

Armenia

Water-to-Market Activity (WTM)—MCA



The fragmentation of the agricultural production base in Armenia is keeping the country's farm enterprises from achieving the scale necessary for efficient production. Though rural family landholdings average 1.4 hectares, these farms are usually made up of three or more smaller parcels in different locations. This results in low yields, inconsistent quality and an inability to assemble enough produce to meet market demand.

Limited financial resources and a lack of information about on-farm water usage and pest management have led to the proliferation of herbicides and pesticides from dubious sources and the use of rudimentary spraying devices. Due to the small-scale, highly fragmented and diverse production of fruits and vegetables, local marketing is carried out by small traders and even the producers themselves. Thus, throughout rural Armenia, the labor-intensive agricultural sector produces low yields and poor incomes for smallholder farmers.

60,000 rural farmers will receive training in on-farm water management.

ACDI/VOCA, in partnership with ARCADIS Euroconsult (Netherlands) and VISTAA (Armenia), was awarded an \$18.4 million contract to implement the Water-to-Market (WtM) Activity as part of the Millennium Challenge Armenia program (MCA). The objective of the project is to accelerate the transition to more profitable agricultural production through the following activities:

- » introducing and encouraging best practices in irrigated agriculture
- » fostering the adoption of improved water management techniques
- » shifting to higher-value crops and livestock
- » strengthening the post-harvest and processing enterprises linking producers to their domestic and international end markets
- » strengthening the capacity of credit providers to fund viable proposals in production and post-harvest activities

The program was launched in February 2007 and will continue until October 2011.

Under WtM, 60,000 rural farmers will receive training and observe demonstrations in on-farm water management. Approximately 30,000 of these farmers will benefit from training and dem-



Project Profile

onstrations in higher-value farming activities. Three hundred farmer groups and small and medium enterprises (15,000 farmers indirectly) will become more effective in assembling, processing and marketing agricultural production thanks to the training, technical assistance and capital they receive under the project. The direct impact of the WtM activity will be employment generation and increased incomes for farmers and rural businesses. The program will also create synergy between rural infrastructure development and agribusiness development. The result will be a significant, sustainable reduction in rural poverty.

As of September 2008, the WtM project has reached all 10 marzes (provinces) of Armenia through its training and credit programs and established demonstration sites. WtM has trained 13,123 farmers in on-farm water management training and 2,985 farmers in high-value agriculture. The number of trainees to date has exceeded the targeted number at this point in the project. WtM has also established 53 demonstration sites for high-value agriculture and 35 demonstration sites for on-farm water management field training. In addition, ACIDI/VOCA has assisted 60 enterprises with post-harvest handling, processing and marketing. During the first quarter of 2008, ACIDI/VOCA organized the first auction of funds under WtM's credit program for 11 financial institutions accredited by MCA. To date, the 4 selected credit providers have approved loans to 125 beneficiaries for a total amount of \$1.5 million.

ACIDI/VOCA's approach in Armenia is creating long-term change to achieve higher agricultural production levels, and thus raise rural incomes. WtM stimulates the agricultural sector in Armenia with market-driven interventions at all levels of the value chain, including improved farm water management and production, sorting, packing and delivery of product to processors and markets, and effective export marketing.

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