

Program Area Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth

While Armenia has instituted impressive macro policy reforms that have resulted in low inflation and a growing economy, one of the persistent weak areas has been in the area of tax reform. An improved tax system is essential to the government to ensure that it is capable of collecting the revenues that it needs for social and other governmental services. The tax system is also a major source of corruption in Armenia, and it is one of the biggest impediments to new investment and business development.

After years of institutional resistance and marginal progress, the GOAM finally began to demonstrate some political will for change this past year. The sharpest evidence of that commitment was political support by the President for improved tax administration, increased tax revenues, approval of the first three year strategic plan that lays out a way forward for change and includes very ambitious tax/GDP goals, and through change in State Tax Service (STS) leadership. Therefore, we are cautiously optimistic about the potential to have substantive results in the coming year in terms of both organizational and structural reform, and in terms of real increases in tax revenues for the government.

Program Element Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

After years of resistance, the State Tax Service (STS) finally began to open up, albeit slightly, to real changes in its practices. In June 2007, the GOAM endorsed the 2007-2009 Strategic Plan for the STS. The Plan, proposed by the USG Tax Improvement Project (TIP), was the first ever for the STS and was developed in close collaboration with both the IMF and the World Bank. The Plan includes all of TIP's proposed goals, including Tax/GDP targets and structural changes.

Although the overall Tax/GDP ratio at the end of 2006 was still low at 14.4 %, the STS had raised its contribution to this figure, while the contributions of the Customs Committee – which collected about 40% of total taxes – had declined. By June 2007, the overall Tax/GDP ratio increased significantly to 22.3% as compared to the previous year's 20.6% of the first six months, although mid-year results are much higher than end of year ones

On, June 3, the National Assembly approved TIP-drafted amendments to the Simplified Tax law, plugging major loopholes that allowed large businesses to avoid taxes by paying only 1% of total sales. These amendments will be implemented as of January 2008 and will have major tax revenue implications by significantly raising the number of large taxpayers paying regular business taxes.

The TIP team served as STS advisor throughout FY07 and set up the STS's first ever Outreach and Training

Division. With TIP assistance, the STS completed and published a comprehensive Taxpayer Handbook, to help business taxpayers with self-assessment.

With TIP support, the STS issued a decree in December 2006 to implement a computer-based risk audit system and an automated VAT refund system by the end of 2007, which will streamline and simplify internal audit procedures and introduce computerized VAT refunds. In addition, TIP purchased computers to update the STS's outdated servers and connected all STS regional offices to their headquarters. TIP assisted the STS to set up a new website to help educate taxpayers and assist them in completing tax forms. To improve internal communications and record-keeping, TIP helped the STS to initiate an internal e-mail system in August 2007, as they had none previously.

In December 2006, TIP-supported public service ads won an award for producing TV spots that encourage Armenian taxpayers to carry their share of the country's financial burden.

Element Indicator Narrative \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

A custom indicator on tax/GDP ratio has been added to better reflect actual impact of USG activities. This ratio reflects mid-calendar-year (January through June) results, as this data is not collected on a US-fiscal-year basis. .

The number of key fiscal policy/administration personnel trained was higher than expected because TIP was able to provide previously unplanned training on anti-corruption.

Nevertheless, the USG was slightly overly ambitious about the amount of internal changes in the State Tax Service that would be made by reporting time.

Program Area Performance \ 4 Economic Growth \ 4.2 Trade and Investment

The ability of the private sector to generate trade and attract investment is crucial for economic growth. Building the trade and investment enabling environment and capacity are among most important factors that contribute towards these goals. In Armenia, there is need for improvement of business and investment environment and for building capacity in private enterprises to generate more trade and investment.

USG assistance focused on putting in place policies, laws, regulations and administrative practices affecting international trade and investment, assisting private companies to improve goods and services, building trade knowledge and skills, and enhancing the capacity of private companies to meet international standards to access international markets and successfully compete in those markets.

The USG supported increasing the competitiveness of SMEs in targeted sectors (Tourism, Information Technologies and Agribusiness), thereby supporting an increase in domestic and export sales and creating jobs. The assistance focused on business-capacity strengthening, development of business association capacity and policy advocacy capability, skills development, and cluster development and improved competitiveness.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

The USG provided technical assistance to reduce impediments to business growth, promoting the adoption of modern commercial laws consistent with international best practices and treaties, and ensuring that the administrative structures necessary to implement these laws are operational and effective. The USG assisted the SCPEC to adopt regulations and amendments to the competition law that are consistent with international best practices. A survey of businesses was conducted to serve as a foundation for a PR campaign and enable the SCPEC to understand its reputation within the business community. The results were used to develop guidelines for the SCPEC's daily work.

The USG supported the SCPEC's participation in the International Competition Network conference, increasing SCPEC familiarity with international best practices and the status of competition agencies in other countries. With USG assistance, the SCPEC maintains a 3-language website that was awarded first prize for "e-Governance" in a website competition organized by the IT Foundation.

Key achievements in legal and regulatory reform include faster enterprise registration and a new law passed on Alternative Dispute Resolution.

The USG supported a study to benchmark Armenian IT policies, focusing on ICT innovation, human capital, finance and tax, and the investment climate. Benchmark countries were chosen for their best practices and their relevance to Armenia in terms of geographic and demographic size and IT sector preconditions. Recommendations based on the results will be provided to the GOAM to assist in developing a national ICT strategy.

Assistance was provided to tourism and IT associations to help them become stronger advocates for their sectors, develop strategic and business plans, and improve their websites. They were helped to develop and conduct trainings on increasing the range of member services, service standards and skill levels within the industries. Two events in particular attracted more interest than had been expected, and led to more consultative processes than had been targeted.

Assistance to the agribusiness sector was directed at addressing constraints that interfere with the ability of Armenian firms to achieve export sales growth in international markets, and designing and implementing measures to alleviate those constraints.

Overall USG work in this sector, as in others, is challenged by the depreciation of the dollar against the local currency.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.2 Trade and Investment Capacity

The USG assisted Armenia's private sector to acquire the necessary knowledge and skills to grow and respond effectively to international trade/investment opportunities. Assistance aimed at training businesses, Business Services Providers (BSPs) and suppliers on modern business practices and tools necessary for sustainable growth; increasing membership and sustainability in industry associations; and on increasing the number of companies whose products and services meet international standards. Foreign direct investment, however, remains stunted.

FY07 resources were used to develop, enhance and expand businesses and business development services leading to specializations that will help meet current demand. Sector-specific marketing training was followed by new skill-building activities in strategic planning, investment promotion and human resource management. With USG assistance, targeted industries incorporated eight new technologies, such as internet portals and online services.

The USG worked with industry clusters to contribute to the country's economy. Cluster strengthening activities included two conferences to bring together IT and tourism stakeholders to integrate the interests and views of educators, government, BSPs and industry, and present an action plan for each cluster. This will be supported in FY08.

Ten Armenian IT companies were assisted in participating at the ArmTech Congress, an investment forum jointly organized by the GOAM and the Armenian Diaspora. This event also gave the Armenian companies an opportunity to become familiar with the best practices of U.S. companies and universities.

With USG assistance, the IT Mark pilot program was initiated in Armenia to educate IT SMEs on how to achieve international process and quality standards. Two IT companies were selected to take part. The IT Mark international certification program assesses and certifies the quality of SMEs with respect to business management, information security management, and the maturity of their IT development processes. The certification program will help Armenian companies integrate in wider IT projects and explore new markets.

As a result of these efforts, the number of new products and services offered by BSPs increased by 15% in FY07, and the number of companies using modern business practices increased by 70%. In addition, industry association membership increased by 13.6% and association revenues from non-USG sources increased by 11.2%.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

All FY 2007 targets were met or exceeded in this element.

The result for the number of consultative processes was higher than expected due to two major trade and investment events that attracted more interest and increased participation by the private sectors than anticipated.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.2 Trade and Investment Capacity

All FY 2007 results exceeded the targets in this element. In part, this is because they include results from the activities of a project that was not included in the FY07 OP.

In addition, the number of business service providers and private sector companies who participated in capacity building activities was higher than anticipated because more companies now recognize their value and benefits and therefore applied for more assistance in FY07.

The number of firms receiving certification assistance also went up because assistance was offered regarding certification for IT Mark, international hospitality standards, and Safe Serve Standards, though these were not included in original project plans.

Results for the three indicators related to trade and investment capacity building were also higher than anticipated because several major trade and investments events took place during FY2007, which required preparation by companies in order to participate and present themselves. This led to increased demand for USG-supported services.

Program Area Performance \ 4 Economic Growth \ 4.3 Financial Sector

The USG is assisting the Armenian financial sector to mobilize and allocate financial resources for economic growth. To improve the efficiency and viability of the system, significant progress was made this year in improving financial sector infrastructure, increasing the effectiveness of financial institutions, and enhancing financial sector supervision.

In FY07, the financial sector enabling environment was improved through a number of USG supported measures: The government took steps to implement internationally accepted financial reporting standards, which will make Armenian enterprises more transparent and attractive for international investors. The legal framework for the banking, insurance and security sectors was improved through 11 new pieces of legislation, thus making the system more compliant with international best practices. The credit review system was improved, thus reducing an information asymmetry which is constraining bank lending. The USG supported the reorganization of the CBA which will improve the quality of banking and non-bank supervision, as well as enhance its supervisory capacity in the insurance and securities sectors. As a result, the system's soundness and safety is improving, making it more attractive for international investors.

These changes were accompanied by significant developments in the financial services sector. USG technical assistance and training to banks helped to decrease their operational risk and promote well-managed risk taking. Most importantly, this assistance enabled banks to secure longer-term financing through the issuance of bonds. As a result, interest rates are falling, allowing greater access to credit and increasing the credit to GDP ratio. In addition, with USG assistance, an agreement was obtained from the Nordic Stock Exchange to purchase the Armenian Stock Exchange.

Despite these achievements, intermediation still is not growing fast enough to fuel economic development, and financial services are limited in choice and coverage. Hence, one future USG assistance strategy will be to foster competition in the banking system, which will push banks to be more operationally efficient, offer new products and services, broaden the geographic area of their operation, and serve previously unattractive segments. USG assistance will also focus on strengthening and consolidating the insurance and capital markets.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.1 Financial Sector Enabling Environment

In FY07, USG support helped strengthen the surveillance and regulation of all financial institutions. This involved assisting the Central Bank of Armenia (CBA) to reorganize into a unified regulator, developing insurance sector supervision manuals, and extensive institutional training.

The USG provided substantial legislative drafting, comments and review assistance to the CBA, focusing on international best practices. Subsequently, 11 pieces of legislation were developed, covering insurance, securities, truth in lending, truth in savings, the ombudsman, credit bureaus and the secondary mortgage market. Two new laws, two regulations, and amendments to five laws were adopted in FY07, with the remainder expected to be adopted in FY08.

A review and assessment of the ACRA credit bureau will be used to develop an action plan to improve procedures for obtaining, gathering, processing and sharing data that ensure data privacy and protection of consumer rights.

With USG assistance, commitments were obtained from the IFAC and a contract was signed with the IASB to translate international accounting and financial reporting standards into Armenian. All preparations between the Ministry of Finance and the IASB were completed and the translation process has been streamlined.

Comprehensive international benchmark assessments for banking, insurance and securities regulation were conducted in these sectors and detailed action plans for eliminating the identified deficiencies were proposed. The USG provided assistance to the CBA to increase compliance with these standards.

The USG also provided substantial transactional support to the CBA in its negotiations to have the Nordic Stock Exchange acquire the Armenian Stock Exchange and Central Depository. As a result, the two sides signed a letter of intent, and the purchase and sale agreement is expected to be completed by the end of 2007.

The USG provided considerable support to the PRWG to advance pension reforms, particularly in providing commentary to the numerous strategies, action plans, white papers and policy proposals the PRWG generated, as well as a study tour to Estonia for PRWG representatives. The primary challenge here remains the CBA's impatient rush to new pension schemes without adequate consultation with the Ministry of Labor and Social Issues.

The USG intends to continue this work in FY08 due to the strong government commitment and the importance of this element to fostering economic stability.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.2 Financial Services

A strong commitment to reforms in the financial sector has created a promising environment for financial sector deepening on which the USG intends to capitalize in the coming year. In FY07 the USG supported innovative approaches to meet financial needs of the private sector, though the sector itself remains wedded to old ways of working. Nevertheless, USG support for the issuance of a DCA bond guarantee for Cascade Credit broke some regulatory ice and prepared the market for the entry of other participants. Subsequently, six other Armenian banks and companies issued bonds during the year, thereby creating a small but vibrant Armenian bond market. More specifically, the USG provided expert advice and support to bond issuers and underwriters, banks and private enterprises. The first ever coupon bond was issued by Ararat Bank. Subsequently, the bonds were registered in the Armex for trading and were given an "A" rating, the only security in this top level. ArmSwissbank was underwriter for bonds issued by a private enterprise. Armenia Copper Program was able to issue coupon bonds, as was Valetta Company and Shen Concern.

Such assistance also included targeted support to six partner banks on the development of new core credit and non-loan financial products. The products list includes floating rate loans, reverse mortgages, leasing

and factoring. In addition, the USG supported documentation review and provision of expert comments for two financial institutions regarding the issuance of bonds covered by DCA Guarantee. These bonds are issued to attract long-term financing for SMEs and will serve low income populations in remote areas. As a result, a commitment on a portable guarantee agreement for issuance of \$9 million in bonds was signed with INECO bank.

USG assistance also focused on efforts to decrease operational risk and promote well-managed risk taking. Training on new products and comprehensive risk management was provided on "Market Sources for Long-term Funding for Financial Institutions," "Introduction to Risk Management Principles," "Market Risk Management," "Factoring" and "Lending to Municipalities."

To attract an international investor into the banking sector, three due diligence studies and presentations were made to potential investors. As a result, Troika Dialog, Russia's largest investment fund, purchased an Armenian domestic bank. Troika plans to make up to \$50 million in investments in this new acquisition.

Element Indicator Narrative \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.1 Financial Sector Enabling Environment

As the sole project reporting under this Element only began in late FY06, only two targets had been determined at the time of the FY07 OP submission. Therefore, targets for 2008 are now included, along with actual results for FY07.

Assistance relating to an off-site surveillance system is subject to the final reorganization of CBA, and implementation of a unified and risk-based supervision, which will be completed by the end of 2007. Therefore, no system was made operational this year. This target has been moved to FY08.

The International Accounting Standards (IAS) were adopted in 1998 in Armenia, but are currently 65% outdated. Hence, there is a pressing need to update them, as well as to start a parallel process to adopt the International Financial Reporting Standards (IFRS). The "Y" for this indicator therefore refers to an update, not adoption, of the IAS.

Custom indicators have been included to depict the impact of USG assistance regarding international standards and principles by portraying actual compliance.

Program Area Performance \ 4 Economic Growth \ 4.4 Infrastructure

Modern and efficient energy and telecoms services available to the broad population are critical for fostering economic growth. As a result of USG support, the GOAM has made remarkable progress in reforming its energy sector over the past decade. Implementation of an aggressive commercialization and privatization strategy resulted in significantly improved quality of service and health of the sector. In contrast, progress on telecoms is just beginning as Armenia liberalizes its telecom market. A lingering concern - and focus of USG assistance - is to ensure Armenia's energy security and independence, which is dependent on imported energy supplies. In addition, a competent and responsible regulator is needed to support consumer's rights and help attract investment into both sectors.

To support development of the energy sector, USAID strengthened the PSRC's capacities and procedures for sector regulation. In particular, this resulted in adoption of simplified regulations for micro-hydro plants.

USAID also embarked on planning studies to replace Armenia's dangerous nuclear power plant, thus supporting the USG priority of enabling closure of the facility. USAID continued to help building a number of demonstration projects to show how small and private hydro, boiler, solar panel and bio-gas projects can raise energy efficiency through cost-effective heating and power solutions. As a result of previous pilot projects, many private investors now copy those demonstrations and are building small hydro plants nationwide without USAID assistance.

In the telecoms area, the PSRC adopted several resolutions related to the opening of the telecoms market in Armenia and removing legal barriers to full competition. This important change will bring higher quality services to consumers at lower prices. Also with USG support, the GOAM enacted an Electronic Communications Act, brought the sector under the jurisdiction of the PSRC, made WTO commitments on telecoms services, licensed a second mobile operator, and terminated the fixed-line monopoly. As a result of USAID assistance, the PSRC's capability to regulate the telecoms sector effectively has increased. In addition, the appropriate framework for a competitive market was developed through adoption of licensing/authorization procedures, issuance of a new operator license, development of cost-oriented service prices, and adoption of policies governing the use of scarce public resources.

Program Element Performance \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

USAID supported efforts to reform regulation in the energy sector and provided targeted technical assistance and advisory support to the Electricity Distribution Company, Armrusgazprom (Armenia's natural gas distribution company), the Consumer's Union, and the PSRC. Of particular note, USG support for consumer watchdog organizations is helping to ensure that the regulator carries out its functions effectively and transparently.

The most important reform effected in FY07 with USG support was the establishment of Electric Quality Service Standards and Rules of Electric Power Supply agreed to by the PSRC. These are important standards for protecting consumer rights and ensuring that newly privatized distribution companies maintain service quality.

In 2007, the USG and Armenia launched an extensive series of 15 planning studies to review the potential for replacing the aging nuclear power plant. Closure of the plant is a top USG policy priority for Armenia; however, this will not occur without replacement capacity as this plant constitutes 40% of Armenia's power supply. These feasibility studies and a related environmental assessment will enable the GOAM to assess the potential for replacing the current nuclear power plant with a new nuclear facility.

USAID assistance supported the installation of reliable heating systems in 38 Armenian schools, thereby improving the social and health conditions of over 20,000 students and teachers and enabling those schools to remain open during the winter. This effort also promoted the development of local energy service companies which performed the construction works.

Nine energy efficiency projects were completed in FY07, including fuel switching at a village kindergarten and at a regional medical center, an energy efficient electrical system at a factory, a hot water supply system at a major medical center, small hydro projects in four villages, and a bio-gas project at a village orphanage. These demonstration projects are expected to lead to independently financed follow-on projects. As a result of small hydro pilots and USAID's previous regulatory work, 19 hydro plants were constructed by the

private sector during FY07, and 13 plants are expected in FY08.

Program Element Performance \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.2 Communications Services

Rapid changes in the telecommunications sector and strong government commitment to liberalization has spurred USAID to increase its support to this sector. The GOAM decreed full liberalization in August 2007, and with the help of USAID, the PSRC has been scrambling to catch up. Meanwhile, the incumbent fixed-line provider was sold, and the government divested itself of its remaining shares.

In FY07, the USG assisted the PSRC to increase its institutional capacity to regulate the country's telecoms sector and transform it into a technically competent and customer service-oriented entity as well as to enforce competition-related laws and regulations in a manner consistent with WTO, GATS and ITU obligations and international best practices. The PSRC adopted several resolutions to open the telecoms market in Armenia and remove barriers to full competition. The USG provided assistance to refine the legal and regulatory framework governing telecoms, to support the sector's opening to increased competition and to ensure that the administrative structures necessary to implement these laws are in place, operational, and effective to promote the country's transition to an open telecoms market.

The USG supported these efforts through provision of TA relating to an interconnection offer, deferral of the telecoms tariff, and a new license. The new licensing procedure complies with the current EU licensing framework as it is a temporary authorization to conduct business rather than a detailed, inflexible operator's license, and it makes clear that the governing legal authority for the sector is the Electronic Communications Act as applied by the PSRC. These actions substantially increased Armenia's compliance with the Reference Paper on Regulation in telecoms to which the GOAM is fully obligated.

The USG also helped the PSRC to develop pricing methodology in line with competitive market structuring. The PSRC subsequently opted to develop a price-cap regime for Armentel's regulated services. This will bring pricing practices in the Armenian market into line with those employed in successfully liberalized markets. PSRC decisions on numbering, licensing, and VoIP services are each consistent with international practices. The VoIP license will allow any service provider to make public offerings of such services and will eliminate the basis on which such offerings were restricted before liberalization.

Element Indicator Narrative \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

FY07 results met or exceeded most targets. In the latter case, two additional projects, which were not in the FY07 OP, contribute to the results.

The reason for increases in several FY08 targets is that they now include targets that had not yet been set at the time of the OP because one project was just commencing.

The three FY08 targets for the number of people trained have decreased as USAID Armenia decided over the past reporting period to opt out of a centrally-funded project.

Element Indicator Narrative \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.2 Communications Services

All FY07 targets were met.

The number of internet users continues to rise. A USG implementing partner estimates that 30,000 additional users came online since November 2006, reflecting the rapid liberalization in 2007-2008 which was strongly supported by the USG. The figure of 30,000 assumes both an additional increment of growth due to liberalization and elasticity of demand as prices fall. Competition is increasing – the first fixed line telephony competitor entered the market at the end of FY 07 – and prices are falling.

Program Area Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness

For private enterprises to survive and grow, they must be competitive in domestic and international markets. To accomplish this goal, USG programs assist enterprises and industries to become more profitable and productive, improving the business environment, and supporting workforce development. The GOAM is committed to improving the growth of private business, and is pressing the USG to help them overcome impediments to private sector development, primarily a lack of industry players.

USG support helped increase the competitiveness and productivity of SMEs in targeted sectors (tourism, IT and agribusiness), thereby supporting increases in domestic and export sales and creating jobs. USG assisted private enterprises to adopt more efficient production processes and better management practices, to invest in improved technologies, and to compete more effectively in international markets. As a result, the tourism and IT industries added 2,146 new jobs. Total sales in the IT industry grew by 16% reaching \$97 million in 2007 and tourism grew by 49%, to \$317 million. The supporting consulting industry grew by 44%, to nearly \$55 million. USG activities are only partially responsible for this growth.

The business enabling environment was improved through USAID-backed legislative measures that support the private sector and by increasing the capacity of seven business associations to advocate for industry-friendly laws and regulations. The USG assisted the IT and tourism industries in promoting policy reform. In addition, the USG strengthened the capacity of government agencies (PSRC, SCPEC) that regulate business environment.

To meet the goal of workforce development, the USG helped identify and minimize the gaps between workforce supply and demand and to address these gaps by curriculum reform for academic and vocational courses, increased capacity for companies' human resources management, and improved job placement services, as well as by putting in place international certification schemes and courses. In addition, the USG promoted skill-building activities for the most vulnerable unemployed segments and helped provide short-term employment opportunities to beneficiaries of this assistance. The USG assisted the GOAM in developing of a strategy to implement pro-active employment services, and in creting a model regional employment office, demand-driven training, and stronger links with private sector employers.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

While the GOAM has taken many measures to improve the business environment, business formation and expansion are still being stunted by problems in implementing laws and regulations. Thus, USG assistance to improve the business-enabling environment targeted activities aimed at establishing a legislative system that supports private sector growth and income generation, including the adoption and implementation of policy reforms and institutional improvements.

One successful strategy has been to assist business in articulating shared problems to government. The USG provided assistance to business associations to help build their capacities to define key policy impediments, frame policy agendas, develop advocacy platforms and advocate for industry-friendly laws and regulations. Analysis and study of legal and regulatory frameworks for the tourism and IT sectors allowed them to define key areas for reform and develop action plans for advocating change.

The most notable reforms in the business environment were in the areas of enterprise registration in which the time for registering a new business dropped by over 20%, alternative dispute resolution for which a completely new law was passed, and the introduction of factoring, which had not been previously used in Armenia.

The introduction of a new uniform chart of accounts which was finalized and accepted by the PSRC and five water companies improved the environment for private water companies. Its formal promulgation by the PSRC is scheduled for December, 2007. In addition, the USG supported assistance to the PSRC to improve its water tariff policy.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.2 Private Sector Productivity

Private sector productivity in FY07 was improved through the adoption of more efficient production processes and better management practices. USG assistance focused on helping companies increase their ability to compete more effectively in international markets, and helping business associations to attract members, generate more income and provide better services

USG projects provided assistance to 34 private companies in the targeted sectors to improve management, marketing and governance practices. Enterprises were given training as well as assistance in preparing for trade event participation and one-on-one firm-level assistance. Projects helped companies acquire skills to improve their capacities to respond to the demands of international markets and to apply best practices and technologies to increase their productivity. A significant portion of one-on-one company level assistance utilized the expertise of local consulting companies, thereby helping build capacity in both target sector private enterprises and in consulting companies. Ten IT companies received training in marketing and investment planning.

Following efforts to encourage investment by firms in improved technologies, including use of websites and business portals, and the use of IT to improve efficiency and productivity in other sectors, 14 companies invested in improved technologies.

A \$3 million portable guarantee was signed at the end of FY07 for issuance of bonds with a local bank. These funds will be lent to small businesses for business development.

With USG assistance, seven associations developed strategic and business plans, improved their websites, and developed and delivered trainings on increasing the range of member services, service standards and skill levels within their industries. As a result, these associations became at least 50% self-funded, association membership increased by an average of 13.6%, and association revenues by an average of 11.2%.

The USG supported the establishment of a number of ongoing mechanisms to engage in public-private dialogues, including initiating and maintaining such dialogues through working groups, steering committees, advisory councils and boards. These mechanisms were used to promote policy reform, primarily in the tourism and IT sectors.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.3 Workforce Development

To help develop a productive, relevant and motivated workforce, USG assistance in FY07 focused on identifying and minimizing the gaps between workforce supply and demand. Activities aimed at curricula reform for academic and vocational courses, increased capacity for companies' human resources management, wider use of modern business skills, and improved job placement services--a significant challenge given that jobs are few and the most well-trained Armenians look for work abroad.

The USG helped the GOAM begin developing an Employment Strategy Plan to implement pro-active services, create a model regional employment office, create demand-driven training, and build stronger links with private sector employers. Activities aimed to improve the relevance of SESA programs, with emphasis on linking workers with openings in private firms and training them to fill those openings. The USG assisted SESA to organize Armenia's largest job fair with over 100 employers from 17 sectors and 13 Armenian institutional partners. In addition, the USG helped four Armenian Universities to organize an IT Career Fair at Yerevan State University with 28 of the most significant IT companies in Armenia participating. Nearly 1,000 students attended and submitted their CVs to exhibiting companies.

The USG helped establish a Career Center at the Slavonic University to provide services in job matching, opportunities for internships, and CV preparation assistance to students learning about the tourism industry.

The USG supported certification training to help advance industry standards for hospitality supervisors and for travel guides; the training of trainers will help ensure continuity of these efforts. The USG also helped establish a Tourism Lecturers' club to increase information exchange on tourism teaching methods and curricula. With USG assistance, a workshop on tourism market segmentation was developed and conducted, aimed at encouraging operators to expand the variety of services they offer in order to attract more business.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

The results of the indicator on "number of 11 core commercial laws" reflect the new bankruptcy law (passed in early 2007) and the collateral law (anticipated in 2008). It should be noted that this figure should drop to zero after 2009, when all eleven core laws will be in place, immediately after USAID ends its assistance to this effort.

Three custom indicators have been added to better portray the outcome of USG-supported efforts to improve policy and administrative practices under this Element. They address adoption of tariff policy and guidelines, approval of the National Water Code, and water companies' usage of the uniform chart of accounts.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.2 Private Sector Productivity

The targets for most of the indicators for FY2007 in this program element were met.

The target for the indicator “Number of firms receiving USG assistance to improve their management practices” mistakenly included the multi-year target for one of the projects, so the accurate FY07 target should have been 25. The results exceeded this target as more companies now recognize the value of this support and therefore apply for assistance. This target has been adjusted for FY08 to take both of the above factors into account.

One of two projects that were expected to mobilize a DCA guarantee is still under consideration and probably will not produce results in FY08. Therefore, the target has been revised to \$3,000,000, which is the amount of the remaining project.

The indicators do not reflect the results of a USG technical assistance project (that did not receive FY07 funding) to banks that resulted in 11,950 loans with a total value of \$44,600,000.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.3 Workforce Development

The targets for all FY07 indicators were met or exceeded.

The results for the indicator regarding participation in workforce development programs was significantly higher because of one major workforce development event, the IT Career Fair in which four Armenian Universities offering IT education were involved. Nearly 1000 students participated in the fair. However, there was a lack of reliable data regarding the gender breakdown for those participants, and also for the participants of another program. Therefore, the gender breakdown only pertains to the 337 participants of individual training and workshops events. The FY08 target has also been increased somewhat, based on FY07 results.

The number of workforce development initiatives created through public-private partnerships was also higher than anticipated, due to a large IT career fair which was not originally envisioned in the FY07 plan. The fair was organized because the need was clearly articulated by the IT sector and it was an efficient way to establishing linkages between the IT industry and potential jobseekers. Based on these results, the FY08 target has also been increased.

Program Area Performance \ 4 Economic Growth \ 4.7 Economic Opportunity

The planned project under this Program Area was not funded in FY07, so the project was not launched.

Element Indicator Narrative \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.3 Strengthen Microenterprise Productivity

The project which had been planned in the OP was not funded in FY07, and therefore no results can be presented.

Program Area Performance \ 4 Economic Growth \ 4.8 Environment

In order to support sound water resources management for protection of potable water supplies, human health and agricultural, industrial and energy production, USG assistance focused on further improvements of the institutional and policy frameworks for sustainable and decentralized water resources management. To achieve long-term sustainable economic growth, USAID focused on legal and institutional conditions to improve water quantity and quality management, water permitting and allocation, and encouraging public participation in decision-making.

The most important legal act in the water sector – the National Water Program (NWP) law – was developed and adopted, and entered into force in March 2007. The NWP provides data on Armenia's water resource base, presents analysis of problems and potential solutions, sets priorities and develops the strategy for their achievement, and provides an action plan to support the improvement of the water sector in the near term until 2010.

The Draft Law on Making Changes and Amendments to the Water Code was prepared and sent to GOAM for circulation, and is expected to be adopted by the new Parliament.

To support decentralization of integrated water resource management, employees of the five BMOs were trained in surface and ground water resources hydrology, quality and quantity monitoring and other related issues, water use and water resources management issues, social, economic and environmental patterns of water management such as economy and land use, planning, environmental management and ecosystems, legal and institutional frameworks for water resources management.

To support transparent operations of basin institutions, the First Stakeholder Forum was organized with the Southern BMO for more than 30 participants representing various sectors.

The coding of the Armenian river network and catchments was implemented, based on European methodology adopted for country and regional needs. This coding exercise will be replicated in Georgia and Azerbaijan.

Individual databases were developed for eight stakeholder institutions involved in the State Water Cadastre Information System. In addition, a unified Geographic Information System library was constructed consisting of 65 layers on environment, water resources and water systems of Armenia.

Program Element Performance \ 4 Economic Growth \ 4.8 Environment \ 4.8.2 Clean Productive Environment

In FY07, significant progress was made in improving water management at the regional, national and basin levels to support actions to reduce water pollution, to improve the regulation of water allocation, and to increase the capacity of Armenia's water institutions.

The water use permit and fee system were redesigned to provide incentives for water-using industries and utilities to make investments to prevent pollution and treat wastewater discharges. As a result, the institutional capacities of Armenian water agencies for monitoring water resource use, wastewater discharge, and the issuance and enforcement of water use permits and fees have been increased.

The National Water Program law, which includes sections on water resource management, was developed and adopted, and entered into force in March 2007. The Draft Law on Making Changes and Amendments to the Water Code, which includes water resource management and pollution control elements, was prepared and given to the GOAM for circulation.

To support exchange of environmental information, the State Water Cadastre Information System (SWCIS) was improved and a nationwide water coding system was implemented for Armenian rivers. A unified GIS library was constructed, consisting of 65 layers on the environment, water resources and water systems of Armenia, and a central Data Warehouse of the SWCIS was developed and installed at Ministry of Nature Protection to accommodate annual summary information from stakeholder institutions.

To support decentralized water pollution control, employees of the five BMOs were trained in surface and ground water resources hydrology, quality and quantity monitoring and other related issues. The office of the Ararat BMO was renovated and equipped. To develop participatory planning with involvement of all stakeholders, the first Stakeholder Forum was organized with the Southern BMO in Kapan with more than 30 participants representing various sectors.

To increase public access to information and raise public awareness, more than 30 local and national media representatives, plus representatives of state water agencies' public affairs units and of NGOs were trained in water-related issues. More than 60 people participated in a conference organized in cooperation with the WRMA to mark "Five Years of the WRMA and Water Sector Reforms in Armenia".

In FY08 the USG will conduct an assessment of its water programs to determine future programming.

Element Indicator Narrative \ 4 Economic Growth \ 4.8 Environment \ 4.8.2 Clean Productive Environment

The number of people trained was higher than expected as the participants of the first stakeholder forum were included. Also, in addition to the anticipated study tours, trainings were offered locally which allowed more people to attend. The figure will also be increased in the FY08 target.

The Draft Law on Making Changes and Amendments to the Water Code, which includes water resource management and pollution control sections, was prepared and given to the GOAM for circulation and anticipated adoption. Due to the election of a new Parliament, the adoption process has not yet been completed, but is now expected in FY08.

To better reflect the impact of USG assistance in this element, custom FY08 targets have been added regarding the number of fully operational BMOs, and the number of hydrological posts and groundwater monitoring points rehabilitated with USG assistance.

There are several activities aimed at improving natural resource management that are better reflected under Element 4.8.1. Particularly activities support increasing number of hectares under improved natural resource management, number of policies, laws, agreements or regulations promoting natural resource management and conservation, and number of people with increased economic benefits and trained in natural resource management.

Key Issue Performance \ Reducing gender based violence and exploitation

Efforts in social protection systems reform promoted gender equity in social insurance and improved social assistance targeting for mothers.

Key Issue Performance \ Local Organization Capacity Development

Capacity strengthening of the Central Bank of Armenia, financial associations and the ACRA Credit Bureau has been the focus of sector assistance. Banks and insurance companies have improved their risk management and corporate governance practices.

Company-level assistance has led to efficient production processes, better marketing skills and the ability to compete internationally. USG assistance helped Armenians to develop skills demanded in the labor market and establish more efficient job placing networks and stronger linkages between education institutions and businesses.

While no major improvements have been observed at the State Tax Service, some changes have occurred, such as the creation of the Outreach Department.

As a result of the adaptation of a clinical competency training package into an institutionalized nursing and midwifery program, the public medical college educates health professionals with the latest evidence-based curricula.

USG efforts aimed at developing the justice system have been instrumental in strengthening the Chamber of Advocates. Efforts in the area of legal education have provided opportunities for practical skills development through three legal clinics.

On a local government level, the capacity of the local councils has been bolstered to develop and supervise infrastructure rehabilitation projects. Finally, the involvement of NGOs in policy formulation and service delivery has been continuously supported.

Key Issue Performance \ Anti-Corruption

Corruption remains a major obstacle for Armenia's development. However, some progress has been achieved. Access to laws and legal information, including the publication of court decisions, has improved.

The Armenia Freedom of Information Program has made measured headway in informing citizens, local government officials, NGOs and media about their rights under the Freedom of Information Law and has won several lawsuits. Its public outreach campaign, trainings, and legal assistance have promoted the need for greater transparency and accountability, an important dimension of fighting corruption and secrecy.

The capacity of business associations to advocate for a better business environment, better management and corporate governance systems in companies, and more ethical business practices has been enhanced. Anticorruption efforts in the financial sector included the introduction of corporate governance practices and improved financial reporting, work with the financial intelligence unit to establish anti-money-laundering processes, better quality of financial sector supervision to prevent illegal financial operations, connected and insider lending.

In the area of social assistance, a more transparent system of social assistance targeting has been introduced.

Key Issue Performance \ Microenterprise

The USG provided microenterprise development support to Armenian entities indirectly through the support and capacity building of banks and universal credit organizations involved in microenterprise lending. Six banks received USG technical assistance to improve their micro, small and medium enterprise lending practices.

Key Issue Performance \ Trade Capacity Building

Company-level assistance provided by USG programs included building trade and investment capacity in local organizations, private sector companies, business service providers and business associations in the target sectors. Assistance also helped increase businesses' abilities to find new markets.

With USG assistance, a new bankruptcy law was passed in March 2007 and an alternate dispute resolution law was passed in May 2007, both indirectly helping increase Armenian companies' abilities to trade effectively.

Key Issue Performance \ Clean Energy

The Mission's energy sector activities supported the Clean Energy Presidential Initiative. This initiative was considered during FY2007 by the regional Municipal Energy Efficiency Program, which put together a nationwide proposal to reduce energy consumption. The proposal received the approval of the Prime Minister of Armenia. USG assistance building small hydro plants and support for an energy efficient school heating program contributed to the Presidential Initiatives.

Key Issue Performance \ Global Climate Change

The USG supported a variety of demonstration projects that promote cost-effective heating and power solutions while raising energy efficiency. These included small and private hydro, boiler, solar panel and bio-gas projects. As a result of USG assistance in 2007, over 102,000 megawatt hours (Mwh) of energy were saved, thereby helping to reduce emissions. Four additional energy efficiency demonstration projects were designed and approved, through which local enterprises will further their commercialization and development as energy service companies specializing in alternative and efficient energy solutions, and will additionally save over 5,000 Mwh.

Key Issue Performance \ Applied Research

USG assistance was used to undertake applied research, including labor market studies, to identify the groups most adversely affected by social exclusion. In addition, studies assessed the effectiveness of interventions - pension reforms and the distribution of social benefits – to rehabilitate and integrate vulnerable and at-risk groups, and social insurance stakeholders were trained in the use of data for actuarial pension modeling and social assistance targeting.

Key Issue Performance \ Inclusive Development: Participation of People with Disabilities

The USG supported training for the staff of 14 community centers to better serve 690 disabled and special needs children. To increase the educational opportunities of the disabled, the USG supported training on inclusive education for 320 teachers and 486 parents. In addition, ten Armenian Special Education teachers and government representatives were sent to an internship program in the US that covered new special education teaching methodologies, curricula development for special needs schools, and how to provide job placement support.

The USG supported disabled people's organizations via grants for community day care centers for people with disabilities, for special education in schools, and for addressing transportation problems in order to ensure greater integration into society.

To increase the number of voters with disabilities who participated in the 2007 parliamentary elections, the USG supported a pilot project that made polling stations fully accessible to voters with disabilities in eight cities across Armenia, and worked with election officials to encourage disabled voters to vote.

USG-supported programs also worked to expand protection systems by developing appropriate policies and regulations, including those related to vulnerable and disabled populations.

Key Issue Performance \ Community Mobilization/Participation

Community mobilization and participation was addressed at the level of youth by the USG-supported Youth Community Action Program, which saw an expansion of youth clubs in number and a greater-than-anticipated increase in participants from rural communities. These clubs promote advocacy and direct action, focusing on community-based issues. The lack of democratic participation in civil society is one of the obstacles Armenia faces in its path towards democratic governance. To address this issue, the USG-supported Civil Society Institute increased collaboration by working with partner NGOs to stimulate active dialogue within and among communities to address mobilization and common issues. Grants to service-provider NGOs and implementation of community-identified social infrastructure activities further promoted community participation.

Key Issue Performance \ Public-Private Partnerships

Public-private mechanisms were used to promote and institute mechanisms for workforce development. Many activities utilized the capacity of local associations to offer better training and certification programs and services.

The USG program implementer in charge of strengthening the tourism industry partnered with Government of Armenia (GOAM) agencies to collect reliable tourism information statistics. An investment forum jointly organized by the GOAM and the Armenian Diaspora and supported by the USG gave Armenian companies an opportunity to become familiar with the best practices of U.S. companies and universities.

Over FY07, USAID entered in to a new Global Development Alliance with Sun Microsystems and signed a new Development Credit Authority agreement with an Armenian private bank.

Key Issue Performance \ Civil Society

A USG grants program aimed at building local advocacy capacity resulted in tangible progress on several

fronts. The following are two particularly noteworthy outcomes.

Sixty-four organizations effectively engaging with local and national governments to provide input into the decision and policy making process. Four of these maintained a coalition to continue efforts for fair and free elections.

Three grantees created a coalition to mobilize support against proposed Radio/TV Law amendments which imposed prohibitive duties on private broadcasters and would have barred Radio Free Europe/Radio Liberty broadcasts. The draft law did not pass parliament. Six NGOs were successful in preventing the passage of the restrictive draft Law on Lobbying.

Key Issue Performance \ Water

A first-ever Stakeholders Forum increased awareness of water-related environmental problems and of the necessity to allocate water resources more prudently. It also resulted in stakeholder willingness to more actively participate in the decision-making processes with regard to water resources allocation and conservation.

Media training conducted in 2007 for more than 30 media representatives and public affairs officers of key water institutions resulted in wider public outreach in water related issues, contributing to an overall increase in transparency and accountability and resulting in reduced corruption in the sector.

The USG contributed to strengthening the State Water Cadastre. This was instrumental in increased overall public administration efficiency in the area of water related data collection, input, sharing and as a result improved access to information.

Key Issue Performance \ Increasing gender equity

Efforts in social protection systems reform promoted gender equity in social insurance and improved social assistance targeting for mothers.

Key Issue Performance \ Development Research

USG assistance was used to undertake development research studies, including market research, benchmarking studies and labor market studies for target sectors, to identify key policy areas in which reform was needed and to further promote reform agenda in trade and investment capacity development, promotion of business enabling environment, private sector productivity and workforce development.

Key Issue Performance \ Food Security

The USG's Soup Kitchen assistance activity ensured food security for 4,500 of the most vulnerable beneficiaries, including single and incapacitated elderly persons. The nutritious menu composition ensured high calorie food security. Age group and seasonal factors were taken into account in order to ensure the smooth operation of nutrition supply.

1 Peace & Security - Armenia

1.6 Conflict Mitigation and Reconciliation\1.6.2 Peace and Reconciliation Processes

Number of community-based reconciliation projects completed with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
13	16	14	19	16

1.6 Conflict Mitigation and Reconciliation\1.6.2 Peace and Reconciliation Processes

Number of people attending facilitated events that are geared toward strengthening understanding

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
151	180	520	210	350

1.6 Conflict Mitigation and Reconciliation\1.6.2 Peace and Reconciliation Processes

Number of USG-supported facilitated events geared toward strengthening understanding among

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
7	12	12	17	-

533

1.6.2 Peace and Reconciliation Processes narrative (no more than 1500 characters)

chars

Although the "number of reconciliation projects" is slightly below the target, there was a larger volume of activities under each grant and the planned programs had greater outreach than anticipated. In keeping with the Program's trend to award larger but fewer grants in this area, the FY08 target for has been slightly decreased.

The result for "number of people attending events" was significantly higher than expected because of the interest caused by cross-border events. The FY08 target has been adjusted to reflect this.

2 Governing Justly & Democratically - Armenia

2.1 Rule of Law and Human Rights\2.1.2 Judicial Independence

Number of Judges Trained with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
180	180	180	180	-	64	64	64	64	-	116	116	116	116	-

2.1 Rule of Law and Human Rights\2.1.2 Judicial Independence

Number of laws, regulations and procedures related to judicial independence Supported with USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4	6	6	6	-

2.1 Rule of Law and Human Rights\2.1.2 Judicial Independence

Number of USG-assisted campaigns and programs to enhance public understanding, NGO support and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
12	15	15	17	-

46 chars

All targets for this program element were met.

2.1.2 Judicial Independence narrative (no more than 1500 characters)

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Courts Operating in Areas of Low Income Populations with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
9	9	9	9	-

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Justice Sector Personnel that Received USG Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
330	306	308	308	-	153	151	-	152	-	177	155	-	156	-

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Legal Institutions and Associations supported by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	6	8	4	5

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of people visiting USG supported legal service centers serving low income and marginalized communities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
240	300	300	350	300	125	175	175	200	-	115	125	125	150	-

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Ratio of New Case Filings to Case Dispositions in Courts Assisted by USG in the Area of Case

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	-

68 chars

2.1.3 Justice System narrative (no more than 1500 characters)

2.2 Good Governance\2.2.1 Legislative Function and Processes

Number of National Executive Oversight Actions Taken by Legislature Receiving USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
11	-	-	-	-

2.2 Good Governance\2.2.1 Legislative Function and Processes

Number of National Legislators and National Legislative Staff Attending USG Sponsored training or educational Events

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men					
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	
90	-	-	-	-	48	-	-	-	-	-	42	-	-	-	-

2.2 Good Governance\2.2.1 Legislative Function and Processes

Number of Public Forums Resulting from USG Assistance in Which National Legislators and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
8	-	-	-	-

2.2 Good Governance\2.2.1 Legislative Function and Processes

Number of USG assisted Civil Society Organizations that participate in legislative

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
179	-	-	-	-

chars

The only project in the OP under this Element had been cancelled at the time of OP submission. Therefore, no targets were set for the indicators, and there are no results to be reported.

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Individuals Who Received USG-Assisted Training, including management skills and Fiscal Management, to Strengthen Local Government and/or Decentralization.

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
325	668	673	770	-	98	213	214	284	-	227	455	459	486	-

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Laws or Amendments Promoting Decentralization Drafted with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	9	-

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Local Mechanisms Supported with USG Assistance for Citizens to Engage their Sub-

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	4	4	2	-

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Local Non-Governmental and Public Sector Associations Supported with USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	3	3	4	-

1	14	-	36	-	-	7	-	18	-	1	7	-	18	-
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2.2 Good Governance\2.2.4 Anti-Corruption Reforms

Number of USG-Supported Anti-corruption Measures Implemented

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	4	-	11	-

197
chars

2.2.4 Anti-Corruption Reforms narrative (no more than 1500 characters)

Results were not met due to the later than planned start of the Mobilizing Action Against Corruption project. Originally planned to start in the spring of 2007, it did not start until August 2007.

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of Election Officials Trained with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
10	20,004	15,029	20,000	13,000	3	10,002	6,356	10,000	5,500	7	10,002	8,673	10,000	7,500

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of Electoral Administration Procedures and Systems Strengthened with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	2	2	3	5

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of Laws or Amendments to Ensure Credible Elections Drafted with USG Technical

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	3	2	2	-

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of People Reached by USG Assisted Voter Education

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	800,000	1,017,239	1,000,000	7,000

**907
chars**

2.3.2 Elections and Political Processes narrative (no more than 1500 characters)

The target for "number of election officials trained" was not met because election law amendments resulted in redistricting which reduced the number of precinct commissions. The short time frame between when precinct commissions were formed and election day also created logistical difficulties. Nevertheless, the activity accomplished its goals by training 11,183 election officials.

The target for "number of laws or amendments to ensure credible elections drafted" was not met; however, further amendments are being considered during October-November 2007. Two sets of amendments were made during FY07. They consisted mainly of improvements to election administration that were implemented in the May elections.

A custom indicator of the "number of domestic election observers trained with USG assistance" has been added to show the FY07 results for a project that was not included in the FY07 OP.

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of Individuals who Receive USG-Assisted Political Party Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
752	800	943	900	950	178	200	235	250	-	574	600	708	650	700

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of political parties and political groupings receiving USG Assistance to articulate platform and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
14	16	16	18	-

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

**Number of USG-assisted political parties
implementing programs to increase the number of**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
18	20	20	20	-

**183
chars**

2.3.3 Political Parties narrative (no more than 1500 characters)

All targets for this program element were met or exceeded; the target for "the number of individuals who receive USG-assisted political party training has been increased accordingly.

2.4 Civil Society\2.4.1 Civic Participation

Number of Civil Society Organizations using USG Assistance to Improve Internal Organizational

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
112	112	226	112	139

2.4 Civil Society\2.4.1 Civic Participation

Number of Civil Society Organizations using USG Assistance to Promote Political Participation

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
15	55	225	20	100

2.4 Civil Society\2.4.1 Civic Participation

Number of CSO Advocacy Campaigns Supported by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
49	121	154	41	35

Number of People who Have Completed USG Assisted Civic Education Programs

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
260	240	656	62		130	120	395	31	-	130	120	261	31	-

2.4 Civil Society\2.4.1 Civic Participation

Number of Positive Modifications to Enabling Legislation/Regulation for Civil Society

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	3	2	2	-

2.4 Civil Society\2.4.1 Civic Participation

Number of USG Assisted Civil Society Organizations that engage in advocacy and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4	4	69	4	30

1510
chars

2.4.1 Civic Participation narrative (no more than 1500 characters)

All targets for program element were met or exceeded by a significant amount.

The result for "CSOs promoting political participation" was higher than expected because one implementing partner (EF) set their targets for CSOs but excluded media organizations and local community and youth groups. However, when they reported their results, they included these groups. In addition, another partner (CASP) distributed more grants than anticipated, in order to implement projects related to the 2007 parliamentary and 2008 presidential elections.

The number of CSOs improving internal organizational capacity and of those engaging in advocacy/watchdog functions were also higher than expected due to the above EF information.

The number of CSO advocacy campaigns was higher partly due to the above CASP explanation. In addition, another partner (VCAP) expanded their youth clubs faster than anticipated and experienced on EF's FY07 results, although they won't be as high as those results because the Foundation plans to focus less on civil society programs in FY08 and more on their other program areas.

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information

Number of Journalists Trained with USG Assistance

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
424	445	369	465	360	215	222	232	232	205	209	223	137	233	155

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information

Number of Media Outlets that Received USG-supported Training to Promote Financial

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
69	74	52	78	55

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information

Number of Non-state News Outlets Assisted By USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
69	74	52	78	55

617
chars

2.4.2 Media Freedom and Freedom of Information narrative (no more than 1500 characters)

FY07 targets included non-core media outlets, such as fast-track and special target outlets. However, the project has changed tactics to focus only on core media outlets as they will have the best chances of meeting the stringent requirements to receive loans and therefore of achieving financial sustainability.

In FY08, the target numbers for media outlets and for journalists trained are expected to decrease as a diminishing number of new outlets will enter the development program, while the existing participant outlets will move to the program's next phase, addressing their capacity to qualify for loans.

2.4 Civil Society\2.4.3 Program Support (Civil Society)

Number of sector assessments

					other				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	-	-	-	-	-	-	-	-

2.4 Civil Society\2.4.3 Program Support (Civil Society)

Number of special studies

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	-	-	1

253

2.4.3 Program Support (Civil Society) narrative (no more than 1500 characters)

chars

The sector assessment was a proposed activity which subsequently was not funded in FY07. The special study was not conducted due to termination of the prior contract. This study is now scheduled to take place in FY08, and the target has been adjusted.

3.1 Health3.1.6 Maternal and Child Health

Number of people trained in child health and nutrition through USG-supported health area programs

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
485	900	1,209	720	829										

3.1 Health3.1.6 Maternal and Child Health

Number of people trained in maternal/newborn health through USG-supported programs

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,056	700	1,463	620		951	630	1,401	558	575	105	70	62	62	45

3.1 Health3.1.6 Maternal and Child Health

Number of women receiving Active Management of the Third Stage of Labor (AMSTL) through USG-

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1,500	458	2,000	1,500

1420 3.1.6 Maternal and Child Health narrative (no more than 1500 characters)
chars

Except in one case, the USG met or exceeded MCH targets. This case was the "number of evaluations" where the evaluation planned began in late FY07 and will be finalized in November 2007.

Number of people trained in maternal/newborn health: Results exceeded FY07 targets because several partners slightly exceeded expectations and one partner included trainings conducted with project match funds which were inadvertently left out of FY07 targets.

Number of people trained in child health and nutrition: Same as above.

Number of women receiving AMTSL: This target was not met because the training began later than anticipated following a study tour on Emergency Obstetric Care. However, immediately following the training during June – September 2007, an unprecedented 89% of all births at five project-supported clinical facilities were conducted with AMTSL. The introduction of the AMTSL requires significant change in the capacity to manage Open Enrollment which will contribute to improved quality and access for MCH.

3.1 Health3.1.7 Family Planning and Reproductive Health

Number of evaluations

					process					results					impact					other				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1					1																		

3.1 Health3.1.7 Family Planning and Reproductive Health

Number of new approaches successfully introduced through USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1		1

3.1 Health3.1.7 Family Planning and Reproductive Health

Number of people that have seen or heard a specific USG-supported FP/RH message

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
47,694	46,500	110,998	49,000	125,000

3.1 Health3.1.7 Family Planning and Reproductive Health

Number of people trained in FP/RH with USG funds

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
356	640	739	570	490	279	582	695	518	-	77	58	44	52	

3.1 Health3.1.7 Family Planning and Reproductive Health

10,000	15,000	20,115	22,000	23,000	5,000	7,500	11,500	11,000	12,000	5,000	7,500	8,615	11,000
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3.2 Education\3.2.1 Basic Education

Number of teachers/educators trained with USG support

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
510	600	640	1,000	-	435	510	500	850	-	75	90	140	150	-

1024 3.2.1 Basic Education narrative (no more than 1500 characters)
chars

The FY07 indicator results for number of learners enrolled and number of teachers/educators trained both exceeded their targets. The most significant over-achievement is in the number of students benefiting from the program which was 20,115 instead of the initially estimated 15,000, an increase of close to 35%. This was due to a combination of larger than expected class sizes in the public schools where the program was taught, and somewhat faster than expected progress on the part of the project. The slight increase in the FY08 target for that same indicator reflects this trend.

Although the process to develop or modify one law, policy, etc. was well underway in FY07, this target will be technically achieved in early 2008. The "2008-2015 Education Development Program" was developed and has been submitted to Parliament, but will not be considered final until any revisions resulting from Parliamentary review are incorporated.

The FY08 target has therefore been adjusted to reflect this.

3.2 Education\3.2.2 Higher Education

Number of USG-supported organizational improvements that strengthen the institutional

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
				1

301 3.2.2 Higher Education narrative (no more than 1500 characters)
chars

Efforts relating to the target of one organizational improvement that strengthens the institutional capacity of host-country higher education institutions were well under way in FY07, but this will be technically achieved in early 2008. The FY08 target has therefore been adjusted to reflect this.

3.3 Social and Economic Services and Protection for Vulnerable Populations\3.3.1 Policies, Regulations, and Systems

Number of nationwide poverty/vulnerability mapping efforts being supported

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
		1	2	

3.3 Social and Economic Services and Protection for Vulnerable Populations\3.3.1 Policies, Regulations, and Systems

Number of social protection policy reforms drafted, adopted or implemented with USG support

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
		3	2	11

311 3.3.1 Policies, Regulations, and Systems narrative (no more than 1500 characters)
chars

The number of social protection policy reforms drafted, adopted or implemented was higher than the target because the results of a project that was not in the OP have been included. These policy reforms included Employment Law and Labor Code amendments and draft safety regulations for two high-risk industries.

Number of people benefiting from USG-supported social services

					number of women					number of men					vulnerable children					other targeted vulnerable people					war victims					victims of torture					
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	
117,320	20,000	197,242	16,500	258,300	64,010	12,060	129,494	9,540	99,540	53,310	7,940	103,123	6,960	76,960	640	640	640	360																	

3.3 Social and Economic Services and Protection for Vulnerable Populations/3.3.2 Social Services

Number of USG-assisted organizations and/or service delivery systems strengthened that serve

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	5	6	5	5

866 chars 3.3.2 Social Services narrative (no more than 1500 characters)

Due to a delay in the launch of the SPSS project, which focuses on social protection reform, there were no targets set for SPSS in the OP. The results of SPSS have now been incorporated. As SPSS is working with the GOAM to refine and improve its social services, the results include over 150,000 people benefiting from GOAM services, including people with disabilities, elderly beneficiaries receiving home care or institutional care services, children at day care centers for the disabled, and children in orphanages, graduating from them or at risk of being placed in them. In addition, another project (BRIDGE) greatly exceeded their targeted number of people benefiting from USG-supported services, as their selection of city parks (in three cities) and solid waste collection (in five cities) as project sites greatly increased their number of beneficiaries.

3.3 Social and Economic Services and Protection for Vulnerable Populations/3.3.3 Social Assistance

Number of people benefiting from USG-supported social assistance programming

					number of women					number of men					food insecure					female-headed household					HIV-affected					other targeted vulnerable people					
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	
565,028	101,230	655,960	101,230	571,400	226,945	42,565		42,565	332,950	338,083	58,665		58,665	221,950	4,500	4,500	4,500	4,500																	

3.3 Social and Economic Services and Protection for Vulnerable Populations/3.3.3 Social Assistance

Percent of total eligible persons receiving assistance through USG-supported social

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
		57		67

840 chars 3.3.3 Social Assistance narrative (no more than 1500 characters)

No targets were set for the SPSS project in the OP, due to a delay in the project's launch. These results have now been incorporated. As SPSS focuses on helping the GOAM improve their targeting of social assistance to those who most need it, the number of people benefiting from USG-supported social assistance programming includes the number of beneficiaries of GOAM social assistance since the inception of SPSS.

The most important indicator under this Element is the percent of total eligible persons receiving assistance through USG-supported social assistance programming. It is expected that the raw number of eligible people will increase with improved targeting in 2008, but, with improved economic growth and targeted social services, should decrease over time. The percentage, however, will increase if targeting is improved.

4 Economic Growth - Armenia

4.1 Macroeconomic Foundation for Growth4.1.1 Fiscal policy

Number of key personnel in fiscal policy and fiscal administration trained with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
106	111	182	117	-	16	21	77	27	-	90	90	105	90	-

4.1 Macroeconomic Foundation for Growth4.1.1 Fiscal policy

Percent of necessary preconditions for a successful Fiscal Policy Unit (FPU) established

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
57	71	65	86	-

4.1 Macroeconomic Foundation for Growth4.1.1 Fiscal policy

Percentage of Fiscal Policy Unit staff funded by host government

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
100	100	100	100	-

562

chars

4.1.1 Fiscal policy narrative (no more than 1500 characters)

A custom indicator on tax/GDP ratio has been added to better reflect actual impact of USG activities. This ratio reflects mid-calendar-year (January through June) results, as this data is not collected on a US-fiscal-year basis. .

The number of key fiscal policy/administration personnel trained was higher than expected because TIP was able to provide previously unplanned training on anti-corruption.

Nevertheless, the USG was slightly overly ambitious about the amount of internal changes in the State Tax Service that would be made by reporting time.

4.2 Trade and Investment4.2.1 Trade and Investment Enabling Environment

Number of consultative processes with private sector as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
47	34	51	40	52

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of legal, regulatory, or institutional actions (not mentioned above) taken to improve

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
171	92	93	132	134

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of participants in trade and investment environment trainings

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
480	220	277	220	240	68	80	112	80	90	412	140	165	140	150

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of Trade and Investment Environment diagnostics conducted

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	2	3	2	3

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of USG supported training events held that related to improving the trade and investment

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
18	12	14	12	11

279
chars

4.2.1 Trade and Investment Enabling Environment narrative (no more than 1500 characters)

All FY 2007 targets were met or exceeded in this element.

The result for the number of consultative processes was higher than expected due to two major trade and investment events that attracted more interest and increased participation by the private sectors than anticipated.

4.2 Trade and Investment\4.2.2 Trade and Investment Capacity

Number of Capacity-Building Service Providers receiving USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
23	35	70	39	43

4.2 Trade and Investment\4.2.2 Trade and Investment Capacity

Number of firms receiving capacity building assistance to export

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	28	90	33	38

4.2 Trade and Investment\4.2.2 Trade and Investment Capacity

Number of firms receiving USG assistance that obtain certification with international quality

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	8	18	10	18

4.2 Trade and Investment\4.2.2 Trade and Investment Capacity

Number of participants in USG supported trade and investment capacity building trainings

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
34	100	292	150	-	24	60	165	90	75	10	40	127	60	75

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of Trade and Investment capacity building diagnostics conducted

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	24	35	31	35

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of trade-related business associations that are at least 50 percent self-funded as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5	7	12	9	8

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of USG supported training events on topics related to investment capacity building and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5	10	41	15	23

1057
chars

4.2.2 Trade and Investment Capacity narrative (no more than 1500 characters)

All FY 2007 results exceeded the targets in this element. In part, this is because they include results from the activities of a project that was not included in the FY07 OP.

In addition, the number of business service providers and private sector companies who participated in capacity building activities was higher than anticipated because more companies now recognize their value and benefits and therefore applied for more assistance in FY07.

The number of firms receiving certification assistance also went up because assistance was offered regarding certification for IT Mark, international hospitality standards, and Safe Serve Standards, though these were not included in original project plans.

Results for the three indicators related to trade and investment capacity building were also higher than anticipated because several major trade and investments events took place during FY2007, which

4.3 Financial Sector4.3.1 Financial Sector Enabling Environment

Has an automated off-site surveillance system been installed and made operational this year with USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	N	1	Y

4.3 Financial Sector/4.3.1 Financial Sector Enabling Environment

Have any new International Accounting Standards been adopted this year with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	N	1	Y

4.3 Financial Sector/4.3.1 Financial Sector Enabling Environment

Number of analysts trained in off-site surveillance with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	10	-	-	-	-	-	-	-	-	-	-

4.3 Financial Sector/4.3.1 Financial Sector Enabling Environment

Number of financial professionals certified in compliance with international accounting standards as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
45	-	5	-	8	20	-	3	-	4	25	-	2	-	4

4.3 Financial Sector/4.3.1 Financial Sector Enabling Environment

Number of financial sector supervisors trained with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
20	-	13	-	20	5	-	2	-	8	15	-	11	-	12

4.3 Financial Sector/4.3.1 Financial Sector Enabling Environment

Number of on-site examinations undertaken this year with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
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1039

4.3.1 Financial Sector Enabling Environment narrative (no more than 1500 characters)

chars

As the sole project reporting under this Element only began in late FY06, only two targets had been determined at the time of the FY07 OP submission. Therefore, targets for 2008 are now included, along with actual results for FY07.

Assistance relating to an off-site surveillance system is subject to the final reorganization of CBA, and implementation of a unified and risk-based supervision, which will be completed by the end of 2007. Therefore, no system was made operational this year. This target has been moved to FY08.

The International Accounting Standards (IAS) were adopted in 1998 in Armenia, but are currently 65% outdated. Hence, there is a pressing need to update them, as well as to start a parallel process to adopt the International Financial Reporting Standards (IFRS). The "Y" for this indicator therefore refers to an update, not adoption, of the IAS.

4.4 Infrastructure/4.4.1 Modern Energy Services

Capacity constructed or rehabilitated as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
13	26	30	23	25

4.4 Infrastructure/4.4.1 Modern Energy Services

Energy saved as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
48,320,000	94,000,000	102,657,000	98,000,000	103,250,000

4.4 Infrastructure/4.4.1 Modern Energy Services

Legal separation of generation, transmission and distribution functions in the electricity sector

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	Y	-	-

4.4 Infrastructure/4.4.1 Modern Energy Services

Number of energy enterprises with improved business operations as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target

	52	14	22	6	16
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4.4 Infrastructure4.4.1 Modern Energy Services

Number of people receiving USG supported training in energy related business management systems

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
170	95	100	95	25	43	29	-	29	10	127	66	-	66	15

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people receiving USG supported training in energy related policy and regulatory practices

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
365	440	575	440	300	97	118	115	118	75	268	322	260	322	225

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people receiving USG supported training in technical energy fields

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
114	120	100	130	25	55	60	-	65	-	59	60	-	65	-

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people with increased access to modern energy services as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
6,016	6,062	25,100	2,000	13,000

4.4 Infrastructure4.4.1 Modern Energy Services

Total public and private dollars leveraged by USG for energy infrastructure projects

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
30,149,805	30,280,081	34,475,844	53,840,000	53,984,000

492

4.4.1 Modern Energy Services narrative (no more than 1500 characters)

chars

FY07 results met or exceeded most targets. In the latter case, two additional projects, which were not in the FY07 OP, contribute to the results.

The reason for increases in several FY08 targets is that they now include targets that had not yet been set at the time of the OP because one project was just commencing.

The three FY08 targets for the number of people trained have decreased as USAID Armenia decided over the past reporting period to opt out of a centrally-funded project.

4.4 Infrastructure\4.4.2 Communications Services

Average decrease in cost to final customer receiving internet service after USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	13	13	13	-

4.4 Infrastructure\4.4.2 Communications Services

Number of people with access to internet service as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	30,000	30,000	45,000	-

4.4 Infrastructure\4.4.2 Communications Services

Number of private sector internet service providers established as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	4	-

536

4.4.2 Communications Services narrative (no more than 1500 characters)

chars

All FY07 targets were met.

The number of internet users continues to rise. A USG implementing partner estimates that 30,000 additional users came online since November 2006, reflecting the rapid liberalization in 2007-2008 which was strongly supported by the USG. The figure of 30,000 assumes both an additional increment of growth due to liberalization and elasticity of demand as prices fall. Competition is increasing – the first fixed line telephony competitor entered the market at the end of FY 07 – and prices are falling.

4.6 Private Sector Competitiveness\4.6.1 Business Enabling Environment

Number of alternative dispute resolution mechanisms put in place as a result of USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	3	2

4.6 Private Sector Competitiveness\4.6.1 Business Enabling Environment

Number of municipalities receiving USG assistance with regulatory/ administrative simplification

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	5	5	5	-

4.6 Private Sector Competitiveness\4.6.1 Business Enabling Environment

Number of the 11 core commercial laws put into place with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	1	1	2	-

**658
chars**

4.6.1 Business Enabling Environment narrative (no more than 1500 characters)

The results of the indicator on “number of 11 core commercial laws” reflect the new bankruptcy law (passed in early 2007) and the collateral law (anticipated in 2008). It should be noted that this figure should drop to zero after 2009, when all eleven core laws will be in place, immediately after USAID ends its assistance to this effort.

Three custom indicators have been added to better portray the outcome of USG-supported efforts to improve policy and administrative practices under this Element. They address adoption of tariff policy and guidelines, approval of the National Water Code, and water companies’ usage of the uniform chart of accounts.

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Amount of Private Financing Mobilized with a DCA Guarantee

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	6,500,000	3,000,000

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Number of business associations and trade unions that are at least 50 percent self-funded as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5	7	7	9	8

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Number of firms receiving USG assistance to invest in improved technologies

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	8	11	8	14

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Number of firms receiving USG assistance to improve their management practices

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
40	89	34	94	35

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Number of new members in private business associations as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
8	15	21	15	-

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Number of public-private dialogue mechanisms utilized as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
47	34	42	40	-

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Number of SMEs receiving USG assistance to access bank loans or private equity

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
6	12	20	16	-

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Number of SMEs that successfully accessed bank loans or private equity as a result of USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	8	4	12	2

963
chars

4.6.2 Private Sector Productivity narrative (no more than 1500 characters)

The targets for most of the indicators for FY2007 in this program element were met.

The target for the indicator "Number of firms receiving USG assistance to improve their management practices" mistakenly included the multi-year target for one of the projects, so the accurate FY07 target should have been 25. The results exceeded this target as more companies now recognize the value of this support and therefore apply for assistance. This target has been adjusted for FY08 to take both of the above factors into account.

One of two projects that were expected to mobilize a DCA guarantee is still under consideration and probably will not produce results in FY08. Therefore, the target has been revised to \$3,000,000, which is the amount of the remaining project.

4.6 Private Sector Competitiveness4.6.3 Workforce Development

Number of new or improved workforce development policies drafted through USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	4	2	9

Number of persons completing USG-funded workforce development programs

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
473	310	451	360	310	153	105		126	-	320	205	-	234	-

4.6 Private Sector Competitiveness4.6.3 Workforce Development

Number of persons participating in USG-funded workforce development programs

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
511	340	1,458	395	620	162	114	228	137	-	349	226	109	258	-

4.6 Private Sector Competitiveness4.6.3 Workforce Development

Number of workforce development initiatives created through USG assisted public-private

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	3	8	3	8

1164
chars

4.6.3 Workforce Development narrative (no more than 1500 characters)

The targets for all FY07 indicators were met or exceeded.

The results for the indicator regarding participation in workforce development programs was significantly higher because of one major workforce development event, the IT Career Fair in which four Armenian Universities offering IT education were involved. Nearly 1000 students participated in the fair. However, there was a lack of reliable data regarding the gender breakdown for those participants, and also for the participants of another program. Therefore, the gender breakdown only pertains to the 337 participants of individual training and workshops events. The FY08 target has also been increased somewhat, based on FY07 results.

The number of workforce development initiatives created through public-private partnerships was also higher than anticipated, due to a large IT career fair which was not originally envisioned in the FY07 plan. The fair was organized because the need was clearly articulated by the IT sector and it was an efficient way to establishing linkages between the IT industry and potential jobseekers. Based on

4.7 Economic Opportunity4.7.3 Strengthen Microenterprise Productivity

Number of micro enterprises receiving business development services from USG assisted sources

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	90		-	-

chars

The project which had been planned in the OP was not funded in FY07, and therefore no results can be presented.

4.8 Environment\4.8.2 Clean Productive Environment

Energy and materials savings due to improved practices as a percentage of overall country's

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	1	1	1

4.8 Environment\4.8.2 Clean Productive Environment

Number of improved laws/policies/regulation/agreements related to

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	2	5	5	5

4.8 Environment\4.8.2 Clean Productive Environment

Number of people receiving USG supported training in environmental law, enforcement, public participation, and cleaner production policies, strategies, skills, and techniques

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
170	210	300	230	330	45	70	120	60	130	125	140	180	170	200

The number of people trained was higher than expected as the participants of the first stakeholder forum were included. Also, in addition to the anticipated study tours, trainings were offered locally which allowed more people to attend. The figure will also be increased in the FY08 target.

The Draft Law on Making Changes and Amendments to the Water Code, which includes water resource management and pollution control sections, was prepared and given to the GOAM for circulation and anticipated adoption. Due to the election of a new Parliament, the adoption process has not yet been completed, but is now expected in FY08.

To better reflect the impact of USG assistance in this element, custom FY08 targets have been added regarding the number of fully operational BMOs, and the number of hydrological posts and groundwater monitoring points rehabilitated with USG assistance.

ment.