

Capital: Yerevan

Population: 3.2 million (preliminary official)

GDP(current US\$): \$2 billion (2001)

Population below national poverty line (2001) : 50.9%

GDP per capita (current US\$): \$560 (2001)

GDP per capita (purchasing power parity): \$3,350 (2001)

Religion: Armenian Apostolic Church (more than 90% nominally affiliated)

Language: Armenian (96%), Russian, other

President: Robert Kocharian

Prime Minister: Andranik Markaryan

Ambassador to US: Arman Kirakossian



National Interest: A key reason for U.S. interest in Armenia stems from the large and influential Armenian-American diaspora. Armenia is also seen as important to U.S. security and economic interests due to U.S. interest in the energy resources of the Caspian Sea Basin. Regional stability and security are necessary to enhance the investor confidence needed for the development and transport of these resources. This stability and security partly rests, however, on the peaceful resolution of regional conflicts such as Nagorno-Karabakh.

OVERVIEW OF USAID'S FOCUS IN ARMENIA

FY04: Total FSA - \$74.6; USAID Total - \$51.9 million

Private Sector (FY04 \$15 million, 27%): The private sector portfolio promotes efforts to broaden and extend economic growth with an emphasis on SME development and job creation. Activities focus on four key areas, which include private enterprise support and enhanced competitiveness, SME lending, and labor market development. To improve an environment for private sector activity, USAID directly assists Armenian businesses and business associations and provides training and technical assistance to SMEs in the areas of agribusiness, tourism, and IT, among others. In FY03, USAID provided support for Armenia's formal accession to the World Trade Organization. (DAI, ACDI/VOCA, BearingPoint, GSA/SETA, ICAS, IESC, IRFP, KPMG).

Energy and Environment Sector (FY04 \$10.9 million, 20%): USAID energy programs are designed to create a foundation for a restructured, market-driven energy sector. Interventions focus on increasing private sector participation, increasing economic and environmental efficiency, and developing more diversified sources of energy. In FY04 the electricity and natural gas sector reform activity helped to improve payment discipline and reduce financial losses. A water management program works to: improve the national framework for water quantity and quality monitoring; support local level efforts to develop market-based approaches to improving water quality; and strengthen the institutional and financial sustainability and operations of water supply entities (AEAI, IFC and Manatt Phelps Phillips, ASE, NARUC, NREL, PA, USEA, ARD, DAI).

Democracy Sector (FY04 \$7.4 million, 14%): Democracy and governance activities seek to achieve more transparent, accountable and democratic governance. The focus of activities is to improve democratic governance by both expanding civic participation and strengthening governance institutions in Armenia. Through town-hall meetings, information campaigns, and citizen action committees, USAID activities seek to engage a broad range of citizens to understand and advocate for their rights. A two year effort by 3 NGOs working with National Assembly deputies and international organizations resulted in the passage of Armenia's Freedom of Information Act. Legislative strengthening activities focus on building the capacity of the National Assembly to support the legislative process focusing on finance and analysis, constituency outreach, and media relations (IFES, NDI, ABA/CELLI, JA, UI, WL, ProMedia, Internews, DAI).

Social Transition Sector (FY04 \$8.1, 15%): The social transition program seeks to strengthen and assure the sustainability of key aspects of the social safety net, while providing critical services to the most vulnerable. Activities focus on supporting the GOAM in reforming its pension, poverty family benefit, and health benefit programs, and provide short-term employment. As a result, the GOAM has passed critical legislation on social security, privacy, and pensions. (PADCO, Prime II, CRS, UMCOR, AIHA, Armenian Assembly of Armenia, Hellenes, Save the Children, Care Lift).

Health Sector (FY04 \$6.2 million, 12%): The health sector program focuses on strengthening primary healthcare, principally through family medicine and strengthening service provided by rural health posts. Activities include restructuring health care financing; improving access to and quality of social and primary health care services; and direct assistance to meet health and nutritional needs. USAID activities include a focus on women's reproductive health services. In FY04, USAID activities developed a family medicine curriculum, trained rural nurses, and provided health services to more than 8,000 vulnerable people through mobile medical teams.

Cross-Cutting Program (FY03 \$6.2, 12%): USAID supports activities that include technical support to the National Statistics Service for enumerating and analyzing data from the Armenian census. Eurasia Foundation programs focus on accelerating private sector growth, enhancing public administration, strengthening media, and advancing democratic development. USAID provides training to Armenians to strengthen human capacity in all of USAID's strategic objective sectors. (AED, BUCEN, EF)

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