

INTRODUCTION

World Vision Armenia began implementation of its new strategy in FY 2015 and Local Value Chain Development (LVCD) projects was the primary economic development approach chosen. This brief report covers the first year of LVCD as a National program. It was a year of contextualisation, experimentation and learning, starting small and building momentum. This report illustrates some of what we have achieved to date as well as what we have learnt during the first year of LVCD implementation. All that has been achieved is as a result of the hard and committed work of the 12 members of WVA ED team, as well as continuous support of World Vision Armenia's management, the MEER Economic Development Learning Hub and overall Operations team. Special thanks to WVA donor liaison for elaborating stories on LVCD project beneficiaries and WV SC DME for conducting baseline evaluation and providing data to the project.

Finally, without the cooperation and collaboration of community members and their interest in the project, nothing would have been possible.

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ABBREVIATIONS

ADP	Area Development Programme
AMD	Armenian Drams /local Currency/
ED	Economic Development
LMF	Local Market Facilitator
LVCD	Local Value Chain Development
MF	Market Facilitator
PG	Producers' group
TP	Technical Programme
VC	Value Chain
WVA	World Vision Armenia

THE PROJECT IMPACT AT COUNTRY LEVEL

PROJECT PURPOSE

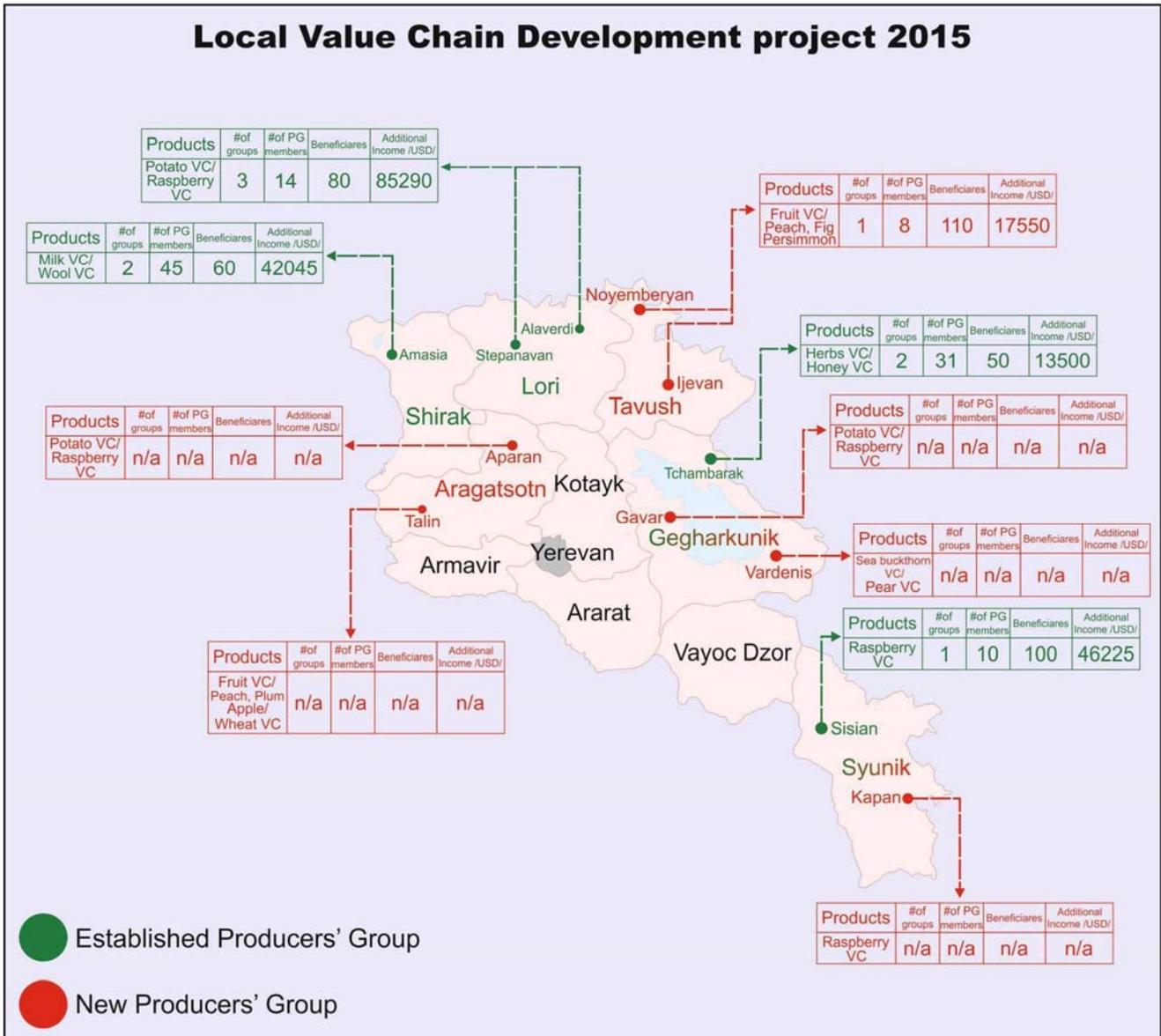
The aim of World Vision Armenia's LVCD projects is to increase the incomes of producers who are poor in ways that are sustainable and ongoing, so that they can provide better for their children. The LVCD model is designed to help them make market systems work better for them by increasing their understanding of market demand as well as increasing their bargaining power resulting in them gaining more profit from what they produce. Our staff supported smallholder producers to work collectively, to improve their productivity, develop better relationships with buyers and gain more profitable access to markets.

SIX DISTRICTS, TWELVE PROJECTS

- Lori Marz: Alaverdi and Stepanavan ADPs /Potato and Raspberry VCs/
- Gegharkunik Marz: Tchambarak, Gavar and Vardenis ADPs / Herbs, sea-buckthorn and potato VCs/
- Shirak Marz: Amasia ADP /wool, raspberry VCs/
- Syunik Marz: Kapan and Sisian ADPs /raspberry VC/
- Tavush Marz: Noyemberyan and Ijevan ADPs /Fruit VC –persimmon, fig, peach/
- Aragatsotn marz: Talin and Aparan /potato, raspberry, fruit, wheat VCs/

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MAP OF LVCD PROJECTS IN ARMENIA

KEY MILESTONES FOR FY15

- Around USD\$202,000 of additional profits were generated by initial Producer Groups (PGs) in the first four ADPs
- 9 PGs were established with 108 members over 60 % of whom are female (35 male and 63 female)
- Over 2000 producers engaged in LVCD, participated in specific training events
- 2 Local market facilitators from participant communities began representing their own communities demonstrating the sustainability of the LVCD approach.
- Piloting of youth supporting Market Facilitation in Gegharkunik

LESSONS LEARNT

- Facilitating linkages between producers and buyers to identify new and sustainable areas of market demand for products can lead to quick increases in income or producers.
- The importance of building sustainability into the project by strengthening the governance of Producer Groups and the support and training of Local Market Facilitators (LMFs),
- The importance of selecting the best Value chains to work with so that quick wins can be realized and compelling goals to work toward established. Some early producer groups failed because the value chains selected were more complex than initially thought.
- That working to build strong producer groups and the change in attitudes is important before any kind of effective collection action with respect to joint assets or the formation of cooperatives can take place.
- The importance in the way that groups are formed and the skillful work needed to work with the passionate and impulsive initial responders while also nurturing subsequent members or groups which tend to be more realistic, rational and result-oriented

THE PROJECT IMPACT AT COMMUNITY LEVEL

The following section focuses on how producers of different products have started to become involved in the LVCD initiative as well as how World Visions Market Facilitators are supporting that change. Below is a snapshot of some of the changes that took place in our ADPs during 2015.



Photo 1: MF collecting the raspberry

Producers groups as catalysers of change in their communities

The Ashotavan Raspberry PG have become catalyst of change in their community as well as a neighboring village on the other side of their valley.

The group has been supported throughout their development by Irene the Market Facilitator and this collaboration has led to dramatic increases in productivity, innovation and a ‘can-do’ attitude of everyone involved.

Productivity: Irene arranged specific training for new methods for organic raspberry cultivation that uses pillars and wires. This resulted in the adoption of this technology by all of the group members and the harvests were more than double the previous year. This success resulted in the wide scale adoption of the new raspberry cultivation methods by other villagers who are now being trained and supported by the initial group. The Group has also recognised that training others and increasing regional quality and quantity increases their collective bargaining power and they are now negotiating with more buyers for higher prices.



Photo 2: On Job training on raspberry

- Innovation/new opportunities: Irene also organizes a “Raspberry Conference” in Yerevan, Armenia for all producers in the area to learn about various cultivation and value adding opportunities. The group is embracing these new income generating opportunities and is currently exploring drying and jam making initiatives to further boost their incomes.
- Mindset change: The catalyst group, is made up of nine women and one man and they have adopted the motto “Strong women, strong world” . Over the last 18 months their enthusiasm and willingness to embrace change is having an increasing impact on their whole local community and is now spreading to as a growing number of farmers from neighboring communities as well. In turn they are showing interest to working collectively in their own communities.



Photo 3: PG during the training session

PGs are starting to show the initial elements of project sustainability

The Potato Farmer Producer Group from Arevatsag in the Lori region of northern Armenia is an example of what farmers can do together armed only with willingness and ideas. Key to their success was making joint

decisions which assured local ownership of all aspects of implementation as well as the responsibility for the results.

Previously there was competition between farmers “we was ready to kill each other” said Arthur Meliksetyan one of the Arevatsag community Potato PG members, “but now our relationships are transformed and we understand that there is no more time for disagreements if we want to build a positive future for ourselves and



Photo 4: MF with Arevatsag PG members

our families”. Artur has also become Local Market facilitator and the project team has started to provide him with coaching so that he has necessary knowledge and skills and builds trust with community members.

Producers groups as pioneers to find new markets and income opportunities

In Tchambarak just north of Lake Sevan near the border with Azerbaijan a producer group has been formed to make the most of the herbs that grow on the surrounding hills and forests. The catalyst group is made up of six women and two men. This group is making the most of their competitive advantages to take advantage of market opportunities to increase their incomes both for themselves but also to include their whole local community as well. The below extract from FGD with 7 representatives of herbs value chain group in Dprabak community is self-explanatory:

“I was doing nothing – just unemployed and in 10 days I made 80,000 AMD” (around US\$170) says Anahit Balyan, leader of the group. Another group member explains, “David (the Market Facilitator) introduced us to the head of a cooperative named “Antaram”, trained us in negotiations skills and showed us the ways, and now we work with new buyers on our own. We have plans for expansion, we want to do some simple processing and have applied to UN for a small grant to buy drying and packaging equipment”. When asked how can World Vision’s Market Facilitator could support the group further, members answered “through linking us to more businesses and supermarkets, since we are able to collect more herbs and number of people who want to join us goes up.” To the question “would you invest from your income to buy a packaging machine?” another group member answered: “of course, it will be our tomorrow’s income”.

Producers groups are strengthening relationships between communities

The LVCD project supported producer groups to strengthen inter-community cooperation. Through the work of the Market Facilitators, strong collaborations have now been established among potato producers who are from quite different regions of Armenia, from Lori in the north through Aragatsotn, Gegharkunik and Shirak regions in the central eastern and western regions. Producers who would normally never be in contact with one another are exchanging the information on buyers and market demand, as well as discussing opportunities to work on joint projects. In an environment where people often tend to be distrustful and act individually it is a mark of the projects relevance that producers are staying in touch with each other by their own volition.

Another example is the cooperation between the Ashotavan raspberry producer group from Sisian in the south has established a sound relationship of cooperation with the Aragyugh raspberry producer group in the Aragatsotn Region. It was this latter group who supported the Sisian growers as they learned new methods of raspberry cultivation and they also provided new plants as well. The Sisian group in turn supported with knowledge and plants newly established Raspberry PG in Kapan area.

Producers involved in the LVCD projects from across Armenia have also started to share information on the cultivation of different products. The first example of product exchange and sale among producer groups from different parts of the country was the cooperation of a fruit producer group from the Tavush region with a potato producer group many kilometres away from the Gegharkunik region. They bartered persimmon and potatoes for mutual benefit and agreed to continue trade with each other in coming years.

PGs ensure additional financial means for their communities

During FY15, producer groups not only ensured additional income for their families, but also for whole communities. Over \$200,000 USD in additional income was generated by producer groups in four disadvantaged communities by the producers themselves. This was achieved by the producer groups being formed and supported by World Vision's Market Facilitator to identify new market opportunities, negotiate better prices with buyers and increased their bargaining power to buy more and better inputs such as seeds or fertiliser.

THE PROJECT IMPACT AT GROUP LEVEL

Financial year 2015 saw the first stage of the implementation of WV Armenia's new strategy and technical programs and with this the full implementation of the LVCD model. Some advance projects in Alaverdi, Tchambarak, Sisian and Amasia were funded by WV USA and started in April, 2014 These were followed by a scale up throughout 2015 with new projects in Stepanavan, Ijevan, Noyemberyan and Kapan. The remaining areas projects in Gavar, Vardenis, Talin, and Aparan all commenced at the beginning of FY16. Together this means one LVCD project in each of Armenia's 12 Area Projects. The following producer group level changes have were recorded at the end of 2015:

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Table 1:
Group dynamics and additional income generated per project by the end of FY15

N	Project	Products	# of groups	# of PG members	Direct Beneficiaries	Indirect Beneficiaries	Additional Income /USD/
Established Producers' Groups							
1	Lori Marz						
	Alaverdi and Stepanavan APs	Potato/ Raspberry	3 (2- potato, 1- raspberry)	14	80	250	85290
2	Gegharkunik Marz						
	Tchambarak AP	Herbs/forest greens Honey	2	31	50	150	13500
3	Shirak Marz						
	Amasia AP	Milk / Wool	2	45	60	180	42045
4	Syunik Marz						
	Sisian AP	Raspberry	1	10	100	250	46225
New Producers' Groups							
1	Gegharkunik Marz						
	Gavar AP	Potato / Raspberry	n/a	n/a	n/a	n/a	n/a
	Vardenis AP	Sea buckthorn / pear	n/a	n/a	n/a	n/a	n/a
2	Syunik Marz						
	Kapan AP	Raspberry	n/a	n/a	n/a	n/a	n/a
3	Tavush Marz						
	Ijevan and Noyemberyan	Peach, Persimmon,	1	8	110	n/a	17550

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APs	Fig						
4 Aragatsotn Marz							
Talin AP	Fruit / wheat	n/a	n/a	n/a	n/a	n/a	n/a
Aparan AP	Potato / Raspberry	n/a	n/a	n/a	n/a	n/a	n/a

As it was shown in the table above, some of the older projects have begun to show significant increases in local producers’ income during the reporting period:

1. Alaverdi and Stepanavan APs: Potato VC: the LVCD project generated \$85290 USD in increased income was generated with for 80 local producers through Pesticides Bulk Purchase, selling Seeds to other region of Armenia as a new market opportunity, holding prices within community.

2. Sisian AP: Raspberry VC: increased community incomes by \$46225 USD and ensured for 200 local producers through exploring new opportunity and collecting forest greens, holding the price within communities and the utilization of new cultivation methods.

3. Amasia AP: Milk and Wool VCs: generated and additional income of \$42045 USD and ensured 45 local producers achieved the highest prices (110 AMD average in Republic – 130 AMD in the community). They also began exploring new opportunities including selling herbs and producing felted woolen products as a way of value adding to their wool production.

4. Tchambarak ADP: Honey and Herb VCs: due to LVCD project an additional \$13500 USD income was additionally ensured for 31 local producers through, selling of honey, wild medicinal herbs, nuts, rosehip, plum, and wild at higher prices through their collective qualities.

5. Ijevan ADP: Fruit VC (Peach, Persimmon, Fig): . In the Ijevan AP the Market facilitator has worked with community members to establish a producer group in Ditavan and together they have explored new options for marketing their fruit within Armenia. Although it is early days, last year alone, the group supported by Market Facilitator and were able to increase the price paid for figs by 35%. resulting in an increase in income of over \$17500 USD for 110 producers.

During the 2015 financial year a number of training events were organized for producer group and community members that focused on ways in which producers in a particular area could increase their profits

and provide better for their families. As an example, our market facilitator in Sisian AP arranged trainings on raspberry cultivation and dried fruit production using a local NGO named Green Lane as well as an agricultural specialist. Twenty five producers participated and as a result of their new knowledge and skills thirty local producers doubled their harvest and profits increased by USD 7268. Overall our market facilitators in conjunction with local specialists when necessary, conducted twenty-one training sessions for various producer groups on topics that they identified as important, such as marketing, financial management, disaster risk reduction and natural resource management. Results of these training are beginning now to show in the communities we are working in. As in example in Amasia AP training in marketing, lead a women's group in Aregnadem to begin sewing bags for herbs and selling them in packs resulting in an increase in income for this small group of USD\$ 3510 and for other members of the same community to add value to the sales of their wool by creating different felt products and as a result increasing their income by more than USD \$ 12700 in their first year.

THE PROJECT IMPACT AT INDIVIDUAL LEVEL

The LVCD project is not only about changes in community life but also about changes in the lives of individual families. Below are some examples:

Potato Value Chain

World Visions work within the potato value chain in Lori has changed lives of many families and meant that mothers and fathers can provide better for their families.

David Davityan one of the potato farmers group member mentioned that he was only able to cover his daughter's university fees, and provide her opportunity to continue her education because of the increase in his income as a result of the project. Also Vito and Khoren two farmers from the same group said that if it hadn't been for the project they would have had to migrate to Russia with their families, to find work as their previous income was not sufficient to provide for their children's health and education.

Herb Value Chain



Photo 5: Anoush and her daughter in law showing some of the herbs they collected

A World Vision mother starts believing in possibilities, works hard, and makes her world a bigger one

Anoush Nazloukhanyan had accepted the fact that nothing significant was going to happen in her remote village of Dprabak, Tchambarak ADP, northern Armenia. Their livelihood depended on the old-age pension their grandma received, the small wage their eldest son earns as a service soldier, and some firewood her husband chopped from the nearby forests to sell on the road. The edibles, greens, herbs, and wild fruits they collected from the forests made an important addition to their pantry, but Anoush had never thought that one day they would mean even more to her family of nine.

It all started six months ago, with World Vision just recently started the program in the village. “It was a dull day, in March, when Anahit, my dear friend from the village, came to our house to drag me to a meeting. She said World Vision was starting a producers group that would be connected to the market and that we might have a chance of making some money,” recalls Anoush. She went only because her friend was there. “What market, what sales? Nothing was going to happen in our village’- that’s what I first thought,” confesses Anoush. For two months she accompanied Anahit everywhere, just for fun.

Anoush took part in the Producers Group meetings and training sessions organized by World Vision’s Access to Market Economic Development Project funded by For Every Child Campaign, went up to the mountain and the forests with Anahit, held the bag where she put the herbs and wild edibles Anahit collected, and even accompanied her friend on her first trip to Yerevan, the capital city.

At the market in Yerevan, Anoush witnessed how much money Anahit made. “There I was at the market, and yet did not made any dime, all because I had not believed that any of this was possible. As soon as I was back to the village I started working,” says Anoush.

“Our life has completely changed since. We feel we are moving forward,” says Anoush proudly. “From May to late October, we worked with our entire family. Everyone did whatever they could to collect, sort, and

package the edible greens, the herbs, the wild walnuts, and forest fruits. Even grandma and our youngest helped us,” says Anoush, mentioning her 12-year-old daughter, who is sponsored by World Vision US.

During the season the family earned around 600,000 Armenian Drams, equivalent to 1,300 USD. “I will forever remember the first time I received 50,000 Drams from selling herbs. Never before I had such feelings of great responsibility and joy at the same time,” recalls Anoush.

With the income, the family paid off the debt at the village store, renovated some parts of their ancient home in preparation for the winter, and purchased a horse, which would be a great help in collecting the edibles during the next season.

“I have learnt a lot during the past six months,” says Anoush. “I have learnt about herbs, how to collect and sort them, how to have conversation and negotiations with the market dealers. All this gives me a great joy, not only because of the very much needed income, but because we came out of our closed circle. Our world is a bigger one now.”

Raspberry Value Chain



Photo 6: hands-on training on the installation of raspberry pillars and wires

Pillars and wires increase raspberry yield in Ashotavan and make it a fun task to pick

Almost every household in Ashotavan village grows raspberry in their back garden and Ashotavan has become famous for the quality of its raspberries. Raspberry production was limited because raspberry bushes are thorny and back gardens became very disorganised because traditionally the bushes were planted randomly. As a result, yields were low, harvest was difficult and they were seen by many as more trouble than they were worth.

World Vision’s market facilitator for Sisian arranged a number of community meetings in Ashotavan resulting in a group of nine women and one man forming a producer group. The group enthusiastically embraced a series of training sessions arranged for them by the market facilitator and included methods for

organic and sustainable agriculture, marketing skills, financial literacy, group management, branding, and developing pricing strategies.

One aspect of the trainings for the group, involved the cultivation of organic raspberries using pillars and wires. “Now it is a pleasure to pick the raspberries. It’s easier to go through the bushes without scratching my hands,” says Larissa Sargsyan, one of the members of the Ashotavan producer group. It was not long before the groups activities created interest among other community members. As group members tell the story, slowly, curious neighbors started peeping into the backyards of the ten members of raspberry producers group. And then after learning that the new method was doubling the raspberry yield, the neighbours expressed their wish to learn more about this new method of raspberry cultivation. World Vision’s market facilitator distributed booklets promoting this new cultivation method to all 120 raspberry producers in Ashotavan and invited them to take part in a field day conducted by experts. “Until the employment of the pillars and wires technology raspberry collection was something we would argue about in my family. No one wanted to do it,” adds Ashot Hayrapetyan, a member of Ashotavan community. “But this year it was one of the fun things we did together as a family: it had become an easy task, and we harvested more raspberries than ever before.”

“Thanks to the new cultivation technique with pillars and wires, the raspberries received more sunlight, due to which the berries increased in size and had a more marketable product,” says Irene Balayan, the Economic Development Project Coordinator in Syunik Marz who is also the market facilitator for the group.

The end of the 2015 season marked the beginning of a new season and a new era in Ashotavan, where more and more farmers are spending the fall months installing raspberry pillars and wires in their backyards with the anticipation that their efforts will bring a multiplied yield next summer.

AIMS FOR FY16

The following targets were agreed for FY16, on as anticipated results stemming from the LVCD projects:

- As a result of the project the Return on Investment will be two to one. That is producers will generate double the cost of the Economic Development Technical Program (For FY16 the ED TP operations cost is calculated \$500,000 therefore the expected income is aimed at over USD \$1 million).
- Effective operating Producers Groups to have more than doubled. That is from nine in FY15 to more than 20 in FY 2016

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- For FY 2016 we will average at least 250 beneficiaries per project, that is over 3000 for all projects
- Development of success stories for each project, as well as case studies
- The monitoring and data collection mechanism was developed for MFs through MF journal. The data will be collected and LVCD projects will be monitored on monthly basis by MFs to support building evidence for the model
- All WVA ED projects will work as a group to maximize sour communications systems in maximizing our opportunities with buyers. The database of buyers and other VC actors was improved and systemize for that purpose
- Share the knowledge/learnings from the project implementation within and outside WV
- To follow up the recommendations from Baseline evaluation report for ED Technical program / February, 2016/:
 - During the implementation, project team should consider and calculate in house consumed products as an income. Financial management trainings may cover this topic as well mentioning it as source of income for the family and to be explained as a part of family income management. The trainings should also show them how much money they are saving when value is being added to the products for their own consumption. For example, if they are making cheese and consuming it within household how it is affecting their family income/ finances.
 - The baseline evaluation has also underlined the importance of market led approach of the project and revealed the most necessary gap in Value chains: lack of opportunities for realization of their products, i.e. lack of information on markets. The project should pay more attention on that issues and increase its efforts on improving market part of the chains.
 - As a continuation of the above mentioned point, the project also should explore new market opportunities /information on possibilities to add value to the product for more income. This information will support producers to make effective decisions.
 - The evaluation also underlined the one of project approaches to promote collective work of producers and importance of their cooperation with each other. This will increase their responsiveness to market demand decreasing the possible cost per producer needed to meet the demand.

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- The other thing is that producers have no entrepreneurial or business skills /considering farm as a business/. The issues again may overcome through collective efforts. The project may provide some basic knowledge and improve producers knowledge on entrepreneurship.
- As the interest rate of MFIs are totally high which may harm the family income of living condition of the producers/ if they cannot pay back the loan , MFIs and banks are taking households items or cows instead/, the project should support producers to find low interest rate loan or grant opportunities.
- The percentage having access to business and technical services are quite low. The Project should fill this gap provided that service for the first years of the project and then identifying existing similar services locally and linking producers to them.

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