

# PROJECT FACTSHEET

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Schweizerische Eidgenossenschaft  
Confédération suisse  
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Swiss Agency for Development  
and Cooperation SDC

## MAKING MARKETS WORK FOR FARMERS IN MEGHRI



For centuries the region of Meghri has been famous in Armenia for producing high quality fruit: persimmons, pomegranates, and figs. The region's sub-tropical climate is perfect for growing, and consumer demand for these fruits is high. But recent history, namely the collapse of the Soviet Union and a lack of investment in agriculture has meant that many local farmers have been unable to make the most of their potential. This project of the Swiss Agency for Development and Cooperation (SDC) is supporting farmers to grow healthier and bigger crops, and is helping them to get their fruits on to the market. The aim is to alleviate poverty in the region through increasing the volumes of fruit production in Meghri.

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### PROJECT CONTEXT

Armenia, once part of the Soviet Union, became an independent state in 1991. During Soviet times Armenia was highly industrialised, but following independence and the breakdown of economic ties with Moscow, industry declined. In addition, the country's large collective farms were broken up and the land was privatised. Other factors such as the 1988 earthquake in the North of Armenia and the war with Azerbaijan over the disputed region of Nagorno Karabakh in the early 1990s contributed to the economic downturn. Economic growth between 2000 and 2008 improved the situation; people began to earn more, there were more jobs, and there was more investment in public services. But the global financial crisis of 2009 hit Armenia hard, unemployment rose, and the number of people living in poverty increased to 36% in 2010. The agricultural sector, already in difficulties, was especially badly affected and is still recovering.

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### SECTOR CONTEXT

Agriculture in Armenia accounts for around 18 percent of GDP, yet employs 46 percent of the total labour force. Following privatisation in the wake of the collapse of the Soviet Union, Armenia's vast collective farms were broken up into an estimated 1.3 million small holdings. Of around 340,000 private farms in operation today, most average just 1.5 hectares. At the national level, Armenia has been slow to adapt framework conditions to the new, smaller farms, meaning many farmers have little support when it comes to access to markets. Thus, their income from farming is low, and many live at subsistence level.

The Meghri region has its own special geographic problems: it is bordered on the west by Azerbaijan, a border which has been closed since the conflict over Nagorno Karabakh, and to the south by Iran. The sensitive geopolitical situation of Armenia and the fear that the region could once again become unstable, have hindered economic development. Most agricultural supplies can be sourced only in the capital Yerevan, a road journey of at least seven hours, involving four mountain passes.

Traditionally the population of Meghri have been fruit farmers, their key crops are pomegranates, persimmons, and figs, as well as, on a lesser scale, apricots, cherries and walnuts. This produce was highly valued in Soviet times, and both a fruit canning factory and a (pomegranate) wine producer were operating successfully in Meghri. Since Armenia's independence, however, there has been little investment in agricultural production, and subsistence agriculture has become the norm for Meghri's farmers. Unemployment in the region is estimated at 15 per cent, twice the national average. At the same time the population is ageing, almost 20 per cent of Meghri's residents are pensioners, as younger people leave to seek a better life in the cities.

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## PROJECT OBJECTIVES & ACTIVITIES

### Putting Meghri fruit back on the map

Meghri fruit is famous across Armenia. There is a big demand among consumers for Meghri produce, and a readiness to pay high prices for fresh fruit bearing the Meghri name. The SDC project in Meghri is supporting farmers to improve the quality and quantity of their fruit, with the goal of increasing their income. Three key crops have been identified, for which Meghri's sub-tropical climate is ideal: pomegranates, persimmons, and figs.

### Healthier trees, and more of them

A key challenge facing Meghri's farmers has been the difficulty of accessing agricultural supplies such as fertilisers and pesticides. Most have to be purchased in Yerevan, what's more the small size of the farms in the Meghri region means the farmers have little bargaining power, and often have to pay high prices for the supplies they buy. The project has been encouraging farmers to get together to bulk buy supplies, and already this measure is proving successful, leading to a reduction in the price paid of about 20 percent.

A future goal is to encourage suppliers to actually set up shop in the Meghri region, so that farmers can buy directly from them. A good indicator that this could be successful was a two day agricultural fair organised with the help of the project in Meghri town. It was attended by 250 farmers, and, significantly, by 10 wholesalers of agricultural supplies such as fertilisers and farm tools. Five wholesalers sold their products at the fair, and the interest of the farmers and the level of sales were far higher than the suppliers had expected.

In order to help farmers improve the quality and the quantity of their fruit, the project has set up eleven demonstration orchards. Here the hardiest and most productive strains of fruit trees can be seen, and farmers can learn about the latest methods of fruit farming, about safe spraying of pesticides, and about environmental risk reduction – hail for example is a danger to Meghri's fruit trees, the demonstration orchards have anti-hail nets, which the farmers can have a look at and test.

Trees obviously take some time to grow to maturity and to produce fruit, so an increase in productivity will not take place immediately, but it is already clear that the advice and support is having an effect; Meghri farmers are participating in training courses, they are investing more in their land, and they are planting more trees.



In order to improve farmers' access to markets the project is encouraging them to work together when selling their fruit: wholesalers and supermarket chains are much happier to buy in bulk than to bargain with individual farmers for small amounts of produce. The project has been successful in attracting new investment to the fruit processing plant in Meghri, meaning the plant now wants to expand into a new variety of fruit juice, and will buy more produce from the farmers.

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## EXPECTED RESULTS

The key objectives of the project can be summarized as follows:

- 1) Service providers and input suppliers provide farmers with better access to up-to date agricultural information and inputs.
- 2) Farmers, processors and other private actors benefit from increased access to financial services and to capital for investments.
- 3) Farmers have better access to higher value markets through improved commercial linkages with buyers (processors, traders, retailers).
- 4) Local government has implemented a strategy for a more conducive business environment for investments in horticulture through public-private partnerships.

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## A SMALL VILLAGE WITH BIG PLANS – BENEFICIARY INTERVIEW

Narek Khachatryan is 25 years old, and lives with his parents, brother, wife and one year old son in Nrnadzor, a remote village of just 170 people, bordering Iran and Azerbaijan. Although Narek's father is a livestock farmer, Narek has decided to move into pomegranate cultivation, a fruit which has been grown in his village for many years. Narek has been an enthusiastic visitor to the demonstration orchards and he now has a 7000 square metre orchard with 400 trees. "Before the project I never had the opportunity to have any training," he explained. "And I had never tried spraying or lime coating – I learned about them at the demonstration orchard." Narek says the training has encouraged him to move from traditional farming methods to intensive farming, and so increase his production. He is also helping his fellow farmers in the village to adopt the new methods, although he admits it is not always easy.

"People are already becoming interested," he said. "They want to treat and cultivate their orchards, but when it comes to investing some money they usually protest, they are not ready to spend even a small amount. But I can understand it, people have not been cultivating for years, they cannot change immediately."

Nevertheless Narek is committed to providing advice to his neighbours, in order to help them improve their orchards too. And he is a welcome visitor in the village, where people are beginning to see the economic benefits of the new farming methods.

For the future, Narek has a key goal: a united approach to the fruit wholesalers and processors. "I want to see the village united so that we can decide ourselves on the price of the crops we grow," he said. "And I want the fruits grown in our village to be famous for their quality and taste."



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## PROJECT AT A GLANCE

**Title:** Rural Development in the Region of Meghri

**Duration:** 2010–2016

**Total budget:** Approx. CHF 5.5 million

**Implementing organisations:** Helvetas Swiss Intercooperation; Center for Agribusiness and Rural Development Foundation (CARD), Armenia

**Partners:** Ministry of Territorial Administration of Armenia, regional and municipal authorities, local producers, wholesalers, processing companies, extension services.

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## DID YOU KNOW THAT...

... Armenia lies in the highlands surrounding the biblical mountains of Ararat, upon which Noah's Ark is said to have come to rest after the flood.

... One of the main sources of foreign direct investments in Armenia is the Armenian Diaspora, which finances major parts of the reconstruction of infrastructure and other public projects.

... Apricots originated from Armenia. In fact, their Latin name is "prunus Armeniaca". It was Alexander the Great who brought cultivated apricots from Armenia to Europe.



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## ARMENIA COUNTRY FACTS

**Population:** 3.1 million (Switzerland: 8 million)

**Life expectancy at birth** (index mundi, 2011): Men 70 years, women 78 years (Switzerland: men 78 years, women 84 years)

**Gross national income per capita** (World Bank, 2011): USD 3,360 (Switzerland: USD 76'380)

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## IMPRINT

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