

Armenia and Azerbaijan



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List of Abbreviations

APELL	Awareness and Preparedness for Emergencies on a Local Level
AYLU	Azerbaijan Young Lawyers' Union
COE	Council of Europe
ENP	European Neighbourhood Policy
GDP	Gross Domestic Product
HRDO	Human Rights Defender's Office
HREP	Human Rights Education Programme
ICT	Information, Communication and Technology
IRC	International Rescue Committee
KtK	Kvinna till Kvinna
LFA	Logical Framework Approach
NGO	Non-governmental Organisation
PRS	Poverty Reduction Strategy
RWI	Raoul Wallenberg Institute
TF	Trust Fund
TOT	Training of trainers
UNDP	United Nations Development Programme

1 Summary

In 2007 the Swedish Government decided to phase out bilateral cooperation with Armenia and Azerbaijan. The programmes have been limited from day one, with no Sida representation in the countries. The decision was received with a shrug from the Azeri side, but in Armenia the news caused evident disappointment. Programmes in the two countries have been implemented without major deviations from plans, although the implementation of some projects – particularly in Armenia – have been delayed. The human rights situation in these countries is a cause for worry, with very few signs of progress. Disbursement levels reached MSEK 24 in Armenia and MSEK 9 in Azerbaijan.

2 Political, Economic and Poverty Development

Armenia

During 2007 the main political event were parliamentary elections. There were no major changes, besides an increase in women representatives (4.5–9%) – still very low – but this is nonetheless a step in the right direction. Elections resulted in some smaller parties leaving the government and the newly established, government-friendly “Prosperous Armenia” reaching Parliament. The ruling party won a majority of seats. The Organisation for Security and Cooperation in Europe assessed the elections as satisfactorily in line with international standards. Observers reported minor incidents, such as some people mistaking that the ballot number could show what party they voted for. Some observers reported representatives from large companies owned by famous party members, taking notes outside the polling station, presumably trying to influence people’s choices.

Politics after the parliamentary elections did not change in any visible way. The election campaign for the forthcoming presidential elections (February 2008) began already after summer, when former president, Levon Ter-Petrosian, announced his participation as a candidate. The opposition failed to unite behind one candidate, so the election was rather a question of how many votes Ter-Petrosian would be able to receive in comparison to the government candidate, Serzh Sarkisian.

The Armenian economy continued to expand, with a real GDP growth of 13.7%. This was the sixth consecutive year of double-digit growth. The state budget posted a small surplus (equivalent to 0.1% of GDP). An increase in tax revenues, to 15.4% of GDP, boosted overall revenue collection. The authorities began drafting a new anti-corruption strategy amid criticism from anti-graft organisations that the previous three-year programme had had little impact on corruption. High GDP growth has not resulted in any visible increase of job opportunities. The formal unemployment rate is 7% of the labour force, but the informal rate could be as high as 40% during certain periods. The informal economy is substantial.

The Armenia Poverty Reduction Strategy is a major governing document for development as a budget tool in the absence of other multi year development plans (apart from the ENP Action Plan). The current strategy expired last year, and a second PRS is being developed for 2008–10.

Azerbaijan

Azerbaijan has had no major visible changes in politics during the year. With upcoming presidential elections in October 2008, authorities are preparing for President Aliyev's re-election through massive increases in spending on infrastructure, salaries and benefits. The opposition remains very weak and has not yet managed to unite behind one candidate. Pressure is increasing against media and journalists (in particular), other parts of civil society and the remains of oppositional parties.

The development of the human rights situation is troublesome. Aliyev has guaranteed police impunity, saying that, "No one will be punished, as they are fulfilling their duties" (referring to police brutality during the 2005 elections, when the international community demanded that Azerbaijan punish the perpetrators). Another attempt to gain more control over civil society is to finance NGO's from the state budget. Threatening and militant rhetoric is again increasing, and leading towards an atmosphere of domestic militancy; this has hardened political parameters to such a degree that Azerbaijani society is prepared for nothing less than either complete diplomatic success or a conclusive military victory over Armenia. The President and other members of the government repeatedly indicated that the army would solve the problem of Karabach if diplomacy failed.

Azerbaijan continues to be world's fastest growing economy, with an approximate growth of 25% per year, but also has the highest inflation rate (16.7%) since 1996. The main reason for this is oil revenues and increasing oil prices. Oil accounts for more than 80% of total exports. Investments in the ICT sector in order to broaden compatibility in the international market – a strategic step for the future – have not brought noticeable results thus far.

No progress was made in the frozen Nagorno-Karabach conflict. The Minsk group continued to hold meetings, and in June the two Presidents met and the group expressed some optimism, but with continued hate speeches in both countries no results have been achieved. Forthcoming presidential elections in both countries during 2008 makes the situation more complicated and provides little incentive for either government to market the idea of a compromise to citizens.

No signs of increasing HIV/AIDS prevalence have been observed.

3 Swedish Development Cooperation – Overall Assessment of the Country Programme

For development cooperation, the expected country focusing process resulted in a Swedish bilateral phase-out in both Armenia and Azerbaijan. The decision was received with nonchalance by the Azeri side, but with obvious disappointment from Armenia. The phase-out will simply be to secure financing for previously started projects, in some cases discussing continuation with other financing sources (such as the EU or other bilateral donors), and to evaluate projects/sectors where the Swedish contribution can be regarded as substantial. The plan is to phase-out programmes by 2010.

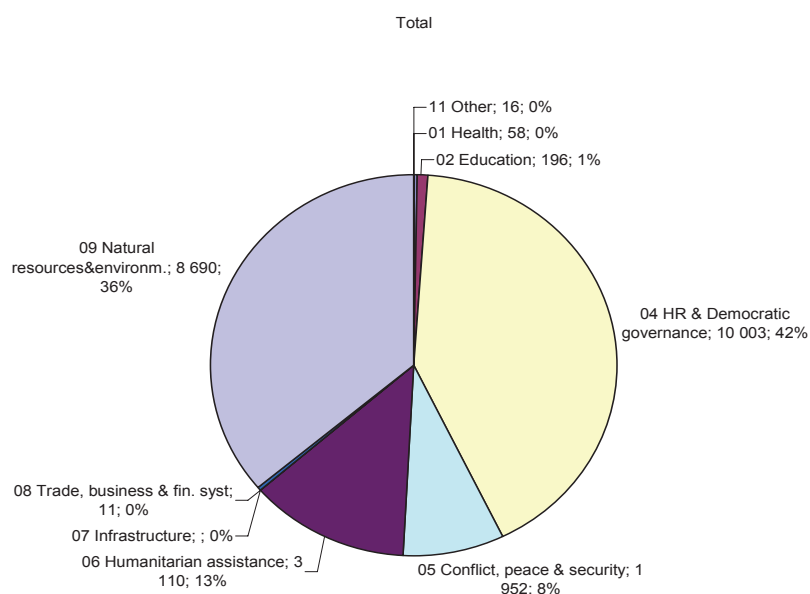
The country strategy for the Southern Caucasus remains relevant with its focus on human rights and democracy in Armenia and Azerbaijan – especially with regard to developments after the presidential elections in Armenia in February 2008. The country strategy will be replaced by two phase-out plans for Swedish bilateral support. Project level dialogue has mostly been limited to sustainability and changes to project plans in light of the phase out.

Armenia

In Armenia, the shift from financing Contract Financed Technical Cooperation (CFTC) projects, in the areas of cadastre, statistics and labour market, to financing projects that focus on human rights and democracy is still ongoing. This has in fact made phasing out less problematic, as CFTC cooperation projects are already in their final phases, working with individual exit strategies. There were no new decisions made for development cooperation with Armenia, due to over planning for 2007. The disbursement level for 2007 reached MSEK 24. 035, including Humanitarian Assistance and the prioritised area of cooperation: Human Rights and Democracy, the largest area with MSEK 10. The disbursement level will gradually decrease to approximately MSEK 18 in 2008, and MSEK 11 in 2009. Some delays in disbursements may arise, but cannot be foreseen at this time.

Outcome Armenia 2007

Main Sector	Total
01 Health	58
02 Education	196
04 HR & Democratic governance	10 003
05 Conflict, peace & security	1 952
06 Humanitarian assistance	3 110
07 Infrastructure	
08 Trade, business & fin. syst	11
09 Natural resources & environment	8 690
11 Other	16
Grand Total	24 035

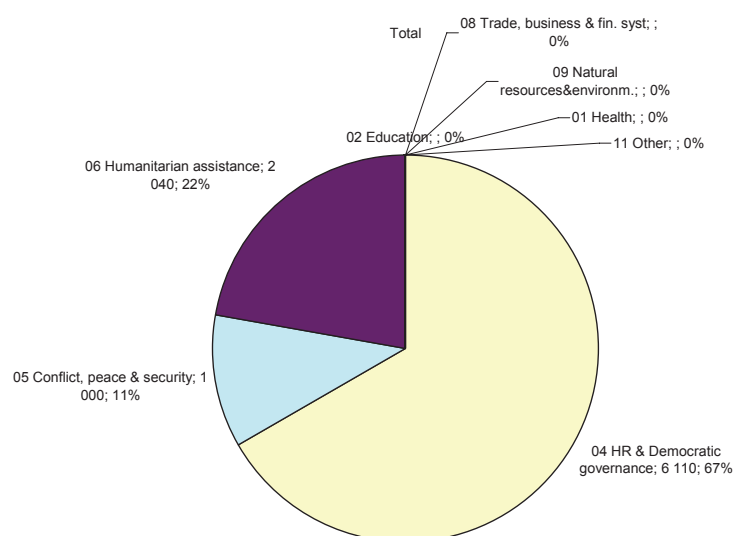


Azerbaijan

The programme in Azerbaijan has been very limited from the start, so the decision to phase-out was expected. Development cooperation was implemented in accordance with both the country strategy and the country plan. When the country focusing process was announced, Sida decided not to enter into any new financing obligations in Azerbaijan. The disbursement level therefore reached MSEK 9.15, including Humanitarian Assistance, compared to a planned MSEK 10. Planned disbursements for 2008 are MSEK 8.37 and MSEK 3 for 2009. No disbursements are planned or foreseen for 2010.

Outcome Azerbaijan 2007

Main Sector	Total
01 Health	
02 Education	
04 HR & Democratic governance	6 110
05 Conflict, peace & security	1 000
06 Humanitarian assistance	2 040
08 Trade, business & fin. syst	
09 Natural resources & environment	
11 Other	
Grand Total	9 150



4 Specific Country Programme Overview of the Swedish Development Cooperation

Armenia

Human rights

There are four ongoing projects in human rights/democracy: the Raoul Wallenberg Institute project in cooperation with the Human Rights Defender's Office (RWI/HRDO), the UNDP/Human Rights Education Programme (HREP), the UNDP/Gender and politics and the cooperation between Swedish and Armenian Rescue Services (in a tripartite arrangement with Estonia). The overall impression is that reforms are slow in these areas, with limited visible progress, such as an increase in female candidates in the Parliament. Freedom of expression was at risk in 2007, with increasing self-censorship and a closing down of independent media in connection with the parliamentary elections; and the situation continues to be problematic.

Both the *RWI/HRDO-project* and the *HREP* started in the beginning of 2007. The recruitment of project coordinators was a time consuming process for both projects, but in late summer staff was hired and in place. This resulted in some postponed activities in the RWI/HRDO-project, but most activities were carried out. Among the activities were a baseline study and a three-day training session on the entitlement of housing and property rights. Training resulted in immediate knowledge about the local situation regarding legislation and possible instruments. One short-term advisory mission was carried out, resulting in a plan to increase operational efficiency in the organisation.

The result from HREP was preparations for all planned activities. The premises intended for the project at the Ministry turned out to be already occupied, forcing project staff to locate other office space. This has implications for project budget, but according to the UNDP the implications are reasonable. The change of plans naturally raises questions regarding ownership. Sida will follow this issue up during the remainder of the project.

A new project manager was appointed to the *Gender and Politics* project in 2007. This will hopefully help in getting the project back on track. Sida approved an extension of the agreement period until December 2009, but there are no financial obligations after 2007. Activities in 2007 included the "Governance and Leadership Capacity Building Training Series for Women elected to the Local-Self Government". Training resulted in improved gender-based capacity budgeting and improved attitudes towards women in leadership. A comparative analysis was

performed, to identify gaps of the RA legislation and international documents ratified by the RA that address gender issues; this will be presented to stakeholders (government, NGO's, the academic community and other relevant organisations) in February 2008, and will thereafter serve as a guide for government actions. The Gender and Politics programme is the only programme targeting female politicians and leaders. Even if the project did not progress according plan before 2007, Sida decided to extend the agreement period, as the Government otherwise easily neglects the issue of women's representation.

Cooperation between the Swedish *Rescue Services* Agency, the Estonian Rescue Board, and Armenian Rescue Services has encountered problems during the year. The main problem is poor equipment condition in Armenia – something that was not foreseen at project start. Another obstacle has been a lack of interest in certain components from Armenian participants, resulting in the “wrong” participants in some seminars and incomplete homework between the missions, etc.... Some positive results have also been achieved, such as the APELL-component; APELL-groups were established in four cities, and risks have been identified and ranked. All representatives from local police, ambulance and rescue services participated in the training. The cooperation partners will have a steering committee in early 2008 to revise the project plan and discuss whether the Armenian side would like to change the components and how to target the appropriate groups.

Contract-financed technical cooperation

Labour market project Arbetsförmedlingen-SESA

As implementation of the World Bank labour market sector project was substantially delayed – additionally resulting in delayed building construction of both a rehabilitation and youth centre – it has not been possible to carry out staff training for these centres as planned. Interviews were carried out for the “Improve and Disseminate standard procedures for a Labour Market Information System in the Employment Offices” component; this has resulted in a forecasting process at regular intervals, where it is possible to receive reliable information on current demand in the labour market. (Information is organized according to sector.) The “Management by Objectives” component has been revised to an introduction of results-based management, due to legislative obstacles.

Cadastre

The agreement between Sida and the Armenian State Committee of Real Property Cadastre was finally signed, and Sida received a copy in December. The Swedish “Lantmäteriet” will travel to Armenia in February to finalise the revised project plan.

World Bank TF The Armenian Forestry Development Project

The project has been delayed due to an unclear definition of responsibility between two ministries, over ownership of land in certain communities. Two consultants were assigned in the autumn to begin recruiting short-term consultants for legal and institutional capacity building. Sida agreed to prolong the activity period up to January 2009. The project will be evaluated in late 2009.

There are two tripartite projects in Armenian, the labour market project (Sweden, Lithuanian and Armenia) and the rescue services project (Sweden, Estonia and Armenia).

Azerbaijan

Human rights

Two new decisions for financing were made during 2007: the Council of Europe's "Training on the European Convention on Human Rights for Prosecutors in Azerbaijan" and the International Rescue Committee's "Human Rights Education Project".

Council of Europe

– Training in the European Convention on Human Rights for Prosecutors in Azerbaijan

40 initially selected prosecutor candidates were trained, and 13 were selected as trainers of trainers (TOT) – a threefold increase to in case of course dropouts. The 13 TOT's were selected based on a test, interview and 15 minute case study presentation. Shortly after training, one of the candidates was drafted into the army. The remaining 12 TOT's received a three-day training in the European Convention for Human Rights, a two-day training in methodology and a field visit to Strasbourg. Participants appreciated the study visit to Strasbourg very much – in particular the chance to meet with the Azeri judge. The CoE observed that discussions were much more open and frank than they would have been in Azerbaijan. The Azeri judge gave prosecutors personal advice on how to handle HR matters in Azerbaijan. This was also much appreciated by participants.

The programme is on track, and the training for 600 prosecutors is scheduled from 8 December–22 November. The programme has not encountered any problems from the government. This is probably due to the Azeri membership in the Council of Europe and the Azeri government's need to give a good example in order to maintain membership.

International Rescue Committee

– Human Rights Education Programme (HREP)

The major objective of the HREP is to promote understanding and respect for human rights in Azerbaijan, through human rights education training in schools and targeted communities. During the year, activities focused on training sessions with teachers and youth, establishment of collaboration with the Ministry of Education, other educational authorities, international and non-governmental organisations, improvement of training toolkits and publication of human rights awareness materials.

After discussions with representatives from Sida Tbilisi, the project team re-evaluated some project components and initiated a discussion on adjustments; this should strengthen focus and linkages between project activities, to increase the overall effectiveness of various project objectives.

Azerbaijan Young Lawyer's Union (AYLU)

2007 was the last year of financing activities carried out by AYLU together with the Raoul Wallenberg Institute. Summer courses were held for young law students, as well as an extra seminar for lawyers on women's rights (after approval from Sida).

AYLU has shown itself to be a professional organisation with capability to carry out training and courses for representatives from the judicial sector – mostly law students and lawyers. When the Tbilisi Sida office conducted a field visit, there was a sentiment that AYLU was "over optimistic" about the human rights situation in the country. This might

be a survival strategy. As mentioned above, the HR climate in Azerbaijan is such that criticism of the government puts one at risk. Many human rights activists seek asylum abroad, unable to live safely in the country.

AYLU will be an important dialogue partner when Sweden phases out its support, as they are still “permitted” to work with these issues in Azerbaijan, and are able to put some pressure on the government in collaboration with international partners.

Achieved results will have implications on an individual level. Hopefully these individuals will be able to spread their ideas to organisations working with human rights.

The final report will be delivered in August, and the full results detailed in the 2008 Country report for Azerbaijan.

Statistics

The project – which began in 2002 – is the last phase of cooperation, and has been carried out according to plan. However, one major problem has been difficulty in communicating with the Azeri State Statistics Committee.

There are no tripartite cooperation projects in Azerbaijan.

Regional

Kvinna till Kvinna (Woman to Woman)

In the beginning of the year, the Kvinna till Kvinna programme, phase II, started a new agreement period. KtK cooperates and provides grant funding to 23 women’s organisations in the region, four based in Armenia and four in Azerbaijan. During spring 2007, Sida had continuous discussions with KtK about their role and the quality of their reporting. As already anticipated in the decision for continued programme funding, an LFA consultant was recruited in late summer and assisted KtK in defining objectives and measurable results. This greatly improved communication between Sida and KtK. In the fall, with the country concentration decision, Sida initiated a discussion with KtK on how to phase out Armenian and Azeri programmes, with a two-folded approach to address new donors. The purpose was for a continuation¹ and to start thinking about how and when to phase out the programmes. At the end of 2007, Norwegian aid authorities showed interest in funding the KtK programme in Armenia and Azerbaijan.

Most of KtK’s partner organisations in Armenia and Azerbaijan work to strengthen women’s self-confidence and level of civic education. Through numerous trainings, information, legal and psychological consultations and language classes, hundreds of women have increased their capacity to take an active role in the development of society. Participating women stated that the training and counselling has helped them to believe in themselves and gain empowerment. The training has also peaked the interest of many women to learn more about their rights and gender equality. Many women have found work – some high positions – at local banks, in local administrations or as teachers.

¹ Democracy Today in Armenia received a grant from Mama Cash for a cultural project.

5 Office and Administrative Issues

The portfolio in Armenia and Azerbaijan is handled from a 50% desk officer in Stockholm, and the phase out will continue to be handled in this way.

Annex 1 World Bank Fact Sheet

– Armenia

POVERTY and SOCIAL			
	Armenia	Europe & Central Asia	Lower-middle-income
2006			
Population, mid-year (millions)	3.0	460	2,276
GNI per capita (Atlas method, US\$)	1,920	4,796	2,037
GNI (Atlas method, US\$ billions)	5.8	2,206	4,635
Average annual growth, 2000-06			
Population (%)	-0.4	0.0	0.9
Labor force (%)	-0.2	0.5	1.4
Most recent estimate (latest year available, 2000-06)			
Poverty (% of population below national poverty line)	51	..	..
Urban population (% of total population)	64	64	47
Life expectancy at birth (years)	73	69	71
Infant mortality (per 1,000 live births)	26	28	31
Child malnutrition (% of children under 5)	3	5	13
Access to an improved water source (% of population)	92	92	81
Literacy (% of population age 15+)	99	97	89
Gross primary enrollment (% of school-age population)	94	102	113
Male	92	103	117
Female	96	100	114

Development diamond*

Life expectancy

GNI per capita

Gross primary enrollment

Access to improved water source

Armenia

Lower-middle-income group

KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1986	1996	2005	2006	
GDP (US\$ billions)	..	1.6	4.9	6.4	
Gross capital formation/GDP	..	20.0	30.5	33.6	
Exports of goods and services/GDP	..	23.2	27.3	22.0	
Gross domestic savings/GDP	..	-12.7	17.3	19.2	
Gross national savings/GDP	..	1.6	26.5	29.8	
Current account balance/GDP	..	-18.2	-3.9	-3.8	
Interest payments/GDP	..	0.4	0.5	..	
Total debt/GDP	..	32.6	38.0	..	
Total debt service/exports	..	9.6	6.6	..	
Present value of debt/GDP	..	..	28.2	..	
Present value of debt/exports	..	..	66.4	..	
	1986-96	1996-06	2005	2006	2006-10
(average annual growth)					
GDP	-9.6	9.6	13.9	13.3	8.4
GDP per capita	-7.8	10.1	14.3	13.6	8.4
Exports of goods and services	-31.6	16.1	19.2	-4.3	12.7

Economic ratios*

Trade

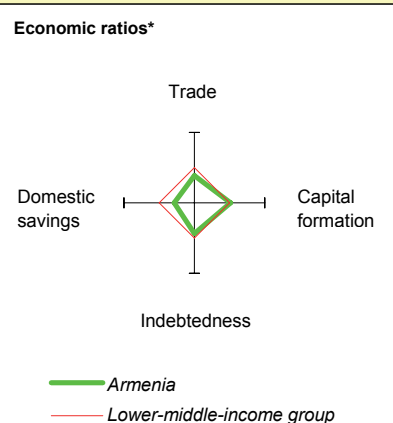
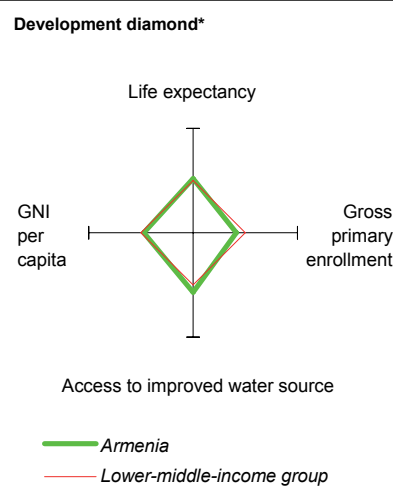
Domestic savings

Capital formation

Indebtedness

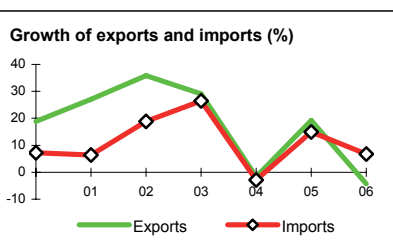
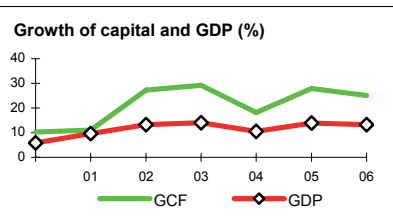
Armenia

Lower-middle-income group



STRUCTURE of the ECONOMY

	1986	1996	2005	2006
(% of GDP)				
Agriculture	..	36.8	20.8	19.6
Industry	..	32.6	42.5	43.6
Manufacturing	..	24.8	20.9	16.8
Services	..	30.6	36.7	36.8
Household final consumption expenditure	..	101.5	72.2	69.5
General gov't final consumption expenditure	..	11.2	10.6	11.3
Imports of goods and services	..	56.0	40.5	36.5
(average annual growth)				
Agriculture	1986-96	1996-06	2005	2006
Agriculture	-1.5	5.8	11.2	0.4
Industry	-20.2	12.1	16.6	18.5
Manufacturing	-11.6	6.4	7.2	-1.1
Services	7.6	9.9	13.7	19.4
Household final consumption expenditure	-6.1	5.9	7.3	14.1
General gov't final consumption expenditure	-2.1	6.3	19.0	19.8
Gross capital formation	-15.5	15.7	28.0	25.0
Imports of goods and services	-23.5	8.4	15.0	6.7



Note: 2006 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

PRICES and GOVERNMENT FINANCE

Domestic prices

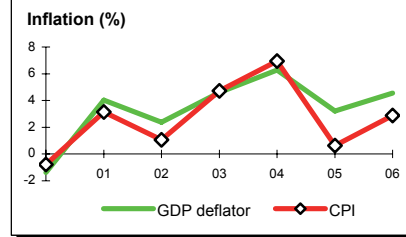
(% change)

	1986	1996	2005	2006
Consumer prices	..	18.7	0.6	2.9
Implicit GDP deflator	..	19.6	3.2	4.6

Government finance

(% of GDP, includes current grants)

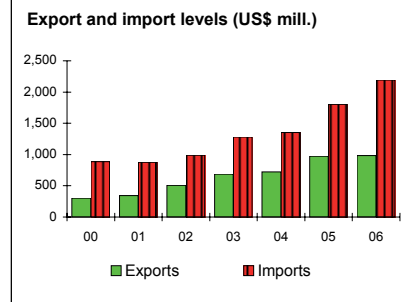
Current revenue	..	17.6	16.2	16.0
Current budget balance	..	-2.0	1.5	2.6
Overall surplus/deficit	..	-8.4	-1.9	-1.5



TRADE

(US\$ millions)

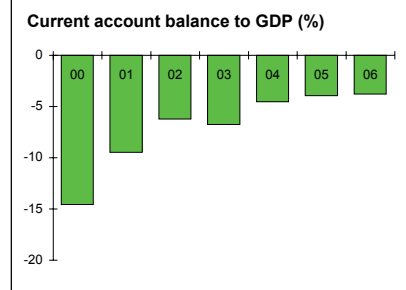
	1986	1996	2005	2006
Total exports (fob)	..	290	974	985
Gold, jewelry, and other precious stones	..	140	336	301
Machinery and mechanical equipment	..	34	28	21
Manufactures	..	84	353	310
Total imports (cif)	..	856	1,802	2,192
Food	..	289	314	341
Fuel and energy	..	184	264	351
Capital goods	..	92	384	501
Export price index (2000=100)	..	..	104	104
Import price index (2000=100)	..	..	114	122
Terms of trade (2000=100)	..	..	91	85



BALANCE of PAYMENTS

(US\$ millions)

	1986	1996	2005	2006
Exports of goods and services	..	368	1,337	1,407
Imports of goods and services	..	888	1,984	2,328
Resource balance	..	-520	-647	-921
Net income	..	45	45	99
Net current transfers	..	185	409	580
Current account balance	..	-291	-193	-242
Financing items (net)	..	245	381	614
Changes in net reserves	..	45	-188	-372



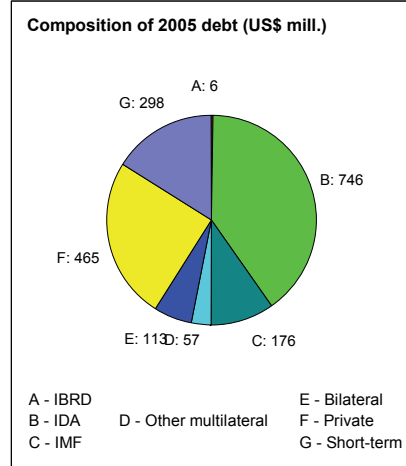
Memo:

Reserves including gold (US\$ millions)	..	168	755	1,072
Conversion rate (DEC, local/US\$)	..	414.0	457.7	416.0

EXTERNAL DEBT and RESOURCE FLOWS

(US\$ millions)

	1986	1996	2005	2006
Total debt outstanding and disbursed	..	521	1,861	..
IBRD	..	10	6	6
IDA	..	174	746	841
Total debt service	..	43	138	..
IBRD	..	0	1	1
IDA	..	1	9	13
Composition of net resource flows	..	..	..	..
Official grants	..	56	83	..
Official creditors	..	113	34	..
Private creditors	..	0	83	..
Foreign direct investment (net inflows)	..	18	258	..
Portfolio equity (net inflows)	..	2	1	..
World Bank program	..	..	..	..
Commitments	..	64	55	0
Disbursements	..	92	34	64
Principal repayments	..	0	4	7
Net flows	..	92	31	57
Interest payments	..	1	6	7
Net transfers	..	91	24	50



The World Bank Group: This table was prepared by country unit staff; figures may differ from other World Bank published data.

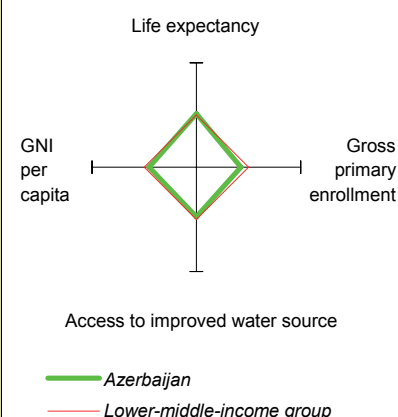
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Annex 2 World Bank Fact Sheet

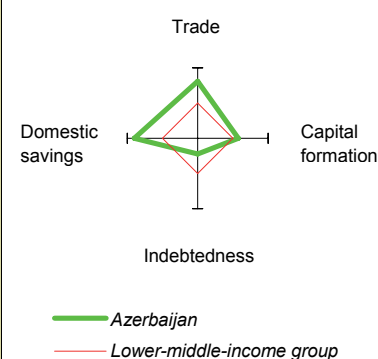
– Azerbaijan

POVERTY and SOCIAL				Europe & Central Asia	Lower-middle-income
Azerbaijan					
2006					
Population, mid-year (millions)		8.5	460	2,276	
GNI per capita (Atlas method, US\$)		1,850	4,796	2,037	
GNI (Atlas method, US\$ billions)		15.7	2,206	4,635	
Average annual growth, 2000-06					
Population (%)		0.9	0.0	0.9	
Labor force (%)		2.5	0.5	1.4	
Most recent estimate (latest year available, 2000-06)					
Poverty (% of population below national poverty line)		50	..	..	
Urban population (% of total population)		52	64	47	
Life expectancy at birth (years)		72	69	71	
Infant mortality (per 1,000 live births)		74	28	31	
Child malnutrition (% of children under 5)		7	5	13	
Access to an improved water source (% of population)		77	92	81	
Literacy (% of population age 15+)		..	97	89	
Gross primary enrollment (% of school-age population)		96	102	113	
Male		97	103	117	
Female		95	100	114	
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1986	1996	2005	2006	
GDP (US\$ billions)	..	3.2	13.2	20.1	
Gross capital formation/GDP	..	29.0	42.0	37.7	
Exports of goods and services/GDP	..	29.5	62.9	72.5	
Gross domestic savings/GDP	..	3.0	52.0	60.8	
Gross national savings/GDP	..	3.1	40.9	47.9	
Current account balance/GDP	..	-25.9	-10.0	-3.2	
Interest payments/GDP	..	0.1	0.2	..	
Total debt/GDP	..	13.8	14.2	..	
Total debt service/exports	..	1.0	5.2	..	
Present value of debt/GDP	..	..	11.5	..	
Present value of debt/exports	..	..	33.5	..	
	1986-96	1996-06	2005	2006	2006-10
(average annual growth)					
GDP	-15.7	12.2	26.4	34.5	19.5
GDP per capita	-16.8	11.2	25.2	33.1	18.6
Exports of goods and services	..	16.9	46.5	45.5	30.9

Development diamond*



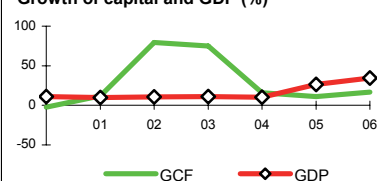
Economic ratios*



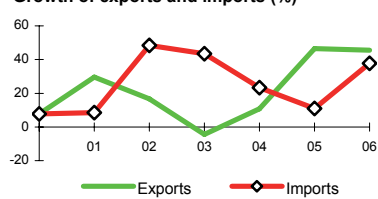
STRUCTURE of the ECONOMY

	1986	1996	2005	2006
(% of GDP)				
Agriculture	..	27.5	10.0	8.6
Industry	..	39.1	62.3	67.0
Manufacturing	..	11.6	7.8	..
Services	..	33.4	27.7	24.5
Household final consumption expenditure	..	85.0	36.3	30.3
General gov't final consumption expenditure	..	12.0	11.6	9.0
Imports of goods and services	..	55.5	52.9	49.5
	1986-96	1996-06	2005	2006
(average annual growth)				
Agriculture	..	6.9	7.5	6.0
Industry	..	14.1	43.4	31.5
Manufacturing	..	3.9	4.8	..
Services	..	9.3	10.6	11.2
Household final consumption expenditure	..	12.4	11.6	8.9
General gov't final consumption expenditure	..	3.4	0.4	3.9
Gross capital formation	..	28.6	11.2	16.7
Imports of goods and services	..	18.2	10.9	37.7

Growth of capital and GDP (%)



Growth of exports and imports (%)



Note: 2006 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

PRICES and GOVERNMENT FINANCE

Domestic prices

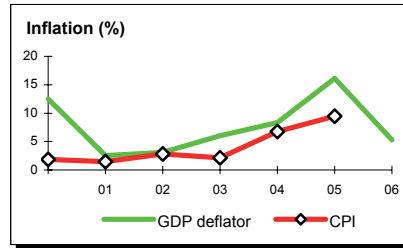
(% change)

	1986	1996	2005	2006
Consumer prices	..	19.9	9.5	..
Implicit GDP deflator	..	26.4	16.1	5.3

Government finance

(% of GDP, includes current grants)

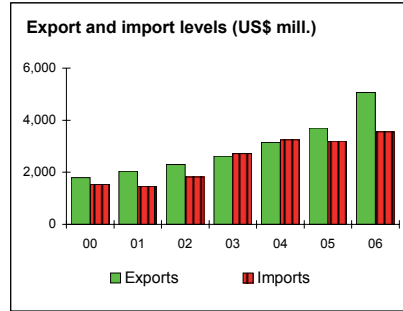
Current revenue	..	87,876.5	102,228.6	87,719.4
Current budget balance	..	-8,378.2	18,498.7	19,691.0
Overall surplus/deficit	..	-13,904.0	769.3	5,192.2



TRADE

(US\$ millions)

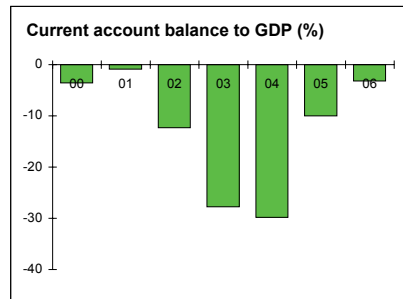
	1986	1996	2005	2006
Total exports (fob)	..	789	3,697	5,067
Crude oil	..	..	3,117	4,449
Petroleum products	..	402	..	..
Manufactures	..	286	580	618
Total imports (cif)	..	1,339	3,194	3,548
Food	..	382	..	..
Fuel and energy	..	213	1,168	1,181
Capital goods	..	226	..	..
Export price index (2000=100)	..	71	103	103
Import price index (2000=100)	..	115	103	106
Terms of trade (2000=100)	..	62	99	97



BALANCE of PAYMENTS

(US\$ millions)

	1986	1996	2005	2006
Exports of goods and services	..	938	4,215	5,619
Imports of goods and services	..	1,765	5,003	5,237
Resource balance	..	-827	-788	382
Net income	..	-62	-706	-1,156
Net current transfers	..	67	173	136
Current account balance	..	-823	-1,321	-638
Financing items (net)	..	771	1,569	1,430
Changes in net reserves	..	52	-248	-791



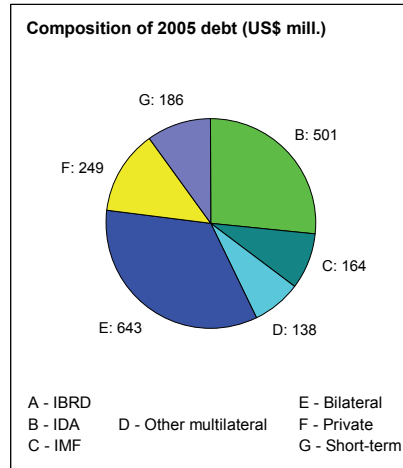
Memo:

Reserves including gold (US\$ millions)	..	#####	899	1,028
Conversion rate (DEC, local/US\$)	..	0.9	0.9	0.9

EXTERNAL DEBT and RESOURCE FLOWS

(US\$ millions)

	1986	1996	2005	2006
Total debt outstanding and disbursed	..	438	1,881	..
IBRD	..	0	0	5
IDA	..	64	501	583
Total debt service	..	10	237	..
IBRD	..	0	0	1
IDA	..	0	6	8
Composition of net resource flows	..	..	..	..
Official grants	..	43	93	..
Official creditors	..	47	70	..
Private creditors	..	0	9	..
Foreign direct investment (net inflows)	..	627	1,680	..
Portfolio equity (net inflows)	..	..	..	..
World Bank program	..	..	..	..
Commitments	..	20	92	0
Disbursements	..	36	48	65
Principal repayments	..	0	2	4
Net flows	..	36	46	62
Interest payments	..	0	4	6
Net transfers	..	35	41	56



The World Bank Group: This table was prepared by country unit staff; figures may differ from other World Bank published data.

9/28/07

Annex 3 Current Planning Overview – Armenia



L109 Country report - Armenia

Outcome and forecast in TSEK

Delimitation:

Status: I, P, A and C

Region/Country: Armenia

Other: (agr end > 200700 or Outcome < 0)

Responsible Unit (All)

			Data			
Allocation Frame	Allocation Account	Main Sector	Outcome 2007	Outcome 2008	FC 2008	FC 2009
Outside country allocation	15561 Non-governmental organisations	01 Health	58	17	58	62
		02 Education	196	57	198	210
		04 HR & Democratic governance	593	33	112	119
		05 Conflict, peace & security	19	1	4	4
		07 Infrastructure	0	0	0	0
		08 Trade, business & fin. syst	11	3	11	11
		09 Natural resources&environm.	15	4	15	16
		11 Other	16	5	17	18
		15561 Non-governmental organisations Total		907	120	414
	15571 Humanitarian assistance	06 Humanitarian assistance	2 040	1 080	2 160	0
	15571 Humanitarian assistance Total		2 040	1 080	2 160	0
	15680 Joint ODA Europe	02 Education	0	0	131	0
		04 HR & Democratic governance	849	637	645	0
		05 Conflict, peace & security	933	0	0	0
		09 Natural resources&environm.	311	0	0	0
	15680 Joint ODA Europe Total		2 094	637	776	0
	156822 Armenia	04 HR & Democratic governance	8 561	134	11 826	3 542
		05 Conflict, peace & security	0	600	1 000	1 000
		06 Humanitarian assistance	1 070	0	3 051	2 930
		09 Natural resources&environm.	8 364	0	2 187	3 034
	156822 Armenia Total		17 995	734	18 064	10 506
	156829 Regional Southern Caucasus	05 Conflict, peace & security	1 000	0	0	0
	156829 Regional Southern Caucasus Total		1 000	0	0	0
Outside country allocation Total			24 035	2 571	21 414	10 946
Grand Total			24 035	2 571	21 414	10 946

Annex 4 Current Planning Overview – Azerbaijan



L109 Country report - Azerbaijan

Outcome and forecast in TSEK

Delimitation:

Status: I, P, A and C

Region/Country: Azerbaijan

Other: (agr end > 200700 or Outcome < 0)

Responsible Unit (All)

			Data			
Allocation Frame	Allocation Account	Main Sector	Outcome 2007	Outcome 2008	FC 2008	FC 2009
Outside country allocation	15561 Non-governmental organisations	01 Health	0	0	0	0
		02 Education	0	0	0	0
		04 HR & Democratic governance	-8	0	0	0
		05 Conflict, peace & security	0	0	0	0
		08 Trade, business & fin. syst	0	0	0	0
		09 Natural resources&environm.	0	0	0	0
		11 Other	0	0	0	0
	15561 Non-governmental organisations Total		-8	0	0	0
	15571 Humanitarian assistance	06 Humanitarian assistance	2 040	1 080	2 160	0
	15571 Humanitarian assistance Total		2 040	1 080	2 160	0
	15682 Caucasus	04 HR & Democratic governance	0	0	0	0
	15682 Caucasus Total		0	0	0	0
	156823 Azerbajdzjan	04 HR & Democratic governance	6 118	332	4 210	1 080
		05 Conflict, peace & security	0	600	1 000	1 000
06 Humanitarian assistance		0	0	0	0	
156823 Azerbajdzjan Total		6 118	932	5 210	2 080	
156829 Regional Southern Caucasus	05 Conflict, peace & security	1 000	0	0	0	
156829 Regional Southern Caucasus Total		1 000	0	0	0	
Outside country allocation Total			9 150	2 012	7 370	2 080
Grand Total			9 150	2 012	7 370	2 080

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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