

Capital: Baku
Population: 8.1 million (2001)
GDP(current US\$): \$5.7 billion (2001)
Population below national poverty line (2001): 64%
GDP per capita (current US\$): \$702 (2001)
GDP per capita (purchasing power parity): \$3,100 (2001)
Religion: Muslim 93.4%, Russian Orthodox 2.5%, Armenian Orthodox 2.3%, other 1.8%
Language: Azerbaijani (Azeri) 89%, Russian 3%, Armenian 2%, other 6%
President: Ilham Aliyev
Prime Minister: Artur Rasizade
Ambassador to US: Hafiz Pashayev



National Interest: Located in the Trans-Caspian energy corridor, Azerbaijan is a strategically important link to the region's energy export system. In order to benefit from Azerbaijan's strategic position and resources, it is essential that the country develop a market-oriented, transparent and corruption-free economic, legal and regulatory system. A prosperous and democratic Azerbaijan is also key to stability in the Caucasus and the strengthening of western ties through the Caspian to the Central Asian Republics.

OVERVIEW OF USAID'S FOCUS IN AZERBAIJAN

FY03: Total FSA - \$44.8 million; USAID Total - \$29.3 million

Economic Growth (FY03 \$13.8 million, 47%): Support for small and medium enterprises, including microenterprises, forms the core of USAID's economic growth objective. Particular, though not exclusive, focus is on the largely neglected agricultural sector (including agri-business). With an increased demand for credit, USAID activities make loans available to small businesses and agri-businesses in Baku and several regions. In FY02, through ACDI/VOCA, Shorebank, and FINCA, USAID disbursed more than \$5 million in credit to local businesses, with a repayment rate of 99%. Training is also provided in marketing, financial management, production, and quality control. Such services enabled more than 40 SMEs in FY02 to adopt international standards and better compete for contracts internationally. Since the waiver of Section 907, which allows USG assistance to the Government of Azerbaijan (GOAJ), USAID has begun a modest economic reform program working to improve supervisory practices in the National Bank of Azerbaijan (Bank World) and to help automate Azerbaijan's Treasury (Carana Corporation).

Democracy (FY03 \$5.8 million, 20%): USAID supports the process of democratization in Azerbaijan by helping to strengthen the electoral process, increase capacity for public outreach and advocacy, improve the viability of the independent media sector, and enhance the legal environment. Through NDI and IRI, USAID assistance to political party groups has enhanced their organizational structures, regional offices, and message development. To increase government and citizen interaction, in FY02 226 civil society groups were supported and 5,929 individuals were provided with advocacy, outreach and ethics training. USAID media activities (Internews) focus on media legislation advocacy, association support, and regional linkages. Legal reform activities (ABA/CEELI) seek to promote legal reforms and public awareness that create a strong and professional legal environment. The 907 waiver has allowed USAID to expand its rule of law activities to support several court systems and introduce commercial law education.

Social Issues (FY03 \$5.2 million, 18%): USAID humanitarian activities assist communities of vulnerable populations to better organize themselves in order to meet their own needs through business development and income generation activities, and through improving community access to social and community services, such as primary health care. The Azerbaijan Humanitarian Assistance Program (AHAP), an umbrella grant managed by Mercy Corps International, represents the crux of this objective. AHAP works with IDPs and refugees in conflict affected areas to create sustainable jobs and businesses, improve access and quality of health care, and enable communities to better organize and identify their needs. In FY02, over 582,000 individuals benefited from AHAP services. Outside the AHAP umbrella, the American International Health Alliance, using a partnership model between US and Azerbaijani health care institutions, works to mobilize communities of IDPs and refugees to develop and improve primary health care services in selected areas.

Training and Small Grants Program (FY03 \$4.5, 15%): The cross-cutting training and grants programs support and complement activities underway in the economic growth, democracy, and social issues areas. Activities promote development of business and professional associations and NGO capacity through training (World Learning) and grants (Eurasia Foundation). The South Caucasus Regional Water Initiative (DAI) is another cross-cutting initiative that seeks to improve water resources management on the Kura and Aras rivers through technical collaboration between Armenia, Azerbaijan, and Georgia.

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