

American University of Armenia

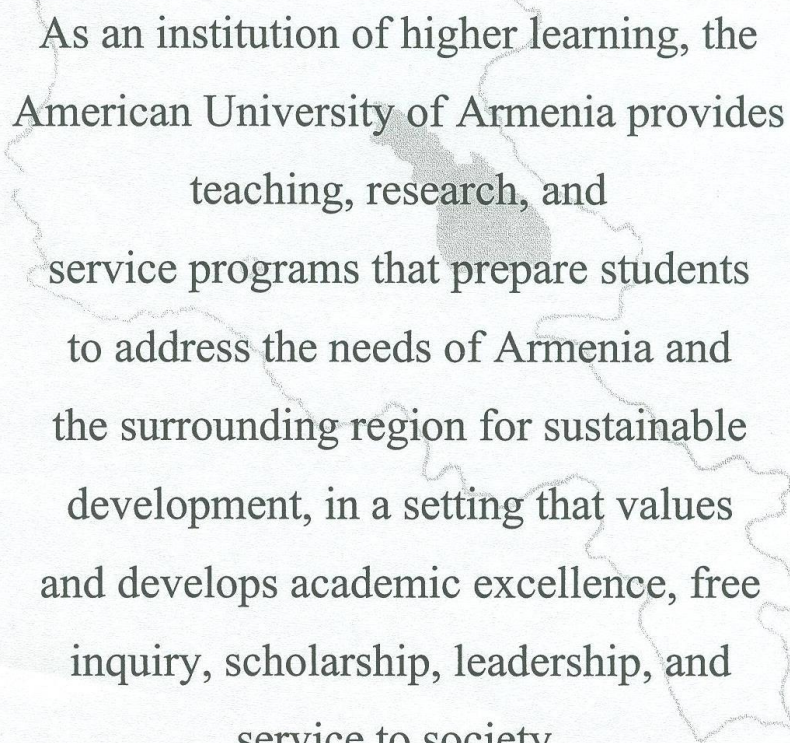
education

for

development

Annual Report 1999

Mission Statement



As an institution of higher learning, the American University of Armenia provides teaching, research, and service programs that prepare students to address the needs of Armenia and the surrounding region for sustainable development, in a setting that values and develops academic excellence, free inquiry, scholarship, leadership, and service to society.

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Facts in Brief

	1997	1998	1999
Students			
Graduate enrollment	378	334	385
University Extension enrollment	564	1,216	661
Degrees Conferred			
Master of Business and Administration	27	32	36
Earthquake Engineering, MS ¹	7	-	-
Industrial Engineering, MS	18	18	25
Political Science and International Affairs, MA	27	31	21
Master of Public Health	10	8	19
Certificate in Teaching English as a Foreign Language	7	7	9
Teaching English as a Foreign Language, MA ¹	-	0	1
Law, LL.M	0	9	17
Total	96	98	105
Faculty			
Full-time	14	11	14
Part-time	55	60	42
Total	69	71	56
Administrative Staff			
Full-time	20	22	14
Part-time	16	3	9
Total	36	25	23
Maintenance/Clerical Staff			
	95	102	120
Annual Operating Budget² (in thousands of dollars)	\$2,313	\$2,065	\$2,419

¹ Dash mark represents program unavailability.

² The 1997 operating budget is based upon fiscal year August 31, 1996 ending August 31, 1997.
In 1998, the university aligned its fiscal year with the calendar year.

President's Message

This Annual Report is intended to highlight some of the developments and achievements of the American University of Armenia during 1999, and to reflect upon the role that this young institution plays in the development of Armenia and the region.

Although, it was a politically tumultuous year in Armenia, the University was able to withstand the external pressures and develop on a number of fronts. On the academic level, the decision by the Western Association of Schools and Colleges to grant us eligibility for accreditation was a major milestone in the development of the University. This will be critical for the implementation of a quality assurance program across the University. In September, we signed an agreement with USAID for the development of the \$9.6 million endowment that will be used primarily for the recruitment of full time faculty and to sustain the Law program. In addition to the support received from the US Government and the continuing support of the Armenian General Benevolent Union, other new donations have strengthened the programs and the endowment base of the University.

While due to problems with financing, the final phases of the construction and development of the AUA Center could not be completed in 1999, we are confident that the project will be on its way for completion in the year 2000 with a new stream of funding.

In addition to the important daily contributions of its graduates, the AUA is a direct participant in sustainable long term development of Armenia and its region. The AUA research centers have become an increasingly integral part of the academic and service mission of AUA by serving as a vital link to professional communities and as a locus for establishing linkages with other academic institutions, businesses, industry, governmental agencies, and NGOs.

AUA stands for education and research for development!

Haroutune K. Armenian
President

Graduate Programs Update

Business and Management

- Dean, Rubina Ohanian, Ph.D.
University of Texas at Austin
- Associate Dean, Julia G. Newton, Ph.D.
University of Texas at Austin
- Mher Alahydolan, J.D.
Loyola School of Law
- F.K. AlNajjar, Ph.D.
Accounting University of Strathclyde
United Kingdom
- Edward Cherian, Ph.D.
Rensselaer Polytechnic Institute
- Michael Conrad, Ph.D.
Stevens Institute of Technology
- Mahmoud M. Haddad, Ph.D.
University of Alabama
- Vahe Marganlan, Ph.D.
Clemson University
- Edward Pogossian, Ph.D.
Computing Center of the Academy of Sciences,
Moscow
- Bryan Roberts, Ph.D.
Massachusetts Institute of Technology
- Raffi Semerdjian
Diplome d'Etudes Approfondies (D.E.A.),
University of Paris
- Dana Stevens, Ph.D.
Stanford University
- Yusuf M. Sidani, Ph.D.
University of Mississippi

During 1999, the College of Business and Administration recruited two new full time faculty members to its program providing an important impetus for further academic stability. Dr. Judy Newton was recruited on a three year contract as a resident full-time faculty member, and appointed Associate Dean of the College responsible for directing the program in Yerevan. A number of other outstanding teachers joined the program on a visiting

basis, including Fulbright scholar Dr. Edward Cherian, Professor of Information Systems at the George Washington University.

Innovative conferences were organized which attracted a number of participants from throughout the region. In the summer, Dr. Pogossian organized a conference on computer applications in business. Dr. Stevens and Dr. Yang contributed a short paper, "An Evaluation of Physical Effort and Injury Risk Using Fuzzy-Rule Logic and Data Mining Techniques: A Comparative Study." During the Fall quarter, Dr. Semerdjian directed a seminar for local businessmen, detailing the relevance of total quality control to the Armenian economy. Dr. Cherian gave a rousing speech to the diplomatic and international business club, explaining the rise of computer based business services and their possible application to Armenian business strategies.

Original and exceptional projects were completed this year. Topics included:

- Analysis of the agricultural sector,
- Ranking of Armenian banks by relative risk,
- Study of internationally sponsored loan programs administered by local banks,
- Variety of business plans (bed and breakfast network, furniture, herbal teas, Internet services),
- Econometric model of Armenian Dram exchange rates.

In one case, a business plan for an agricultural company contributed to a successful partnership and a capital infusion of \$1.5 million USD.

As a result of new funding from the Paul Avedisian Endowment for the Center for Business and Research Development (CBRD), the center is being revitalized and a new mission statement and initial strategic plans are being developed.

Engineering

Dean, Armen Der Kiureghian, Ph.D.
University of Illinois at Urbana-Champaign

Hovhannes Avoyan, M.A.
American University of Armenia

Michael Conrad, Ph.D.
Stevens Institute of Technology

Helena Dandurova, Doctoral Candidate
George Washington University

Charles Dunlap, Ph.D.
University of California, Santa Cruz

James Falk, Ph.D.
University of Michigan

Vahe Marganian, Ph.D.
Clemson University

Katta Murty, Ph.D.
University of California, Berkeley

Victor Ohanian, Ph.D.
Steklov Institute of Mathematics, Russia

Alexan Simonian, Ph.D.
Moscow State University

Y.N. Yang, Ph.D.
University of Louisville, Kentucky

The College of Engineering continued to offer its Industrial Engineering & Systems Management program during the 1999 academic year. Eighteen students entered the program in March and the total enrollment during the spring and summer quarters was thirty-nine. Of these, 19 students completed their degree requirements and graduated in August. Relative to previous years, this group of students has demonstrated superior academic performance.

The College acquired a computer controlled milling machine this year with funds provided by USAID. This system is equipped with a programmable multi-axes controller donated by Delta Tau company of Los Angeles. The system serves as a teaching laboratory for our computer-aided manufacturing laboratory. One of our 1999 graduates, Sargis Zeytunyan, was hired as Facilities Engineer responsible for developing

teaching materials and maintaining the laboratory.

Last year the College announced the intention to re-open the Earthquake Engineering (EE) Program. Unfortunately the EE program was not reopened due to the limited number of applications. Another attempt will be made in a few years since construction activity in Armenia is increasing and the number of graduates from the Architecture and Civil Engineering Institute, which in the past provided the main pool of applicants to the Earthquake Engineering program, is also growing.

This year a considerable amount of effort was put into developing a program in software and information technology. Visits and consultations were made with several local software companies as well as specialists in the U.S. In October, a proposal was submitted to the International Science and Technology Center (ISTC) to establish a training program. Promise for funding at the level of \$100,000 has been made by ISTC. The grant includes funds for establishing a 25-station computer laboratory dedicated to this program, as well as funds for sustaining the training program for one year. The program is planned to start in February 2000.

The Engineering Research Center (ERC) conducted three research projects during the year.

- One research project was completed in cooperation with the National Renewable Energy Laboratory (NREL) in Golden, Colorado.
- The second, a three-year project, in cooperation with solar energy experts in Portugal, Germany, Russia and Armenia, aims at developing a solar-powered cooling system for the small auditorium of the AUA building. This project was initiated by the Associate Director Artak Hambarian of the ERC with funding from a European organization.
- The third project was an evaluation of methods used in Armenia to strengthen buildings damaged by the 1988 earthquake in Gumri and Vanadzor. This

project was conducted for the Urban Institute with funding from USAID and in cooperation with Mr. Loring Wyllie of Degenkolb and Associates, a leading earthquake engineering firm in San Francisco.

Political Science

Dean, Nicola Shahgaldian, Ph.D.
Columbia University

Associate Dean, Lucig H. Daniellian, Ph.D.
University of Texas at Austin

Armen Alvazian, Ph.D.
Institute of History of the Armenian
Academy of Sciences

Onnig Beylerian, Ph.D.
University of Quebec at Montreal

Michael Conrad, Ph.D.
Stevens Institute of Technology

Arthur Drampian, MA
Brandeis University

Donald E. Fuller, Ph.D.
University of Pittsburgh, Pennsylvania

Vatche Gabrielian, Ph.D.
Rutgers University

Vahram Gabrielian, M.A.
Monerey Institute of International Relations

Ashot Galolian, Ph.D.
Yerevan State University

Theresa Khorozian, M.A.
University of Essex

Arman Manukian, MA
Boston University

In 1999, three important curricular changes were implemented strengthening the Political Science and International Affairs program. The total number of units required for graduation was raised to 80; students were required to enroll in the Fall Quarter, increasing mandatory attendance to six quarters; and finally students were required to complete either a Master's Essay or a Policy Internship Project in the final quarter of studies. Additionally during the Fall quarter,

a curriculum review was performed and adjustments were made for the 2000 program.

The School expects an enrollment increase of first-year students in 2000. This year, 21 students successfully completed the Master's program and received their degrees, and 25 students completed their first-year studies.

Faculty members continued outreach activities and provided consultations to local and international organizations, the Armenian government, and institutions of higher learning. Thirteen faculty members residing in Armenia taught the curriculum this year. The School was successful in recruiting a new local faculty member, Dr. Vatche Gabrielian, who received his PhD in Public Administration from Rutgers University and is Advisor to the President of the Republic of Armenia (ROA) Central Bank. Another local faculty member, Dr. Ashot Galoyan, was elected to the ROA National Assembly. Mr. Arthur Drampian, currently a part-time faculty member, will be sent to the US next year for training in budgeting and finance so that he can team-teach such a course in 2000. The School added the new position of Associate Dean and appointed Dr. Lucig Daniellian to the post.

The Center for Policy Analysis continued to provide the School's best students with opportunities for direct participation in hands-on research. Contracts and grants were received for research from the following organizations: UNICEF, UNDP, Urban Institute (for USAID and World Bank projects), Open Society Institute, and Johns Hopkins University Center for Population Studies. The Center devotes time and resources to the development of joint proposals with the Transition Policy Network, which consists of the Urban Institute; Albanian Center for Economic Research; Cracow Real Estate Institute; Center for the Study of Democracy, Bulgaria; Metropolitan Research Institute, Hungary; The Institute for Urban Economics, Russia; Insitute Byvania, Czechoslovakia.

Health Sciences

Dean, Haroutune Armenian, M.D., Dr. P.H.
American University of Beirut,
Johns Hopkins University

Kim M. (Hekmian) Arzoumanian, Ph.D.
Johns Hopkins University

X. Sosig Salvador, Doctoral Candidate
University of Chicago, Illinois

Krikor Soghkian, M.D.
Fouad First University, Cairo

Ara Tekian, Ph.D.
American University of Beirut

Michael E. Thompson, Doctoral Candidate
Johns Hopkins University

William Rising, Ph.D.
University of Massachusetts, Amherst

Zara Babayan, M.D.
Doctoral Candidate, Johns Hopkins University

The Public Health faculty were pleased to graduate their second cohort of MPH students. In addition to the regular students of the class of 1999, a number of previous students returned to upgrade their Certificate in Public Health [offered in 1995 and 1996] into a full masters degree. The fact that virtually all the Certificate recipients made the effort to earn the MPH degree is indicative of the value both students and employers place on the MPH program experience.

At the November 1999 faculty workshop held in Baltimore, the curriculum was revised and enhanced to better meet the evolving needs of the public health workforce and the program's educational objectives. The faculty was gratified by the large, highly qualified pool of applicants vying for admission. In anticipation of the larger entering cohort, plans for offering two focal areas during the second year curriculum (one focusing on quantitative methods, one on professional practice/management) were discussed.

Of note, the workshop participants included several program graduates: Marine Adamian (MPH '97) who was in the US for 3 months of training in public health nutrition at Johns Hopkins; Vahe Badalian (MPH '99), a Muskie Fellow enrolled in an MBA program in North Carolina; Zara Janibekian (MPH '97) undergoing training in conjunction with her position with the Jinishian Fund; and Naira Khachatryan (MPH '97) who is participating in a post-doctoral fellowship at Johns Hopkins.

During 1999, the academic program and Center for Health Services Research (CHSR) benefitted from the efforts of X. Sosig Salvador, MPH, a doctoral student at the University of Illinois-Chicago. Under her leadership, the CHSR has carried out a number of projects with the Ministry of Health, UNICEF, UMCOR, AGBU, ARS, and Johns Hopkins University among other organizations, while providing practical training opportunities for students and graduates.

As a result of new funding from the the Zvart Avedisian Onanian Endowment to the CHSR, innovative projects are being developed for the year 2000. A number of professional publications of CHSR work are beginning to appear in the literature. The Center has provided the opportunity thus far for 4 doctoral dissertation research projects from Johns Hopkins and the University of Illinois.

One of the highlights of the Public Health program this year was the initiation of the AUA Garo Meghrigian Eye Institute. This will be an institute dedicated to the preservation of vision and the prevention of blindness. Dr. Naira Khachatryan (MPH '97) is leading this initiative. She is collaborating with faculty from the world-renowned Wilmer Eye Institute to plan a thorough assessment of blindness and system resources in Armenia as a prelude to developing an action plan for the effective organization and coordination of efforts to prevent blindness. She returns to Yerevan in the Spring of 2000 to begin the assessment.

The Krikor Soghikian Reference Room was dedicated during a special ceremony held in Yerevan in October 1999. The dedication of the room honors the commitment and support of Dr. Krikor Soghikian whose vision led to the call for establishing the public health program. Dr. Soghikian has been instrumental in the success of the MPH Program and his efforts in establishing this reference room mark the beginning of a larger vision for a Learning Resource Center - an innovative vision of student centered learning interfacing with technology.

Law

Dean, Richard Buxbaum, LL.B., LL.M.
Cornell University,
University of California, Berkeley

Associate Dean, Barnabas Johnson, J.D.
Harvard Law School

Paul Edwards, Ph.D.
UC Berkeley

Helen E. Hartnell, J.D.
University of Illinois

Lizbeth Hasse, J.D.
UC Berkeley

Janice Kosel, J.D.
UC Berkeley

Thomas Samuelian, J.D., Ph.D.
Harvard Law School
University of Pennsylvania

Lowry Wyman, J.D.
University of Pennsylvania

This year, the College of Law focused mainly on teaching the final three of five quarters of comparative and international law that compose the Second Cycle curriculum. During the Summer Quarter, several First Cycle students who had been studying abroad joined Second Cycle students in classes required for their graduation. A total of 17 students participated in graduation ceremonies in 1999.

All Second Cycle students conducted extensive research and writing in order to complete their required Essay. In addition to 10 hours of classroom time with Prof. Lowry Wyman this Summer, they spent an average of 10 hours in one-on-one "mentoring" with her this Fall as they progressed through various drafts of their Essay, plus another 10 hours each of such mentoring with Prof. Barnabas Johnson in order to bring their papers up to publishable standards. These papers will be published on the Legal Resource Center's proposed "E-Journal of Law" and are intended to make a significant contribution to the region's nascent legal-reform literature. In this and other ways, AUA seeks to engage students and alumni in ongoing work aimed at improving the "life of the law" in Armenia and the post-Soviet world.

Another major activity has been planning for the Third Cycle. This has included formulating a six-quarter curriculum which is fully accreditable by U.S. standards, yet is focused on addressing the unique needs of law students, lawyers, judges, economic reformers, and "democracy-builders" in the region. To this end, Prof. Johnson and Prof. Wyman have each made an additional two-year commitment to AUA. The College of Law seeks to ensure that the Third Cycle, which starts next Spring, can use the College's material, intellectual, and human resources, including visiting faculty, to best advantage towards the goal of establishing AUA as a leader in post-Soviet legal education.

English

Dean, Russell Campbell, Ph.D.
University of Michigan, Ann Arbor

Assistant Dean, Elisa Kekejian, M.A.
St. Michael's College, Vermont

Anne Feryok, M.A.
Syracuse University

Scott Bean, M.A.
University of California, Los Angeles

Lynn Gregory, M.A.
Georgia State University, Atlanta

Adair Mathers-Gasparian, M.A.
Northern Arizona University

Roberta Murr, TESL Certificate
Portland State University

Michael Dane Nichols, Ph.D.
Texas Christian University

Lillanna Edilian
Brusov Institute of Russian and Foreign Languages

Karine Badal Mouradian, M.A.
American University of Armenia

Rubna Gasparyan
Brusov Institute of Russian and Foreign Languages

Nelly Harutyunyan
Yerevan State University

Isabella Sarkisova
Brusov Institute of Russian and Foreign Languages

The IEP program that began the last week of May is now focused on the English for Specific Purposes (ESP) courses. The Tutorial component of the course (Reading and Listening) includes updated and revised syllabi for Political Science, Business Administration, and Public Health. The Writing/Speaking component is following a completely new syllabus based on needs analysis results completed by instructors and students. The timing for the IEP computer courses has been organized to coincide with research paper writing course. This has proven to be very successful. A new series of lectures on 'Current Global Issues' was added to the ESP portion of the IEP. Experts were invited to speak about environmental issues, Y2K, WTO and other current themes.

This year there are 12 students registered in the TEFL Certificate program. All students were provided with a program orientation and enrolled in a short introductory course 'How to use the Computer'. The Methods, Linguistics, and Psycholinguistics courses have just been completed and the results seem to indicate that this is a superior cohort of students.

AUA inaugurated its MA in Teaching English as a Foreign Language in 1998. This unique degree program requires students to (1) satisfy the requirements of the AUA TEFL Certificate program, (2) complete a suite of graduate courses and seminars at a partner university in the US, and (3) complete a thesis at AUA. The first MA student completed this program and graduated in October 1999. Four additional MA candidates will complete step two at either the Monterey Institute of International Studies or the University of Maryland during the first eight months of 2000.

Environment and Conservation

This year Dr. Charles Dunlap, Director of the Environmental Research and Management Center, initiated a new Certificate Program in Environmental Science and Conservation (CESC). The Certificate provides students who are pursuing master's degrees at AUA with the scientific knowledge and practical experience necessary to assess the environmental impacts of human activity. The program integrates a study of the principles of environmental science with policy analysis, critical thinking, modern computer methods, and field work in order to prepare students to address environmental issues that arise in their professional careers or to enter graduate level environmental programs in US or European universities.

The Program consists of a sequence of six seminars followed by an original research project. The CESC program is designed to convey a kernel of knowledge and experience and yet be flexible enough to allow students to satisfy their curiosity about environmental issues pertinent to their fields of interest.

Admission to the program is by invitation to the top 25% of students in each master's program. Emphasis will be placed on involving students from each academic discipline and on involving students who have

demonstrated the greatest aptitude and enthusiasm for environmental studies.

A major highlight of the activities in the Environment and Conservation area has been the Birds of Armenia (BOA) project. With benefactor Sarkis Acopian and authors Martin S. Adamian and Daniel Klem, Jr., this year was marked by the publication of a monumental work, the Handbook of the Birds of Armenia, which includes an exquisite reference map. Collectively they are the most accurate, current, and comprehensive literature on the birds of Armenia and are of tremendous value for ecological and environmental education in Armenia. The BOA project is currently working intensively on the Armenian version of the Field Guide to the Birds of Armenia.

Extension Program

Dean, Atken Armenian Ph.D
University of Alberta, Edmonton

Magda Arzakhanyan
American University of Armenia

Gayaneh Avetsyan
American University of Armenia

Ruzan Danielyan
Yerevan State Politechnical Institute

Armineh Kocharian
American University of Armenia

Roozan Markossyan
Yerevan State University

Anahit Melkonian-Hovhannssian
Yerevan State University

Hagop Tsulkian
Brusov Institute of Foreign Languages

Gayaneh Zavarian
Yerevan State University

Occasional Lecturers

Tim Jamal
Silk Road Consultants

Hovhanness Petrossyan
Ministry of Finance

Aharon Chillingaryan
Tax Inspectorate

Avetis Seferyan
Yans International

Aghassi Yenokyan
Yenokyan Marketing Consultants

Narineh Tamamyan
Ministry of Economic Affairs

Shooshanik Mkrtshyan
Ministry of Economic Affairs

Since its inception in 1992, AUA's Extension Program has served as the University's interface with the local communities. The regular programs and courses dealing with language proficiency, public administration, and social sciences continued in the form of regular classes, public lectures, and seminars. Four cycles of English and English for Special Purposes course were attended by some 450 students. Thanks to partial funding from the Eurasia Foundation, the Extension program now has Armenian translations of a series of introductory courses in Business and Finance, Accounting, Marketing and Economics. As a pilot project, these courses were offered to a group of twenty students in Spitak, and were very well received.

The Extension lecture series was augmented by the Gordian Knot events. Unlike the Speaker Lecture Series, the Gordian knot involves professionals who may present an issue from potentially conflicting points of view.

The Extension department continues to develop its webpage, and Internet based activities. Besides the customary information on courses, application procedures and texts (in English and Armenian) of the Speaker Lecture Series and Gordian knot events, the "Our Day in Armenian History" item seems to have captured the imagination of many. Together with the Spelling Dictionary, this constitutes an outreach service to the diasporic and international communities.

Accreditation

The AUA reached a major milestone in its nine year history when the Western Association of Schools and Colleges (WASC), granted Eligibility to AUA in November 1999. AUA is the first institution of its kind to receive WASC's consideration. This is the first step in the process toward accreditation, but is not a formal status with the Senior College Commission. The entire process could extend from 2-5 years.

WASC made its decision after an Eligibility Committee of preeminent scholars reviewed the documents submitted by AUA and convened a panel review with AUA representatives to discuss their report. The eligibility report addressed WASC's 13 basic criteria related to a university's organizational structure, institutional purposes, educational programs and mission, faculty quality, admissions criteria, and financial stability.

The next step in the accreditation process is the self-study. WASC Commission standards define normative expectations and characteristics of excellence and provide the framework for the self-study. AUA will address each of the Commission standards, assess the extent to which it meets those standards, and identify plans of action to create compliance if needed. Vice-President, Dr. Donald Fuller, and Dean of Admissions, Dr. Theony Condos, have been appointed Co-Chairs of the Steering Committee responsible for planning the self-study and monitoring its progress.

Digital Library

During 1999, a team was recruited to digitize selected works of Classical Armenian literature. An operational team was established at AUA with the assistance of

researchers from the Matenadaran and the National Academy of Sciences to manage the day-to-day and technical aspects of the work. Meruzhan Karapetyan was appointed as the Director/General Editor of the Digital Library of Classical Armenian Literature Project. The Yerevan Technical Director, Dr. Hovhannes Kizoghyan attended technical conferences in the US, met with UC Berkeley library directors, visited academic sites with Armenian holdings, and met with the sponsor Alice Ohanian.

A short-list of Classical Armenian texts has been identified as the first group to be digitized from an eventual target group of up to 400 volumes. The painstaking process of digitization will result in a character-based Digital Library of on-line documents that will be available via the Internet. A sample can be viewed at <http://sunsite.berkeley.edu/~aia>, the mirror SUNSITE of AUA. The cultural heritage of Armenia and the wealth of Armenian literature will thus become accessible to a broad audience of readers, students of Armenian culture and Armenologists.

AUA Center

The AUA Center is a multipurpose educational and business facility, located in central Yerevan, which will enable AUA to host large meetings and conferences as well as house a number of activities of its research and development centers. During the past year, the primary construction work was completed. At the end of 1999, work was in progress on the interior finish work including the lobby, installation of the ceiling and stone floors, and the fire safety system. In accordance with the original AUA Center concept, the Center will have a modern, Western character with strong flavoring from the local culture.

Commencement

The seventh Commencement of the University was held on October 3, 1999. The two speakers at the Commencement were Minister Khosrov Harutunian and the President of the American University of Beirut (AUB), Dr. John Waterbury. In addition to the supportive messages that were expressed by both speakers this was an opportunity to establish stronger linkages between the AUB and the AUA. This was the first year that we had a graduate from our TEFL MA program with one student completing part of her course requirements at the Monterey Institute. As AUA graduates its students with the skills and knowledge to become future leaders in the private and public sector, new aspiring students yearn to fill their place.

Aspiring AUA Applicants...

"I expect the MPH program at AUA will provide training and field experience in modern clinical trials methodology, including research design, monitoring, data management and analysis. The aim of my education is to obtain solid in-depth experience and expand my knowledge in the above mentioned fields so as to work to benefit my country."

"I hope that the acquired knowledge at AUA complemented with my economic background will allow me to analyze more completely and find practical solutions to economic problems which, I consider, is a great importance for economically developing countries with critical financial conditions, among the Armenia of present days."

"The curriculum of the Political Science Program will provide an excellent opportunity for me to broaden my knowledge in the field of new policy development in the countries of the former Soviet Union, particularly in Armenia."

"My decision for selecting AUA is primarily based upon its excellent reputation as being particularly strong in my major, that is, business and management."

"Our world is changing and together with it our life and our society, but not all the people are able to catch up with these changes and many problems occur. I think that nowadays our country needs to have competent professionals who can help find ways out of such situations."

"Thus, I strongly hope to utilize the knowledge and critical thinking skills gained from AUA, to find the best professional approach for developing comprehensive policy. My desire is that after I graduate from AUA I have appropriate skills to assist on improving the legal framework in my country."

"My understanding of Public Health has changed since the Institute. Now I can see what a powerful weapon it is, aim at improving health, prolonging life and improving the quality of life among a whole population through health promotion, disease prevention and other forms of health interventions."

"Today I look forward to continuing my career working within the field of international banking and finance law, joining in higher activities of the Bank where I started my career. The LL.M degree at American University of Armenia would be the step guaranteeing success on my way to that goal."

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Trustees
American University of Armenia Corporation

We have audited the accompanying statement of financial position of American University of Armenia Corporation as of December 31, 1998, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American University of Armenia Corporation as of December 31, 1998, and the change in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Grant Thornton LLP

San Francisco, California
April 30, 1999

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Financial Highlights

During the first five years of operation, the University concentrated on building a core program, establishing a reliable administrative structure and a track record in terms of its graduates, activities and management. For the next four to five years, the focus of the University will be directed towards greater institutional development, the establishment of a stronger financial base, and more diversified income sources. Outcomes from the University's strategic planning process have led the University to concentrate heavily on the following three developmental areas that will also have an impact on revenues.

a) Increase the regional reach of the University so as to attract a larger number of students from former CIS republics that can pay \$2,000 - \$3,000 per academic year. While this level of revenue may not be steep initially, this will also attract students from non-CIS countries that can pay full tuition ranging between \$5,000 - \$6,000.

b) Assess programs and programmatic funding needs in terms of components so as to seek funding for constituent parts of a program from different sources.

c) Install greater accounting software capability to improve the costing of projects and the spread of administrative expenses over different revenue sources.

AUA received a number of grants from the United States government. In April, the University received a grant from the United States Information Agency for \$750,000 to support the educational programs of the University, a significant portion which is allocated towards faculty recruitment. In December the final phases of fulfilling the requirements of the United States Government Endowment were completed and the agreement was signed with USAID to transfer \$9.58 million to AUAC's investment management firm, the University of California Treasurer's Office. The endowment income

will be used to recruit full time faculty, as well as to support the LLM program.

While U.S. government funding will remain a necessary and key part of AUA's financing, AUA's funding pattern from private sources has increased over the years. In 1999 AUA received a number of donations that support programs designed to enrich the course offerings of the University. The most notable contributions from private donors included the following:

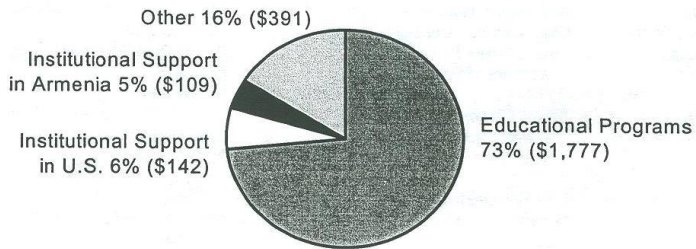
- As in previous years, the AGBU and its community of supporters continued to generously provide consistent major support to AUA at a level close to \$1 million per year.
- A \$1.5 million endowment from Edward Avedisian in support of the Center for Business and Research Development and the Center for Health Services Research;
- An endowment targeted to reach \$500,000 from benefactor Garo Meghrigian to develop an Eye Institute for a prevention of blindness program through the Center for Health Services Research;
- \$150,000 from Donor Alice Ohanasion to establish an Armenian digital library that will enable the University to reach beyond its educational mission making available unique materials to an international audience.

AUA now benefits from the strong support of U.S. government funding agencies. It also continues to benefit from the support of the Armenian-American community. While we have been successful so far in securing our yearly budget with the renewal of annual grants and donations, we are hopeful that an endowment of 30 million dollars in the long run will help secure an independent and predictable base for longer term financial stability.

Operational Budget 1999

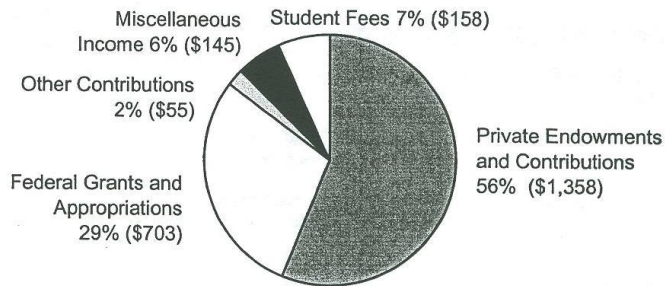
Expenditures (in thousands of dollars)

Total: \$2,419



Revenue (in thousands of dollars)

Total: \$2,419



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Contact Information

The American University of Armenia (AUA) is an independent, private non-profit institution of higher education in the Republic of Armenia. It is the joint undertaking of the American University of Armenia Corporation (AUAC) and the Ministry of Education and Science of the Republic of Armenia. The founders of AUA saw the concept of an American University as a long-term strategy for ensuring the development and advancement of Armenia and the surrounding region as it moved towards democracy.

The commitment and support of the Armenian General Benevolent Union (AGBU), the University of California System, and the Armenian Ministry of Education helped shape this idea into a proposal for the American University of Armenia. After careful and thoughtful planning, the American

University of Armenia Corporation was formed and accepted as an affiliate of the University of California in 1991.

The AUAC is a California Public Benefit Corporation organized exclusively for educational and charitable purposes under Internal Revenue Code Section 501(3)(c). Its principal office is in Oakland, California. Its specific purpose is to own and jointly operate the AUA in the Republic of Armenia. The AUAC is affiliated with the Regents of the University of California (UC). Under the affiliation agreement, UC provides academic and administrative guidance. This agreement allows AUAC to consult appropriate members of the staff and faculty of UC in the planning of curriculum, in the selection of faculty, in the structuring of University administration, and in developing programs in various disciplines.

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