
MARKETS FOR MEGHRI (M4M)

Project Document for Phase 2: December 2012 to November 2016



Submitted by
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and
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List of Abbreviations

CARD	Centre for Agribusiness and Rural Development
CCT	Cross-cutting themes
CHF	Swiss Frank currency
DCED	Donor Committee for Enterprise Development
DRR	Disaster Risk Reduction
E+I	Employment and Income network of SDC
GDP	Gross Domestic Product
Ha	Hectares
HELVETAS	HELVETAS Swiss Intercooperation
HH	Household
IS	Input Supplier
M&E	Monitoring & Evaluation
M4M	Markets for Meghri project
M4P	Making Markets Work for the Poor approach
NGO	Non-governmental organisation
PIU	Project Implementation Unit
SDA	Strategic Development Agency
SDC	Swiss Development Cooperation Agency
SECO	Swiss State Secretariat for Economic Affairs
SME	Small and Medium Enterprises
SP	Service Provider
TOR	Terms of reference
VCA	Value chain Actor
VCI	Value Chain Influencer
VCO	Value Chain Operator
VCS	Value Chain Supporter

Synopsis

Country, Region	Armenia, Region of Meghri
Name of project	Markets for Meghri (M4M)
Project number	7F-05537.01.01 (Phase 1)
Domain of cooperation strategy	Economic Development and Employment
Start of project and of current phase	01.12.2009 Start of inception, phase 1 01.10.2010 Start of implementation, phase 1 30.11.2012 End of phase 1 01.12.2012 start of phase 2
End of the current phase	30.11.2016 (phase 2)
Proposed budget	3.59 million CHF
Implementing consortium	HELVETAS Swiss Intercooperation (lead agency) CARD Foundation (subcontractor)
Main objective of the project	Active small-scale horticultural producers, processors and traders in Meghri have increased their production and profitability and thereby generate increased and sustainable income.
Main partners	Value Chain stakeholders (e.g. processors, intermediaries/traders, input suppliers, retailers), service providers to the Value Chains, local and provincial government

1. Introduction

The ‘Markets for Meghri’ (M4M), funded by the Swiss Agency for Development and Cooperation (SDC) with CHF1.8 million, will complete its first phase in November 2012. It was jointly implemented by HELVETAS Swiss Intercooperation and SHEN, an Armenian NGO. During the last three years of implementation – the project started in December 2009 – much progress has been made and many lessons were learned, which provide a promising basis for more sustainable development in one of the most secluded regions in Armenia.

SDC has decided to continue its development commitment towards the Meghri region in the framework of its regional cooperation strategy 2012-2017, and therefore will **extend the M4M project for another 4-year phase, starting in December 2012.** The proposed budget is CHF 3.59 million. The phase will be implemented by HELVETAS Swiss Intercooperation again, in cooperation with the Centre for Agribusiness and Rural Development (CARD) Foundation (see Annex 1 for short organizational profiles).

This project document outlines the cornerstones for the second phase and consists largely of two main parts:

- **Project strategy:** Chapter 2 outlines the context in which the project operates and rationale that has led to its design; Chapter 3 briefly describes the project’s underlying strategic framework and approach for interventions; Chapter 4 introduces the objective system – or main goals and intervention areas that lead to its achievement; Chapter 5 then outlines the project’s approach towards addressing the important cross-cutting themes of gender, governance and disaster risk reduction (DRR).
- **Project setup:** Chapters 6 to 9 then deal with the more organizational aspects of team structures, project implementation partners, management, resources, steering (also M&E) and risk mitigation.

2. Project context and rationale

Since gaining its independence in the course of the collapse of the Soviet Union in 1990, **Armenia has been going through a difficult transformation process** in all aspects: from a centrally planned towards a market oriented economy, from communist rule orchestrated from Moscow towards democracy, from regional integration as part of the Soviet Union towards independence as a nation and country – all challenging the country’s social integration and development. Price inflation during this period soared up to five thousand per cent as result of a high budget deficit and the government’s attempt to finance it through the money press. The political and economic turmoil led to high unemployment and poverty rates, as a result of which migration from Armenia increased significantly.

After 1995, Armenia then experienced a period of strong economic growth, with double-digit GDP growth rates every year from 2002 to 2007. Economic and financial conditions however worsened rapidly again in 2008, due to a drop in international metals prices and a downturn in the Russian economy following the collapse of oil prices. Since then, Armenia has experienced a significant drop in investments, exports, and real incomes, worsened by the recent global financial crisis. The Government’s anti-crisis measures, a gradual recovery of remittances flows, additional loans and budgetary support from international donors helped to avoid further economic decline in 2010.

However, economic indicators, while on the rebound (4.6 per cent in 2011), still fall short of the pre-crisis growth trend. **Poverty rates and prices remain high, and the sustainability of growth remains a strong concern.** Young women and men often seek their fortune outside Armenia because the country’s labour market cannot absorb the current supply of workforce and therefore does not offer enough interesting perspectives for making a decent living – this is particularly the case in rural areas, as the section below will show¹.

Development cooperation with international donors and development agencies in different thematic fields therefore remains necessary and important in order to support the transition process in Armenia. Particularly the stimulation of economic growth leading to income and employment is a priority both for the government and its international development partners. **The importance of income and em-**

¹ ILO 2009: Migration and development – Armenia country study, Yerevan. The same study mentions that since the early 1990’s between 800,000 and 1 million people have migrated permanently away from Armenia. Annually about 60,000 migrants seek jobs in Russia (mainly in the construction sector); they wish to return but cannot do so due to the lack of job opportunities.

ployment generation will therefore again be recognized in SDCs regional cooperation strategy for 2012-2017, as it has already been a focus area under the previous regional strategy.

2.1 The income and employment situation

The drop in output of more than 60 per cent between 1992 and 1994 resulted in the collapse of household incomes and living standards, as wages failed to keep pace with hyperinflation, as subsidies on energy and food were reduced, and the decline in government revenue caused drastic cuts in social transfers, essential services, and maintenance of infrastructure. Although positive growth in the mid 1990-s and between 2002 and 2007 has since allowed a slight recovery, real wages today are still at about CHF 250.00 (in the last two years there has even been a slight decline). **Poverty became widespread and inequities have been growing rapidly.**² Though decreasing since 2001 (38.4 per cent) the official unemployment rate remains high at 18.4 per cent (2011).

According to World Bank data, the poverty headcount ratio at national poverty line has increased significantly from 2008 (27.6 per cent) to 2010 (35.8 per cent) as result of the global economic downturn and the Armenian economy's volatile situation in this context. **The poverty rate amongst the rural population is particularly high**, and has over the last years led to a strong migration from rural to urban areas. About 65 per cent of the total 3 million population lives in urban areas, of which one third lives in the capital city of Yerevan. It is particularly the younger generation that is leaving the rural areas and the elder generation behind to seek for work in the cities or abroad, posing a particular challenge to maintaining appropriate production levels in agriculture.

Agriculture is essential for the Armenian national economy and particularly critical for food security as well as for poverty alleviation in rural areas. For one third of the population that lives in rural areas, it is the main source of livelihood, with farm income (both from sales and own account consumption) making for nearly 60 per cent of total income of rural households in 2003. Rapid privatization processes, the breakdown of political authority and the loss of markets in the course of its transition process severely affected on Armenia's rural areas. The rapid reforms in land tenure and the agricultural sector led to the emergence of a subsistence-based crop-livestock production system with little income generation potential and hence poverty levels among the country's 335,000 smallholders, cultivating at an average 1.4 hectares, is high.

Since the late 1990s the agricultural production picked up mainly due to the establishment of new marketing channels, more private sector investments, availability of credit and increasing productivity of farms. This growth was accompanied by increased demand and some downsizing and restructuring of various processing industries. **Key challenges in Armenia's agriculture** today are to improve supporting services and farm structures, to further increase productivity under the condition of sustainable use of natural resources, and to provide the rural population with employment and income. **Development of the agricultural sector has also not been equal throughout the country:** while regions such as the Ararat valley have seen significant development progress in recent years, more remote regions remain excluded from essential services, inputs and markets that generate income and employment opportunities.

2.2 Target region: Meghri in Syunik Mars

Given the development challenge for rural areas in Armenia, and the fact that agriculture plays an important role as driver for income and employment in these regions, SDCs cooperation strategy has particularly focused on the Syunik province (Armenian: *mars*) as target region. The province is the country's most southern one, bordering Azerbaijan's Nakhichevan exclave to the west, the Karabakh region to the east and Iran to the south, which makes a difficult geopolitical context. SDC is funding a project implemented by Strategic Development Agency (SDA), an Armenian NGO, focusing on the area around the municipalities of Sisian and Goris. In December 2009, SDC also started the Markets for Meghri (M4M) project, targeting the municipalities at the most southern tip of Armenia on the Iranian border.

The Meghri area is fairly small compared to the other areas in Syunik and has **12,714 inhabitants**. It encompasses **13 municipalities** - 11 villages with a population of 2,814 and two towns (Meghri and Agarak) with together a population of 9,900. The area around these municipalities is mountainous with

² World Bank 2011

limited land available as production resource. The town of Meghri is nearly 400 km far from the capital city of Yerevan and separated by four high mountain passes making the region particularly remote from the main economic centres and markets. More direct road and train connections through Azerbaijan are today closed because of the Nagorno-Karabakh conflict. And whilst both countries have engaged in negotiations, the situation remains volatile and might draw the Meghri region into hostilities should the conflict flame up again.

Figure 1. Map of the Project Area

Meghri region is therefore of strategic importance for Armenia in both economic and national security aspects. Sustainable development of Meghri region will strengthen the economic and demographic potential of the region on the Iranian and Azerin border.

The region has high potential to provide a substantial portion of fresh and processed fruit and vegetables produced in Armenia.

According to secondary data obtained by the M4M project from municipalities about 1,800 HHs are involved in fruit cultivation on 553 hectares total area. The total potential additional area for horticulture development is 425 hectares.³ Traditionally, agriculture and food processing were the economic base in the region. During the Soviet times the region played a major role in supplying urban centres with fresh and processed exotic fruits; the unique subtropical climate in the region allows the production of fruits such as pomegranate, persimmon, figs, grapes, kiwis, apricots, peaches and quinsy. The collapse of large cooperatives (Sovkhos) and state owned farms (Kolkhoz) in the early 1990s however meant that the high levels of organization and mechanization (including irrigation systems), could not be maintained. A large cannery in Meghri today operates at only 20 to 30 per cent of its former capacity.

Currently subsistence agriculture is nearly the only source of survival, even though mines of copper, molybdenum and gold have recently resumed their operations, thus providing labour opportunities. The breakdown of the economy (at the independence from the Soviet Union and more recently with the global financial crisis) resulted in unemployment and lack of business prospects. According to official statistics, ***unemployment in Meghri area is 15 per cent*** (slightly below the national average of 18.4%)⁴. One of the most acute problems in the area is the ageing population with more than 19 per cent of the population being pensioners.

Given these arguments, which constitute a summary of a wider analysis conducted by the M4M project as well as experiences gathered over the past three years, ***there is a need for a development initiative in the Meghri region which focuses on leveraging economic growth potential in the agricultural sector leading to more income and employment opportunities for rural households.***

2.3 Key development challenges

The links between agricultural productivity, rural economic growth and poverty alleviation are direct, strong and measurable. Focusing on the agricultural sector as a lever for developing the rural economy is particularly relevant to Meghri region of Armenia, where most of the workforce is involved in agriculture. Although, Armenian agricultural production has shown considerable progress in past decade, Meghri region is in substantial imbalance with this progress.

Farming in Meghri is mainly at subsistence level since the breaking down of large state funded and cooperative structures and the subsequent privatization of land ownership patterns and industrial production. Farming is highly fragmented with small plots of land of up to 2 ha in the mid-zone (the average is more around 0.75 ha); infrastructure such as roads and irrigation systems are poor; the applica-



³ Livelihood assessment report. M4M project. October, 2010. P. 24.

⁴ See as well p.7 of this document, chapter 2.1.

tion of more advanced production and management technologies is largely absent; access to markets is difficult and limited.

Nevertheless, given the unique climate of the region (sub-tropical) the production of a rare variety of fruits with good market potential – pomegranates, persimmons, figs, early varieties of apricots, peaches, cornelian cherries, quince – clearly promises the generation of more income and employment opportunities in the region. In order to unleash this potential, the following key development challenges need to be addressed (see also *Annex 4* for a summarised market analysis):

- In order to raise the income of households involved at the production level, the current **productivity of farms** (i.e. fruit orchards) needs to be increased significantly. Low productivity is the result of a combination of underlying and more systemic causes:
 - *Access to knowledge and information:* The break-down of the former system of large cooperative and state-owned enterprises has left small subsistence farmers today without access to knowledge and information that is critical for more effective farm management. The government's agricultural extension services is heavily underequipped (one person for the whole region) and there are little other means for farmers to access relevant information and knowledge. This concerns knowledge and information about more productive tree varieties, intensive farm management practices (pruning, spraying, picking etc.), business management etc. In phase 1, the project has begun with the development of demonstration plots and the setup of a lead farmer model for advisory services. Phase 2 will continue to build on this achievement by ensuring the sustainability of the business model.
 - *Access to agricultural inputs and mechanisation:* the fragmentation of farming in Meghri since the 1990s has also meant that subsistence farmers find it difficult to access inputs needed to raise productivity levels, such as fertiliser, pesticides/insecticides, tools and machines that would allow the farming on larger plots of land. Commercial input suppliers are only now starting to set up business in Meghri thanks to project interventions in phase one. However, the market remains heavily undersupplied (considering that input suppliers are also ideal providers of embedded information).
 - *Access to financial services and capital:* In order to purchase agricultural inputs and tools or to expand the land under production or to buy new fruit trees, farmers currently lack access to sufficient and affordable financial services and capital to do so. They also lack the necessary business skills in order to apply for credit (business planning) and provide sufficient security to banks (collateral, trust, management of liquidity etc.). In phase one the project has started the introduction of financial advisory services through municipalities; but more needs to be done to attract financial service providers with capital to Meghri. Increasing access to capital is also important for investments into processing and marketing capacities in the region.
 - *Infrastructure:* Poor infrastructure is a key constraint to business and agricultural development in the region. The connection by road is difficult – especially over the winter months; trains ceased to operate; irrigation systems from the former Soviet period are decaying; river banks are not reinforced and therefore pose a risk for floods and landslides; telecommunication systems are weak. While the provincial government plays a major role in addressing these problems, its capacity to respond remains weak.
 - *Land structure and farmer organisation:* The high level of fragmentation of farming in Meghri is a key constraint towards accessing higher value markets and inputs. Little organisation amongst farmers exists to generate economies of scale. Land ownership patterns also mean that available land in remote areas remain unused. The fact that the younger generation is migrating away from the region or is working in the mines has also not contributed to better organisation in the sector.
- In order to provide more income and employment, opportunities and constraints also need to be addressed at the demand side of the value chain. Investments need to be made that lead to **more value added in the region as well as improved access to markets**; the government as well as supporting services are critical elements of a conducive environment in this regard. The underlying causes of poor performance in this regard are:
 - *Investments into value chain logistics and marketing:* Low levels of investments into storage at farm level and bigger chilling facilities in Meghri have wider implications on the prices that farmers need to accept, the quality of fruits and post-harvest losses. The absence of trucks with chilling facility that operate the long distance between Meghri and Yerevan

adds to this problem. In order to access higher value markets investments need to be made by private sector players into setting up a functioning cold chain between Meghri and main markets (including storage, transportation, packaging, labelling, quality control etc.).

- *Value chain governance:* Weak organisation between farmers also means that transaction costs for buyers are high and trust between farmers and buyers (such as traders) is poor. Negotiations between farmers and supermarkets/big scale traders are not founded on long lasting commercial relationships and qualitative logistics management. Marketing and selling follow traditional patterns, with producers being price takers and selling individually to traders from Yerevan at a low price.
- *Processing capacities:* The processing capacities that exist in Meghri (a cannery and a winery mainly, plus some small scale drying units) are outdated and consist of the restrained utilisation of a formerly large industrial equipment. Despite the limited prospects, the cannery is willing to increase its processing capacity, particularly by adding a new fruit juice range. Additionally, the drying of fruit at household level has good market potential – an activity in which particularly women are involved.
- *Unemployment is particularly high amongst women.* As noted in the section on gender, women have been especially adversely affected by the reduction in employment opportunities in the Meghri area. The main source of paid employment in the area, the mining sector, is almost exclusively male dominated. In the past, many women worked in food processing units (the cannery and winery), but these now employ a fraction of their former workers. The cannery reportedly once had 1,000 full time workers; it now only employs 40 part time staff. In Meghri town, 75% of the officially registered unemployed are women (Carter, 2011).
- *Market information:* Actors in Meghri have low access to market information. For example, the varieties of pomegranate grown in Meghri are not necessarily the varieties preferred by consumers or used by processors. This is also true for the nurseries that produce low quality trees that hardly meet the requirements of commercial horticulture and the market demand. The overall flow of embedded information and services along the value chain remain weak.
- *Poor public-private coordination:* The local government (provincial and municipalities) do not have a clear strategy towards promoting investments into the horticultural sector and associated activities.

Not all of these development challenges can and will be addressed by the project in the duration of the second phase. The long-term nature of production cycles of fruit orchards also means that productivity changes at farm level and income changes at household level will require time.

2.4 Stakeholder assessment: Opportunities and constraints

The above summary of key development challenges for the horticultural sector in Meghri, illustrate a number of 'supporting functions' or services which are essential preconditions for income and employment growth in the sector. The immediate objective of the M4M project is to address underlying constraints that prevent a proper and sustainable functioning of these supporting functions and services.

In order to do so, the project needs to identify suitable market players (both public and private, formal and informal) who can perform such functions and services and identify means by which they can also be sustained financially; and most importantly: better functioning of these supporting functions and services needs to lead to improvements for poor households in Meghri involved in horticulture.

In the identification and collaboration of suitable market players, the project can build and expand on the experiences made and networks built in phase 1. During this first phase the project has collaborated with a number of different stakeholders: Government (mainly the Syunik mars government and municipalities in the Meghri region – but to some extent also the national government which is represented in the steering committee), private businesses such as input suppliers, traders, supermarkets, banks/financial service providers etc., associations (such as the women resource centre or farmer groups), or individuals (such as lead farmers, nursery owners etc.) In phase I, some 16 lead farmers, 13 men and 3 women, have been trained, but the intention is to increase this number in phase II.

The following table provides a brief analysis of opportunities ('drivers') and constraints of development with regard to selected stakeholders and in relation to the above mentioned functions and services:

Table 1. Development opportunities and constraints of selected stakeholders

	Numbers	Constraints	Opportunities
		Government	
Regional government	1	<ul style="list-style-type: none"> Lack of a coherent strategy to promote growth of the horticulture sector No government investments made as result (e.g. in infrastructure supporting horticulture) High degree of corruption and clientelism Poor public-private cooperation (or only to an extent which disadvantages small and medium businesses) 	<ul style="list-style-type: none"> Support of elaboration of horticulture development in Meghri Collaboration on investment attraction Development of PPP
Municipalities	8	<ul style="list-style-type: none"> Lack of a strategy for promotion of horticulture sector development Lack of resources for horticulture development 	<ul style="list-style-type: none"> Interest of horticulture development in region Attraction of investments through PPP Encouragement of farmers in close collaboration with lead farmers
Agricultural extension services (ACS)	1	<ul style="list-style-type: none"> Heavily under-resourced (1 old staff only, no equipment, vehicles, money etc.) As a consequence a small number of reached farmers Poor links to research and development at national level as well as other regions (Ararat valley) 	<ul style="list-style-type: none"> Generally motivated and interested Encouragement in provision of technical assistance to farmers on environment friendly agricultural techniques
		Private sector	
Input suppliers	2 in Meghri, 4 in Yerevan	<ul style="list-style-type: none"> Largely absent from the Meghri region – high costs of procurement for farmers Capacity of market: the market is small and not attractive for input suppliers Lack of bio-laboratories 	<ul style="list-style-type: none"> M4M phase 1 has supported two investors to set up shop in Meghri Trade fairs organized by M4M phase 1 have raised attention for issue and market potential Introduction of new environment friendly inputs
Nurseries	7 in Meghri	<ul style="list-style-type: none"> Lack of frost-resistant varieties Lack of links to research and scientific institutions 	<ul style="list-style-type: none"> Selection of the most appropriate varieties of fruit trees Encouragement of scientific in work with nurseries
Farmers/producers	2 500 Households	<ul style="list-style-type: none"> Low level of organization amongst farmers (prevents access to markets) Dominance of subsistence farming rather than as serious business Low level of technology and skills Poor access to markets (reliance on traders and bartering) Lack of entrepreneurial mind-set and business skills 	<ul style="list-style-type: none"> Availability of lead farmers who's capacity phase been built up during M4M phase 1 Interest of some local NGOs to be involved in project activities Interest of farmers to collaborate with each other and have long-term and reliable relationships with input suppliers, agronomists and buyers.
Processors	1 large processor (Meghri cannery), 1 winery	<ul style="list-style-type: none"> Lack of market information Lack of marketing and sales skills Lack of access to retail markets High competition to locally produced products with imported 	<ul style="list-style-type: none"> Availability of Meghri cannery, running at low capacity but seeking investors to expand (STAR has recently invested) Small-scale processing taking place at household level (strong involvement of women) Introduction of contractual relationships
Traders/Retailers	7 traders, 3 super markets (Yerevan)	<ul style="list-style-type: none"> Traders are mistrusted by farmers and small processors in Meghri region Insufficient flow of relevant information between retail/traders, processors and farmers High post-harvest losses due to wrong handling (sorting, packaging, storage, transportation) 	<ul style="list-style-type: none"> Mobilisation of farmers into farmer groups Development of marketing information system Introduction of contractual relationships
		Others	
Financial service providers	5 credit institutions in Meghri	<ul style="list-style-type: none"> Reluctance to borrow to horticulture sector players for investments Low level of business and management skills of farmers scare banks/financial service providers off Credit products are not suitable for horticultural producers 	<ul style="list-style-type: none"> 1 MFIs from Yerevan, CARD Agro-Credit is interested to work in Meghri Encouragement of credit institutions in process of discussion and elaboration of appropriate credit products for horticulture producers
NGOs/other projects	5 in region	<ul style="list-style-type: none"> Low level of sharing of information about 	<ul style="list-style-type: none"> Initiation of the Platform for Agriculture

Associations/private sector organisation	(SDA, World Vision, KfW, OSCE, ADA, WRC, SHEN)	<ul style="list-style-type: none"> projects and NGOs work in region Lack of synergy between projects and organisation 	<ul style="list-style-type: none"> Development in Meghri/ Kapan Initiation of Training Lab for sharing of experience and skills among development organisations
	Association of horticulturalists, Association of farmer of Kopan	<ul style="list-style-type: none"> Weak relationships of the Associations with members Weak involvement of local associations in development of conducive business environment in region 	<ul style="list-style-type: none"> Involvement of organisations in Platform discussions Strengthening the relationships of the associations with government and business bodies

Interventions under the project's four main intervention areas (see *Chapter 4*) will seek collaboration with a multitude of players in the horticultural market system and stimulate them to take on new services and functions or perform them better. The above summarized stakeholder assessment will inform the nature and purpose of relationships between the project and local stakeholders, building also on relationships that have been established during the first phase.

In doing so, additional strategic partnerships will also with other donor funded projects in the Syunik mars, especially with SDA which implements an SDC funded market development project in Goris and Sisian regions and shares a common strategic approach (M4P). Coordination is however also import with other donors and development organizations such as ADA, World Vision, USAID, KfW and SHEN.

2.5 Target population

The M4M project's own livelihoods assessment found that there are 3,758 households (12,712 people) in Meghri, of which 35 per cent were classified as low income (less than 2.7 US\$/household member/day) and 34 per cent as poor (less than 1.7 US\$ per day). The poverty ratio amongst population living in mountainous areas (almost 95 per cent) is higher than that of people living in lower parts of the region (around 50 per cent along the Araks riverside). Almost half of the region population consists of youth till 18 years old and elderly people above 55 years old (44 per cent).

Although out-migration is reportedly less common than in other parts of rural Armenia, it is nevertheless an important phenomenon shaping the demography of the population. Women-headed households are not unusual; the Phase I project database recorded 129 women-headed households out of the total of 513 households participating in project activities – that is, one quarter. These are households with no male adult member; the number of de facto women-headed households, in which the male family member is absent most of the year, may make the figure even higher.

Around 85 per cent of people in Meghri are self-employed, producing agricultural products for own consumption and for the market. About 1,800 households are involved in horticulture on 553 hectares of land in total, with an average size of less than 0.25 ha in towns, 0.74 hectares along the Araks riverside, 0.5 hectares in the mid-zone, and more than 2 hectares in mountainous areas. Much of this horticultural activity is of low productivity for reasons outlined in other chapters. The wealthiest households comprise those having one or more family members in paid employment, and/or those engaged in commercial farming. The latter are generally from Araks riverside zone and partially Meghri and Agarak towns. These farmers mostly sell their produce for cash either to intermediaries, processors and/or by prepayment.

The project defines the target group as ***“those households with an income around the national poverty line (2,2 USD/day⁵) that have the potential, ability and drive to become economic actors within the horticulture sector because they have access to productive means and produce above subsistence level (surplus production)”***. Compared to phase 1, phase 2 will deliberately shift its focus from farmers only, to include poor households involved in other income generating activities up- and downstream of the value chain such as small and medium-scale processors, employees of larger processing and trading companies, and traders in the Meghri region.

- Farmers/producer households:** The graph 1 next page illustrates the division of farmers for different development aims and the project will target the farmers of CI, CII and D categories. So, the segmentation of farmers for the next four year of the project work will be as follows: 20 % of total farmers, are those who are market integrated (it means, they have a long-term vision for the development of their business and acting as a driving force for innovations – new production technics, new varieties, etc.); 70 % of farmers are market oriented (without vision

⁵

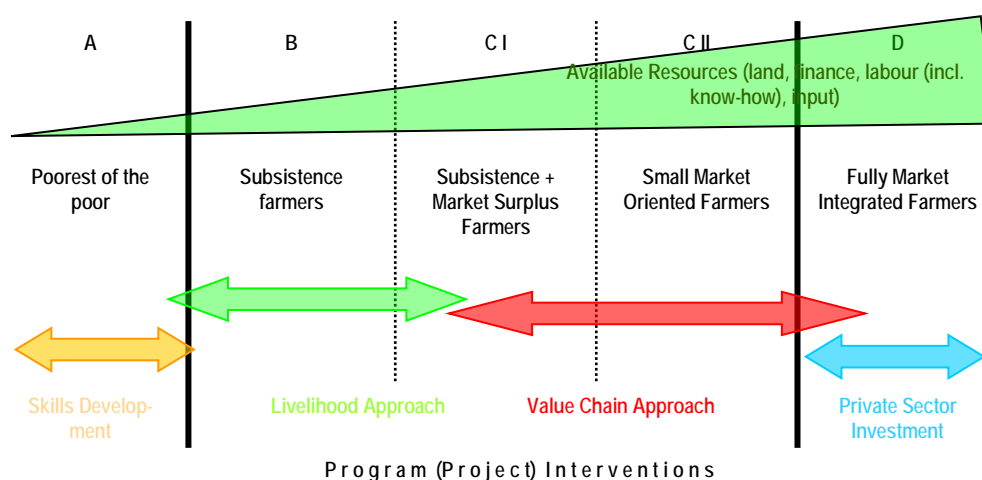
<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/0,,contentMDK:23055880~pagePK:146736~piPK:226340~theSitePK:258599,00.html>

but working mainly for the market and make decision for future business based on observation of neighbour farmers. If a neighbour gets more money from a different crop this year than a M4M supported farmer received, s/he might not investing anymore in her/his orchard, considering his/her activities as additional income and not as a main business); 10 % of subsistent farmers with occasional surplus without any business vision and very limited production resources.

- The project will also target households involved in processing activities as well as income and employment opportunities more generally within other parts of the value chain (trading, processing, services etc.).

Taking this into account, the overall number of households targeted by the project is estimated at **1,350** (out of 1,800); these are households actively engaged in horticultural production and processing.

Graph 1. Division of Farmers for Different Development Aims



2.6 Phase One: Lessons Learned and Accomplishments

The second phase implemented jointly by HELVETAS Swiss Intercooperation and CARD builds on the experiences and achievements of phase one which was implemented in collaboration with SHEN NGO. It is critical for the success of the second phase and the overall project to follow-through on interventions that are showing initial signs of success in order to achieve a wider crowding-in or systemic impact. Equally it is important that the project understands the lessons learned in phase I and avoids mistakes that have been committed and also continues some of the practices that have proven to be successful.

The M4M project effectively started interventions only in October 2010. Much of the time before was used to develop an understanding of the target region and sector (research and analysis), establish the projects intervention strategies, build up team capacity and project structures. Due to the late start of interventions, but also external factors such as seasonality and as well as the long-term nature of changes to take effect in the horticulture sector, an informal review conducted by The Springfield Centre (Gavin Anderson) pointed out that due to the short time remaining in 2012, the **“project should be assessed not on increased incomes to poor households but on whether it has achieved key sustainable building blocks that will lead to increased income in poor households.”** This would include clear impact at service level, impact on farm practices and evidence that farmers are benefiting from these changes.⁶ It is therefore important that successful interventions are improved and continued in phase two.

⁶ See mission report of Gavin Anderson (The Springfield Centre), 2012.

Table 2. Lessons learned and Implications for the Phase II

Lesson learned	Implication for phase II
Pilot-testing of innovations: The project has introduced innovations to the horticulture sector in Meghri – some of which worked, some of which didn't. It has for example trailed different mechanisms for spraying services against diseases, leading it to the conclusion that smaller backpack units would provide a more viable option. The time spent on pilot testing has however also put pressure on the overall performance of the project: the team has learnt that whilst testing new ideas is important, a clear pathway for crowding-in needs to be developed soon in order to achieve scale and sustainability.	The lessons learned through trial provide useful insight for the team also in phase two in terms of the dos and don'ts of interventions. A clearer and more systematic application of M4P principles and frameworks should support the early development of crowding-in strategies and focus on interventions which promise more sustainable impact; clearer, more focused and time limited analysis needs to be conducted to inform interventions; in phase II the project will also explore the possible usage of bio-preparates and ecological clean production techniques.
Understanding of target region and sector: Phase I has brought about a detailed understanding of the regional context, the target group and sector. Several studies have been conducted as well as learning by doing. Nevertheless, a detailed sector analysis has not been conducted in a systematic manner – looking particularly closer as systemic constraints (or interconnected market systems). This has often led to a lack of a clear definition of project objectives and focus.	Whilst some assessments particularly conducted for M&E purposes provide Phase II already with an invaluable information basis and baseline for monitoring progress, certain key information is still missing. Phase II will therefore begin with a thorough sector analysis and stakeholder assessment to develop an understanding of the current situation in the sector and region as well as interconnected markets systems (the project's intervention areas); furthermore, the project will employ a stronger intelligence-driven approach where by interventions are informed through very focused and limited analysis.
Capacity in M4P: Whilst some projects (including those of CARD) have implicitly taken a more facilitative approach to development, the M4M project is still a pioneer when it comes to the conscious application of M4P principles and frameworks. This has put a high degree of pressure on the project both in terms of expectations of stakeholders as well as internally in terms of staff capacity. Clearly the application of the M4P approach in phase I should have been conducted in a more systematic manner; capacity building from the side of the international backstopper has been weak.	M4P provides the overall strategic framework of the project; its systematic application is essential in order to support the achievement of more sustainable and large-scale impact. Several factors need to change in phase II (see also Chapter 3): <ul style="list-style-type: none"> • Careful selection of staff (good analysis skills, strategic thinking, innovative, positive work attitude) • More intensive training and coaching of staff through local management and international backstopping • Stronger local presence and influence on daily operations of the international back stopper through delegation of a regional resident advisor • More frequent and more intensive backstopping support from an experienced international consultant • Planning of an external mid-term strategic review • A good internal debating culture to stimulate and challenge new and innovative ideas • A stronger supporting role of M&E in the project to challenge assumptions and inform strategies
Mainstreaming cross-cutting themes (CCT): In phase I the project assigned one person the responsibility for CCT; a gender and DRR assessment were carried out; monitoring data was disaggregated by gender. While this provides phase II with some good practice experience, the conclusion from phase I is also that CCTs have been insufficiently mainstreamed into project interventions but rather been treated as a separate subject. Overall team awareness and commitment towards gender, governance and DRR has been weak.	Phase II needs to take a more serious approach to CCTs and a conscious effort to mainstream CCT in project interventions. This will be achieved through the following measures: <ul style="list-style-type: none"> • The importance of governance is highlighted through the introduction of a new outcome which focuses on public-private co-operation. • Responsibility for mainstreaming CCTs is transferred to the management level rather than a separate person • More intensive backstopping support with frequent missions • A more conscious effort by all team members to highlight CCTs in their respective intervention areas
Relationships to stakeholders: Over the past three years, the M4M project has built up relationships to different public and private players in the region and outside. Although the provincial government has for example always been informed about project activities in the region, it has continued to raise certain expectations towards the project and SDC. Similarly the project felt that SDC itself was not sufficiently informed about project activities and progress. Collaboration with other projects in the region was weak.	The project starts the cooperation with other development projects (e.g. Syunik Livestock Development project, World Vision Agricultural Development project in Syunik) and development organisations (e.g. Small and Medium Entrepreneurship Development National Centre of Armenia) in region introducing new collaboration mechanisms of experience exchange and synergy between projects (e.g. Platform for Agriculture Development) and tools for capacity development (e.g. Training Laboratory) managed by partner organisations.
Local presence: The project has opened a subsidiary office in Meghri; project staffs were committed to spend at least 50% of their working time in the project region. Nevertheless, the project was perceived as being detached from the region resulting in wrong expectations and understanding of the project's objectives and approach. The project was seen as driven from outside rather than promoting local ownership.	The project setup for phase II will increase the local presence of the project team. Most professional staff will be permanently based in Meghri; the organizational shift is therefore from Yerevan to Meghri. The project will try to recruit staff particularly from Meghri region. Closer collaboration will be sought with local organizations and government e.g. through co-facilitation agreements. A communication strategy will be worked out at the beginning of the phase in order to better manage expectations and build understanding of the project's approach and objectives.

While many innovations have been introduced to the Meghri region, some of them are showing first signs of impact, as the following box illustrates. Progress made in Phase I as well as lessons learned will be captured in more detail during an evaluation planned for November 2012 with a national external consultant. Findings and recommendations will be elaborated in a separate report and feed into the further planning and design of phase II. A transition period during which the SHEN and CARD, as well as the old and new project manager will also ensure a proper handing over of relevant project information and experience.

Box 1: Specific achievements of the project in phase 1

- **Outreach:** 1,745 people (1537 males, 208 females) in Meghri are directly or indirectly participated in the project in the period from 1 December 2009 to 1 August 2012 (farmers who were consulted by the change agents, trainings participants, trade-fair visitors, lead farmers, traders, local authorities' representatives, etc.).
- **Improved services:** 171 people (131 males, 40 females) directly involved in the project. Among them 16 lead farmers (14 males, 2 females), 11 provide extension and spraying services (all are males), 8 intermediary dealers (all are males), 17 owners of nurseries and demo plots (16 males, 1 female), 4 owners of cooling facilities (all are males), 159 participants of trainings (118 males, 38 females), project works also with 8 community mayors (all are males). Those people got additional income in amount of 258 000 US\$ in 2011.
- There are 8 active **spraying service providers** who are delivering services to 69 **124** farmers (113 males, 11 females) (total in 61 ha) in 2012, 3 financial agents (all are females) are providing financial consultancies to farmers.
- The project supported construction of 4 small scale **storages** of total capacity 35 ton 50% co-financing basis (all the owners are males). The cost of storage with cooling facilities is around, and total costs of the thermo-insulated storage with capacity of 7 t is about 2 200 US\$.
- Two modern equipped and **thermo insulated cold trucks** co-financed by the project and operating in Meghri (one is operated by Meghri Cannery, the other by an intermediary dealer).
- Within the framework of cooperation agreement between the M4M project and FREDAMeghri Cannery establishment of a cold storage (total capacity about 25 t) is in the process of construction, which will enable the Cannery to procure more fruits for further processing. Besides, Meghri Cannery has got the consultation on modernization of its production facilities, as well as establishment of new production line for processing pomegranates (the second phase of the consultation is planned to be conducted by the end of 2012).
- Two pilot projects have been launched at the beginning 2012: 1 - improvement of the postharvest facilities for farmers (wooden boxes for storing fruits); 2 - labelling, sorting, grading and packing of the Meghri produced crops and market promotion of the latter in the Yerevan's largest and the most prestige supermarkets (SAS, Moskvichka and Yeritsyan & sons).
- Two farmers from Meghri region have got consultation on marketing issues and introduced to the supermarkets (1 male, 1 female). The supermarkets agreed with them criteria on grading and sorting of the target fruits. They reported to the project they sell their extra quality produce to the supermarkets at 2-3 times higher price than to middlemen.
- 159 farmers (118 males, 38 females) have attended trainings. The project has conducted a survey among them and identified that 30 (28-males, 2-females) out of 121 respondents (87-males, 34-females) (25%) have used at least one agricultural practice they have acquired through trainings.
- Two trade-fairs have been organized (one per year) aiming at establishing links between farmers and agri-input and financial services providers. Eight major agri-input and tools/ machinery suppliers have been invited, as well as two financial service providers. 250 (230 males, 20 females) and 349 (286 males, 63 females) visitors have participated, 140 (8 females) and 177 (10 females) buyers have been registered accordingly in 2011 and 2012.
- Seventeen demo orchard plots have been organized totalling in 1.7 ha.
- Forty farmers (all male) have established 9.1 ha of new orchards. Sixteen (all male) out of them (3.9 ha) have said that M4M project had had the contribution to their decision.
- Nurseries have increased sales of saplings by 4.9% and got additional income of 3,480 US\$.
- Lead and active farmers have reported to the project that overall activity around the horticulture in the region have been rising because of the project activity.

3. Overall strategic orientation

3.1 The Making Markets Work for the Poor (M4P) approach

The 'Making Markets Work for the Poor' (M4P) approach will provide the overall strategic framework also for the second phase of the M4M project.⁷ This approach emphasizes the importance of systemic change in order to achieve higher outreach and sustainability (Graph 2); it provides principles and frameworks that guide development initiatives towards playing a more facilitative role rather than providing solutions directly to beneficiaries. **In principle** this means:

- The **focus on achieving systemic change** as an immediate objective of project interventions is built into the logic of the M4M project from the very outset. Hence the key outcomes of the logical framework (see *Chapter 4*) target the development of services and governance around the horticultural sector in Meghri (M4P: supporting functions and rules influencing core transactions in the value chain). The project does not provide services itself to farmers directly.
- **Project interventions will always be conducted on an informed basis.** This means that research and analysis take in a central role throughout the project period in informing intervention strategies and monitoring their effectiveness. In doing so, the project ensures that interventions target the root causes of underperformance rather than only symptoms.
- For each intervention a clear **vision of sustainability** needs to be established and guide project actions (i.e. who will do, who will pay?). This will be captured in short concept notes and results chains which outline the projects strategy for specific interventions. Whilst some areas might initially require a more direct intervention, the project will do so only with a clear perspective and an exit-strategy.
- The project will adopt **a facilitative approach to market development** – i.e. the objective is to crowd-in players, and not crowd-out (e.g. service providers, producers, investors, public sector etc.). It will stimulate market players (including government) to play more valid roles in the horticultural market system, thus creating ownership and drive from the outset.
- Building on the experiences from the previous phase, elaborate results chains for each intervention area will form the basis for a **monitoring and evaluation system** that credibly attributes changes at the household income level with project interventions, and disaggregates data by gender. The project understands M&E as a management tool which will inform strategies and allow the effective steering of interventions. Information and data of individual interventions will be aggregated in indicators of the logical framework and used for reporting purposes to SDC.

As the project's experience in phase one has shown, the specific context of the Meghri region (remote and isolated) as well as the nature of the sector (long time lag for interventions to show impact) pose **particular challenges to the application of an M4P approach**. The fact that supporting service markets are weak to non-existent often requires a more direct intervention through the project. This however does not prove that principles and frameworks provided by the M4P approach are not valid – achieving sustainable and large-scale impact through facilitating crowding-in re-

Graph 2: Horticulture market system



⁷ See the three M4P documents published jointly by SDC and DFID: Synthesis paper, Perspectives and the operational guide. Available from www.m4phub.org

mains a priority of all project interventions. The important thing is that even if the project needs to intervene more directly, it requires a clear vision of how the market system should work without it in future and a credible exit strategy.

It is therefore absolutely essential that the project adheres to principles and frameworks provided by the M4P approach and instrumentalises them in the daily work; they should guide the design of intervention strategies as well as the project's actions. Therefore *in practice* a significant amount of effort needs to be invested to ensure that project interventions are in line with the M4P approach:

- By placing an **international project manager with experience in the application of the M4P** approach into the team for the first 18 months, it will be ensured that interventions strategies are reflected upon within the framework of the M4P approach. After 18 months he will continue to support the project to the end of the phase in an advisory function while still being based in Armenia.
- The **international backstopping team** will be led by the senior advisor for market development/M4P of HELVETAS Swiss Intercooperation. This will ensure consistency of all external inputs with the approach. The backstopping mandate will include capacity building and continuous technical support on the application of M4P.
- The project aims at conducting an **internal mid-term strategic review** by an external consultant in order to receive an external opinion on the project. This review should look at the project particularly through an M4P lens.

Box 2: What facilitation means for M4M

According to the M4P approach the M4M project acts as a facilitator, i.e. it stimulates market actors to perform their functions in such a way that they can better serve the target group. The project uses the following lines of action to implement its role as facilitator:

- **Facilitate linkages:** the project focuses on tightening existing links between established actors of the market system, inside the core value chains, as well as with value chain supporters (such as advisory and financial service providers, nurseries, input suppliers) and value chain influencers (e.g. municipalities). The main objective of the project is to make existing linkages more efficient and effective. The project also aims at creating new linkages: actors who are currently reluctant to serve Meghri are attracted to the region through increased information and the collaboration with the project.
- **Capacity building:** the project focuses on building the capacity of market actors. However, capacity building will as a rule not been done by the project itself, but through collaborating with an existing provider. Only in **rare** cases, the project will involve experts from abroad, e.g. for capacity building of advisory service providers on new agricultural techniques (e.g. Integrated Production Management). This will however always been done in close collaboration with local experts.
- **Limited direct support:** direct financial support is only made after a careful analysis. The project will always first look for potential local investors (public or private) and solutions (e.g. linking to a financial institution). The project does all financial support in order to trigger other investments or attract new actors, for example by offering a demonstration effect through piloting (e.g. co-finance pilot plots of adapted varieties).
- **Flexibility in planning and management:** market systems and private sector actors are usually very dynamic and changes in the context are common. The project is working in a flexible manner to be sufficiently responsive to a changing context. That means new partners and activities can be included in the course of the project and planned activities might be dropped if they turn out to be unsuccessful. To this effect, the project will constantly analyse the context in which it operates and regularly assesses and potentially adapt its intervention strategies.

The M4P approach targets certain system deficiencies and works with market players that have an interest to address them. This implies that the project does not support a specific and limited range of project partners to improve their performance. It rather selects those that during the project period are most instrumental. **The project will work with different partners in different ways at different times and for a relative short period of time.**

M4P creates leverage, scale and wider impact. The support logic will always require partners to invest themselves. The project only complements with expert advice and co-financing development costs. By working on support markets, the business model implies that one supports one partner who then services many target beneficiaries. This business model is not subsidised and other target beneficiaries will start to make use of the improved service provision. Ideally other service providers will crowd-in by copying the successful business model.

3.2 Cross-cutting Themes: Gender, Governance and Disaster Risk Reduction

In the first phase, the project has undertaken significant efforts in mainstreaming the cross-cutting themes (CCTs) of gender, governance and disaster risk reduction into intervention strategies and action – with mixed results. For example:

- Whilst data collection for monitoring purposes has been disaggregated by gender roles, this had yet little influence on the definition of intervention strategies (e.g. selection of intervention strategies that particularly target women entrepreneurship/involvement).
- While local government has been continuously informed and involved in project interventions, the degree of local ownership and understanding of project objectives has been limited.
- While the project has generally been aware of potential risk affecting the production of fruit in Meghri and has for example implemented interventions for the prevention of diseases (spraying services), other risks such as environmental pollution or irrigation could not be addressed for different reasons.

It is therefore important that phase two builds on the lessons learned from phase one and undertakes more systematic efforts in mainstreaming these CCTs into project interventions. The project can thereby rely on the following resources:

- The backstopping team from HELVETAS Swiss Intercooperation will include experts in all three cross-cutting themes. The team will be led by the market development advisor who will ensure consistency of all external inputs with the M4P approach.
- Learning events on gender and on DRR will be conducted at the end of phase I and/or at the beginning of phase II to reflect on the lessons learned so far. These events will form part of a deeper assessment of gender, governance and DRR related issues in the region and contribute towards refining the projects approach to cross-cutting themes in phase two. In doing so, the projects draws a lesson learnt from phase I where a comprehensive assessment has been made only for gender (which then had little influence on project implementation).
- Close coordination with SDCs regional focus persons on gender, governance and DRR will ensure that the project remains in line with current thinking and developments and SDCs overall cooperation strategy with regard to these themes. This includes the active participation and contribution to relevant SDC networks and e-learning cycles.

In order to effectively mainstream gender, governance and DRR into interventions, the project will not recruit a dedicated person, but will assign the **responsibility of mainstreaming these themes directly to the project management**. In this way, CCTs are given the importance they require and are not treated as an ‘add-on’ to project interventions. Capacity building measures will ensure that the team is sufficiently sensitized towards CCTs and knows how to operationalise them in the context of intervention strategies.

3.2.1 Gender equity

Gender relations in Armenia may, very broadly, be said to be subject to three somewhat contradictory influences: the Soviet past, “traditional values”, and “Western thinking”. During Soviet times, the emphasis on all adults contributing to collective productivity meant that both women and men had good educational and employment opportunities. Traditionally, Armenian society values household harmony very highly, with emphasis on the reproductive role of women in child care and domestic duties, and the role of men in productive, remunerated tasks, as well as community decision-making. Since independence, the traditional role of women in the home has in some ways been re-emphasised, although “Western thinking” influences young urbanites, in particular, to favour more mixed gender roles. This is also reflected in the Armenian Government’s Gender Policy (see annex in Carter, 2011), which aims to increase women’s employment, and representation in positions of decision-making - both in the public and private sector.

In Meghri, more traditional gender roles prevail. As already noted, the main source of paid employment, in the mines, is dominated by men, whilst women currently have few opportunities for employment outside the home. Although early project documents state that horticulture is dominated by men, the reality is that both men and women are involved. Activities requiring particularly heavy labour such as pruning, spraying and irrigation channel maintenance tend to be conducted by men (although there are cases of women performing such work in the absence of men); nursery work and harvesting are done by both men and women; whilst fruit processing is mainly the preserve of women. Typically amongst households with small plots producing only small surpluses, horticulture is an activity to which all family members contribute. However, individual household realities may not always make this possible – especially in the case of women-headed households. As noted in section 2.5, such households are not uncommon, and given that they may be particularly vulnerable to poverty, the project will endeavour to ensure that they are included in activities as much as possible.

In order to mainstream gender into project interventions the M4M project will – amongst other – conduct the following measures:

- Under its outcome two (see *Chapter 4*) the project will implement interventions that aim to increase value addition through local processing of fruits. This has been **specifically included as a known economic activity dominated by women**.
- The project will continuously **review all interventions from a gender perspective**. Potential Interventions which have a positive impact on gender equity will receive favourable scrutiny in assessing their feasibility.
- When conducting workshops and trainings or facilitating new services (e.g. under outcome 1 on farm management skills), the project will actively seek to promote the **participation of women in these events (responding to gender-specific needs such as the timing of meetings, availability of transport facilities and child care facilities if required)**.
- All outcomes under the project as well as impact at the goal level will be **monitored in a gender-disaggregated manner**. This includes both quantitative data as well as qualitative information collected on a case-study basis (e.g. with regard to decision making roles in households). The performance of different types of households (women-headed with no adult male; women-headed due to frequently absent adult male, male-headed with no adult woman, and male-headed with an adult woman) will be tracked through the monitoring system to determine whether there are significant differences in the uptake of interventions.
- Gender equity and mainstreaming will also be **applied as a principle in the internal functioning of the project and in the cooperation with the partners** (M4M staff employment criteria, capacity development of staff and partners, service providers selection criteria, etc.). All project partners will be periodically assessed with respect to their gender sensitivity, and coached if necessary.

Jane Carter, senior adviser for gender equity of HELVETAS Swiss Intercooperation, will form part of the international backstopping team and conduct several missions throughout the second phase to review the project's approach to gender equity and progress with regard to impact. Based on the recent E+I Network discussion facilitated by the M4P Hub, advisory inputs will be in line with the overall M4P strategic framework of the project. Dr Carter will also be instrumental in building the team's capacity in gender sensitive approaches to market development.

3.2.2 Governance

While governance issues have been addressed by the project in several ways in the first phase, they will receive a much higher attention in the second phase. In doing so, the project consequently follows-up on a regional workshop on M4P and governance which was conducted in 2011 with the support of The Springfield Centre and SDCs governance advisor, as well as SDCs next regional strategy 2012-2017 for the South Caucasus which will have a strong focus on governance.

Governance will be addressed both internally (project management) and externally (intervention strategies). In both, the M4M project will be guided by the five principles of good governance which are outlined in SDCs Implementation Guide for "Governance as Transversal Theme" (2007): accountability, transparency, non-discrimination, participation and efficiency.

Governance in the horticultural market system has several dimensions amongst which are the following important ones:

- **Value chain governance:** The projects own experience and analysis has shown that relationships between players in the value chain, including farmers, are characterised by numerous constraints (see above and *Annex 4*) which undermine the overall performance of the sector. These issues need to be addressed in order to better integrate small producers as economic actors and distribute gains more equally. One aspect here is also the degree of organisation amongst farmers themselves in order to achieve better results as a group.
- **Public-private sector cooperation:** The situation in Meghri shows that provincial government and municipalities do not have a comprehensive strategy towards promoting investments and overall growth in the horticultural sector. Clearly, there is a role for government to play to create a conducive environment for the sector to flourish. Contacts between government and private sector are based on clientelism towards a few and influential players and ignore the majority of small to medium players in the sector. Improved advocacy of the private sector and collaboration between the two sides is therefore important.
- **Rules and regulations:** The performance of the sector is also determined by a number of rules and regulations – both set by the government (such as food safety laws) but also by the private sector itself (such as quality standards and control mechanisms). It is important that

the impact of such rules and regulations is understood and that value chain players know to use them to their advantage.

In addition to the above, good governance is also a guiding principle in the project management. The project will guarantee transparency of its actions by communicating regularly and under different formats to various audiences its objectives, approaches and methodologies to ensure that it raises a high interest, and reasonable expectations. This concerns in particular the relationship between the project and the local government, where efforts will be increased in phase 2 to allow for greater transparency and local ownership.

The **international backstopping team** will comprise a senior expert of HELVETAS Swiss Intercooperation, Pascal Arnold, to advise the project on governance issues.

3.3.3 Disaster Risk Reduction

The original disaster risk assessment of agricultural production in Meghri did not reveal a great exposure to natural hazards. However, some concern has been raised about heavy metal pollution from the mining sector, a matter that will be taken into account in phase II through appropriate investigations, advocacy and business environment development (outcome 4). Regarding weather, the most frequent calamities faced by producers are frost and hail. These can be addressed with proper cultivation techniques and increased know how among producers, e.g. fruit trees varietal improvement, piloting of adequate anti frost machinery, establishing protective nets, etc. The project will facilitate connections to appropriate suppliers in the framework of collaborating with nurseries, advisory service providers and input suppliers. Also the project will benefit from interactions with the other SDC funded projects that are addressing disaster risk reduction as a central issue.

An additional concern of the project is the intensification of horticultural farm management practices to satisfy a growing market demand, which will require the use of more water and land resources. Therefore, the project will apply a “do-no-harm” approach to avoid problems such as soil salinisation and pollution through extensive use of chemicals or risky specialized farming. The project will closely monitor four areas of farm practices:

- **Water resources, irrigation and threats on drinking water:** The water resource is scarce in Meghri and the intensification of agriculture should not put the access to drinking water at risk. E.g. increased surfaces of orchards should not threaten the use and rehabilitation of the traditional water adduction systems (*chahreezes*) that have been renovated through SDC investments.
- **Intensive use of chemicals and management of residues in the soils:** Intensification of the production relies to some extent to an increased usage of chemical inputs (fertilizers, pesticides, insecticides, fungicides, etc.). The project will develop specific actions to ensure that these products are used appropriately and without putting the environment and human health at risk. The project promotes use of bio-preparates for intensification of production.
- **Soil salinisation:** In dry areas, irrigation can cause salinisation. With frequent irrigation necessary in dry conditions such as those in Meghri, water evaporates quickly and then salt remains. The project will analyse the water content in close collaboration with the ASC and the local authorities and develop recommendations on irrigation in coordination with the local authorities. In addition, a careful monitoring of the soils will be established.
- **Land erosion and landslides:** with part of the income growth potential, lying in an extension of the area under cultivation, there might be a risk that establishment of new orchards would increase erosion, hence land depletion and even possibly landslides. Proper advice from the nurseries in orchard establishment secures that the trees are planted in a manner that reduces losses and water, and contribute to keep the soils stable.

The **international backstopping team** will comprise a senior expert of HELVETAS Swiss Intercooperation, Nicole Clot, to advise the project on DRR issues. She will conduct a thorough risk assessment combined with a capacity building objective at the start of the phase in order to inform and influence strategic choices on DRR from the very start.

4. Objective System

The following chapter outlines the impact hypothesis that explains the basic causal relationship between final goal and project interventions, before giving a description of the goal and main outcomes of the project as further detailed in the project logical framework (see *Annex 2*) and Measurement Plan (*Annex 5*).

4.1 Impact hypothesis

As mentioned in the SDC planning platform for phase two, and similar to phase one, the objective of the M4M project is to **“contribute to sustainable economic development and poverty alleviation in the Meghri region by increasing sustainable income of small-scale producers through higher profitability of production and enhanced access to markets.”** And as in phase one, the project will focus on the horticulture sub-sector, more specifically on the value chains of fig, persimmon and pomegranate, and **related support services**.

The impact hypothesis follows the logic of the M4P strategic framework (*Graph 3*):

- The overall goal relates to poverty alleviation – i.e. the increase of income opportunities at the level of households engaged in economic activities in the horticultural sector in Meghri.
- This is achieved by **raising production levels** (in terms of productivity and use of land) and engaging in **more profitable activities** in the value chain. **Better access** to knowledge and information, improved use of inputs and technology, access to financial services and capital for investment, better coordination with government etc. allow households engaged in the horticultural sector to do so.
- Therefore bringing about **systemic change in related support services** (Supporting functions and rules, and interconnected market systems such as financial services) in collaboration with different public and private players is the main focus of the project to bring about large-scale and sustainable change.
- The project will work with a **multitude of public and private players** to achieve this systemic objective, including financial service providers, input suppliers, processing companies, traders, government, capacity building services etc. Interventions will focus on establishing ‘business models’ which allow crowding-in and sustainable services.

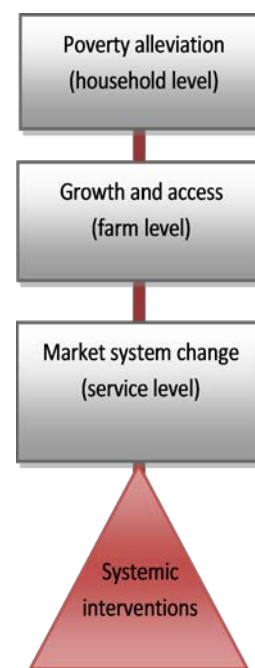
Based on this logic, the M4M project has further detailed the impact hypothesis into an **overall results chain** which illustrates the causal relation between the four main intervention areas (marked as white), changes in services and supporting functions (yellow), changes at farm and sector level (green) and finally the project’s overall poverty reduction goal (red).

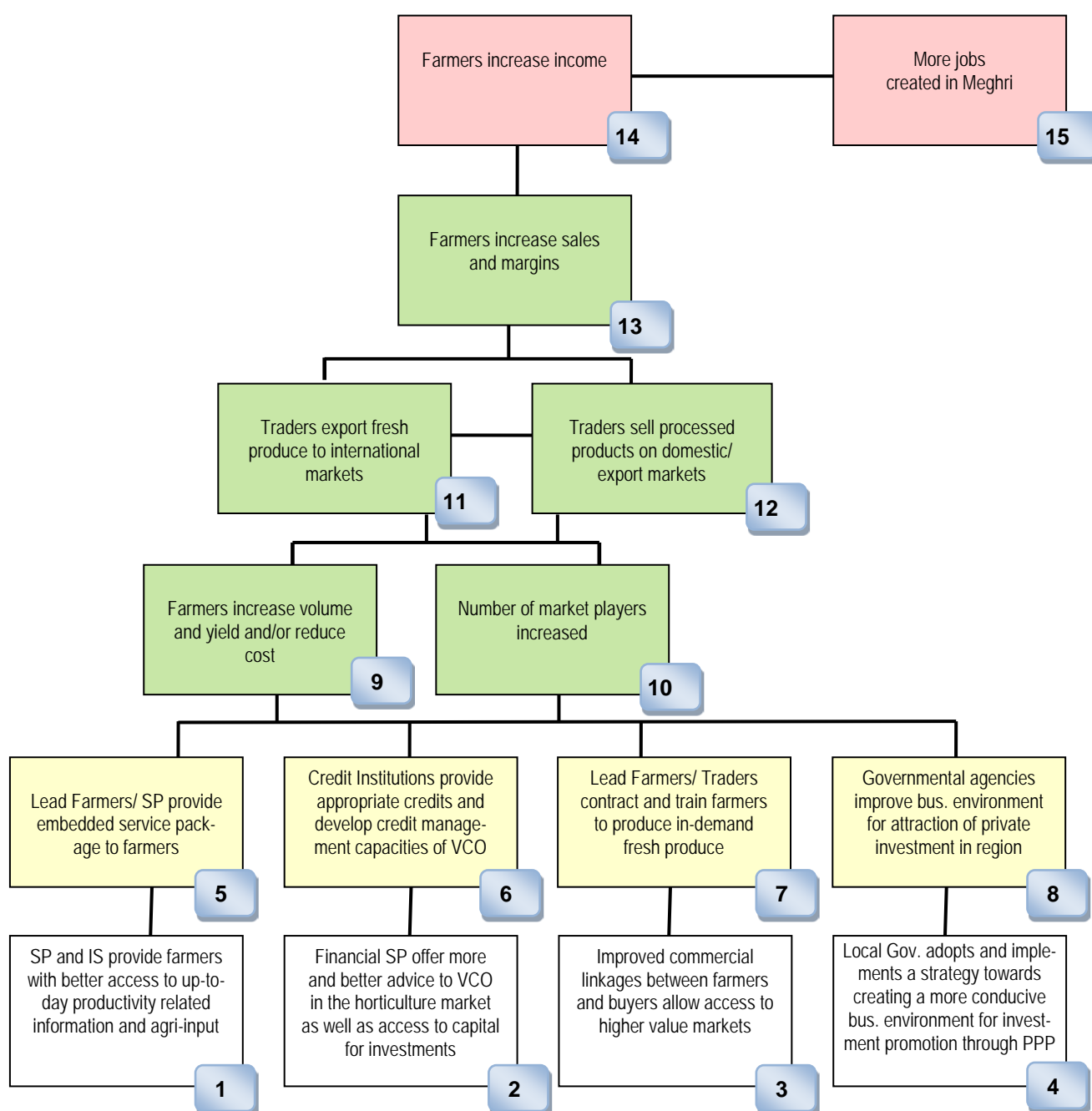
It needs to be recognized that while the overall impact hypothesis will remain fixed, the detailed results chain is a working instrument and may require adaptations throughout the project period as intervention strategies are refined and adapted to changing circumstances and new information (particularly at the level of interventions and services – less so at the level of sector/farms and overall goal). This is in line with an M4P approach which emphasizes the need for market-driven and flexible intervention approaches rather than rigid plans.

As the new team for the second phase is constituted and takes up its work in December 2012, the overall results chain will be reviewed and adapted, and more detailed results chains will be designed for each of the main four intervention areas. These results chains will form the backbone of the projects monitoring and evaluation system which will also undergo revision (see *Chapter 6.4*).

The following *Sections 4.2, 4.3 and 4.4* provide a description of the main levels of the impact hypothesis, following the structure of the logical framework (see *Annex 2*).

Graph 3: Project impact hypothesis applied to M4P strategic framework



Graph 4. The DRAFT overall results chain of the M4M project

4.2 Project Goal: Increased Income at Household Level

Following the impact hypothesis formulated above the overall goal is formulated as:

“Contribute to poverty alleviation in Meghri”

In order to make this goal more relevant for the project, taking into account the focus on the horticultural sector and region, the specific goal of the M4M project is:⁸

“Active men and women small-scale horticultural producers, processors and traders in Meghri have increased their production and profitability and thereby generate increased and sustainable income.”

As already explained in *Chapter 2.5* this goal aims at those households in Meghri region with an income around the national poverty line who are engaged in productive means in the horticultural sector, including production/farming, processing or trading. Overall the number of households targeted by the project is estimated currently around 1,350. The project aims to increase the income of these households by 10 - 20%⁹ towards the end of phase II.

By stimulating growth in the horticultural sector, not only incomes of those households involved in the sector will be increased; the project also foresees an increase in employment opportunities as private sector investment picks up as result of project interventions. Employment in the sector is estimated to increase by 15 % as result of project interventions.

4.3 Sector level changes

While only implicitly mentioned in the logical framework of the M4M project (see *Annex 2*), increased income and employment opportunities at the goal (or household) level are the result of growth in the horticultural sector and improved access to services. For the purpose of a clearer understanding of the project's impact hypothesis, changes at the level of the sector are briefly described here.

More specifically, **productivity** is seen as a key factor that determines the income of farmer households: if productivity (yield per hectare or tree) can be increased – so can the income of households involved in orchard farming. Interventions under Outcomes 1 and 2 (see below) will therefore aim at raising the productivity of farms. For the three main fruits this means:

- Persimmon: from currently 24 t/ha to 30 t/ha by the end of phase II
- Figs: from 7 t/ha to 9,5 t/ha by the end of the phase II
- Pomegranates: from 6,5 t/ha to 10 t/ha by the end of the phase II

Furthermore, growth at the farm level will also be achieved through an expansion of **land under production** from currently 277 to 310 hectares in the Meghri region. The total volume of harvested fruits per season serves as another indicator here. The project will in phase II not exclusively focus on only three fruits as in phase I (persimmon, figs and pomegranates), but take a wider and more market driven approach to horticulture (e.g. also looking into grapes, kiwi etc.).

Given the broader focus of the project in phase II to include households also engaged in processing and trading activities, interventions under outcome 2, 3 and 4 will also seek to increase **private sector investment** into processing and post-harvest economic activities, including both small-scale operations (which involve many women) and large-scale businesses. Such investments would be qualified

⁸ Please note that changes at household level and farm level according to the M4P strategic framework are combined here to fit SDCs format for logframes. Within the project M&E system (results chains) changes at household and farm level will however be separated again in order to more credibly reflect on anticipated changes.

⁹ The project planning to increase income of households for 20 % in case of directed interventions (facilitated provision of technical assistance, access to finance and markets) and for 10 % in case of households indirectly involved in the project interventions (e.g. learning from demonstration plots and copying of good practice in their orchards).

in the project's monitoring and evaluation system and focus mainly on processing facilities, post-harvest technologies (sorting, packaging, labelling, storage, etc.), transportation, export deals etc. By the end of phase II project interventions will leverage a total investment of 300,000 USD in processing and post-harvest activities in the horticultural sector in Meghri.

4.4 Project Outcomes

In order to bring about growth in the horticultural sector in Meghri as described above project interventions will facilitate changes in services and supporting functions which currently undermine the performance of the sector. Following the M4P logic, the project will never perform relevant functions/services itself, but will always seek to stimulate relevant market players to take on new services/functions or performing them better (see *Chapter 2.3 and 2.4*). Working with detailed results chains as measurement instrument will also ensure that services/functions facilitated by the project will bring about benefits for the target group (poor households) and not only for a few privileged market players.

The M4M project has four areas of interventions (outcomes) which address the main constraints that farmers, processors and traders face to increase their production and profitability. The following sections provide a short description of each of these intervention areas – not going into detailed activities, but providing an overview of the main intentions behind each outcome.

4.4.1 Outcome 1: Access to Knowledge, Information and Input Supply

Outcome 1: *Service providers and input suppliers provide women and men farmers with better access to up-to-date agricultural information and inputs.*

The purpose of this outcome is to contribute to an increase of productivity (yield per hectare or tree) at the farm level through improved access to relevant information (changing farm management practices) and inputs (such as more productive tree varieties, fertilizers, insecticides, tools, etc.). Following the M4P approach, the project will not provide such services and inputs itself, but will rather facilitate the crowding-in of service providers in Meghri that will provide such services on a sustainable basis. Different business models may be applied under this outcome:

- Embedded information services which are part of commercial transaction e.g. between (lead) farmers and input suppliers;
- Public extension services which are provided and subsidised by the government;
- Service provider that offer capacity building and advice on a fee basis;
- Farmer self-organisation in order to increase bargaining power and better access to input markets.

The project aims at attracting investments of commercial input suppliers in setting up retail structures in Meghri – either directly or through an agent model.

With regard to information services and input supply, phase two can build up on the achievements of phase one (e.g. taking the lead farmer model a step further towards a commercial agent model for input supply, working with interested men and women).

Constraints addressed by outcome		
Overall the intervention aims at bringing about an increase both in productivity and land under production at farm level . Constraints which are addressed in this regard are:		
<ul style="list-style-type: none"> • Lack of agricultural input supply (absence of local retail); • Lack of agricultural production know-how (knowledge and information services); • Limited land resources of farmer in Meghri (financial resources, mechanization, information, inputs); • Poor perception of farming as income generating activity (young people perceive agriculture as low-income and hard-work activity); 		
Specific outputs of interventions	Summary of activities (see Logframe, Annex 2)	Key partners
Output 1: Promotion of sustainable flow of information and knowledge between the supply and demand sides of the market system.	<ul style="list-style-type: none"> • Capacity building for potential local agro-service providers like lead farmers, ASC, MHA, MFPA etc.; • Support to input suppliers in capacity building for lead farmers and business development (incl. incentive systems); • Assessment of the agricultural input supply market system in Armenia; • Promotion to establish linkages between potential local agro-service providers and interested input suppliers via informa- 	Lead farmers and private sector input suppliers (possibly also farmer groups)

	<ul style="list-style-type: none"> • tive meetings, negotiations, etc.; • Promotion of demand among farmers for using the information and new technologies. • Support to input suppliers in capacity building for lead farmers and business development (incl. incentive systems). 	
Output 2: Support of establishment of commercial linkages and retail networks between local agro-service and agro-input providers and input suppliers operating in the country.	<ul style="list-style-type: none"> • Need assessment of inputs used in horticulture sector • Conduct meetings and negotiations with potential Input suppliers around Meghri market opportunities • Promotion of establishment of linkages between potential local agents (shops, lead farmers, others), processors, intermediaries and interested input suppliers • Facilitate information events (farmer meetings, road shows, fairs, study visits) to inform about availability of inputs for production, processing and marketing; 	Lead farmers, private sector input suppliers, municipalities, ACS, business membership organizations
Output 3: Support spreading of new more productive varieties of the three main crops in the area and promote the testing of new crops.	<ul style="list-style-type: none"> • Technical and organizational support to the nurseries and/or other market system players (ASC, MHA, etc.) on selection of more productive varieties of trees; • Linking commercial nurseries to relevant suppliers through provision of relevant information and technical support; • Piloting of new crops, and new more effective and market driven varieties of main crops; • Facilitate promotional events and activities by nurseries for farmers. 	Private nursery owners, input suppliers, agricultural research institutions, ACS
Anticipated changes in services and supporting functions		Anticipated changes at sector level
<p>The project aims at promoting a service business model by which lead farmers (using demonstration plots) provide relevant information and knowledge to other farmers. In order to ensure the sustainability and relevance of the information flow lead farmers themselves (as quasi 'agents') are linked to input suppliers who have a commercial incentive to ensure that lead farmers have up-to-date information. The project will build understanding of a problem-solving rather than a product-push attitude.</p> <p>Specific changes at service market level therefore include:</p> <ul style="list-style-type: none"> • Improved linkages (better flow of relevant information) between farmers, lead farmers and input suppliers • The establishment of demo plots ("farmer field schools") through lead farmers and their sustainable operation • Setup of two training centres by lead farmers and professional agronomists from ACS and local organisations • Improved coordination between farmers to access and purchase inputs jointly and generating other economies of scale (e.g. by forming groups to increase bargaining power)¹⁰ • Improved availability of information on agricultural extension services, input suppliers, business development services etc. • Commercial nurseries offer better tree varieties to farmers. 		<p>Overall changes at the level of services and supporting functions would lead to higher productivity as well as an increase of land under production. More specifically, changes at farm level would include:</p> <ul style="list-style-type: none"> • Application of modern cultivation techniques (e.g. anti-hail nets, integrated production & pest management, bio-preparates etc) which allow access to higher value markets (also export); • Purchase and plant higher quality saplings that are more productive and resistant or produce higher quality fruits; higher quality is assumed to lead to higher prices realized on the market; • Decreased pest and disease damage because of application of technical knowledge and inputs; • Reduced costs due to more effective application of inputs (and reduced environmental damage as side-effect) – i.e. increase in profit margins (up to 30%); • Expansion of land under production due to the availability of necessary inputs; • Increase of the number of seasonal jobs created in the region for harvesting.

4.4.2 Outcome 2: Access to Financial Services

Outcome 2: Financial service providers offer more, better and tailored advice to men and women farmers, processors and other private players in the horticulture market as well as access to capital for investments.

The project plans to attract financial service provider such as micro-finance institutions and banks but also available public funds for agricultural development to set up operations in Meghri in order to provide capital in form of credit and investments in the horticulture sector (farmers, processors, buyers etc.). The project has for example already entered an agreement with the Small and Medium Enterprise Development National Center (SME DNC) to open an office in Meghri provide credit guarantees

¹⁰ Each farmer group would comprise at least 10-15 farmers coordinated by a lead farmer. It is anticipated that these farmer groups will be mixed in terms of land ownership and gender, with either a man or woman lead farmer. However, this needs to be tested; if farmers prefer single sex groups, this would not be discouraged. The experiences of groups of different gender composition will be tracked.

to banks and micro-finance institutions for lending to SMEs and start up businesses. Similarly a government grant scheme can be mobilised to provide financial resources for high value agricultural production and processing. Other financial mechanisms such as value chain financed might also be looked into.

Apart from providing access to capital, project interventions will continue to facilitate the development of services that aim at improving financial literacy. Ideally such services will be embedded in transactions between financial service providers and farmers/processors/traders.

Constraints addressed by outcome		
<p>In order to achieve growth in the horticultural sector, investments need to take place at different levels of the market system: a) at farm level investments need to trigger an expansion of land under production and the application of more productive cultivation techniques and inputs; b) existing large-scale processing facilities (Meghri cannery) as well as small-scale and household-based processing require investments in processing technology and marketing; c) in order to supply qualitative fruits investments need to be conducted in marketing (storage, packaging, transportation, labeling etc.).</p> <p>This intervention area therefore addresses the following main constraints:</p> <ul style="list-style-type: none"> • Lack of access to financial resources (large absence of banks, MFIs, government grants etc.); • Reluctance of financial service providers to provide investment capital to the horticultural sector (lack of knowledge about the sector and its potential); • Lack of updated information about available credit institutions operational in Meghri and their credit conditions; • Lack of appropriate credit products and investment vehicles for horticulture sector. 		
Specific outputs of interventions	Summary of activities (see Logframe, Annex 2)	Key partners
Output 4: Promotion of provision of more and appropriate financial products for men and women farmers and other agriculture VCOs.	<ul style="list-style-type: none"> • Assessment of financial services market system in Meghri; • Technical support to financial service providers in understanding potential of horticulture market and encouragement for development and provision of more appropriate business models and financial products; • Technical and organizational support to financial service providers in setting up relevant operations in Meghri region; • Explore potential of group-based financial service models to reduce risks of lending and generate economies of scale; • Promotion of provision of loans with improved conditions for capital and operational investments in horticulture production, processing and marketing initiatives. 	National banks, Micro-finance institutions, government grant schemes, SME DNC, other private equity firms, farmer groups
Output 5: Support the BDSP in sustainable provision of information and business development services for VCOs	<ul style="list-style-type: none"> • Assessment on existing information service systems in the region and explore opportunities for establishment of new improved information services; • Explore market potential and business opportunities for BDSPs that build management capacity and financial literacy of small producers and processors (including services funded by government, for fee services, embedded services, public training/education, etc.); • Technical and organizational support to BDSPs to provide business and financial management consultancy/services for men and women farmers and other VCOs in Meghri region. 	Financial and business management service providers, banks, business membership organisations, municipalities
Anticipated changes in services and supporting functions	Anticipated changes at sector level	
<p>The M4M project aims at increasing access to investment capital in the form of loans, government grants and other private equity. Access to capital is not only restricted to the farm level, but also other value chain activities in the horticultural sector that lead to sector growth in the region (i.e. processing, input supply, trading, marketing etc.).</p> <p>Specific changes expected in services and supporting functions therefore include the following:</p> <ul style="list-style-type: none"> • The understanding and perception of financial service providers about growth and investment potential in the horticultural sector changes • Credit institutions (Banks and MFIs) in Meghri will provide appropriate credits for small-scale horticultural producers, processors and traders; • Credit institutions conduct demanded trainings on credit/business management in order to reduce the risk of credit defaults; • The credit organisations have close relationships with supporting business development organisations for making necessary changes in their credit policies; • Information about existing credit and private equity resources will be regularly updated and available to businesses and supporting organisations. • The government will allocate and make available grants 	<p>At the sector level, the project anticipates improved access to capital for investments into production/farming, processing, input supply, marketing and other required products, services and technology which leads to sector growth.</p> <p>More specifically:</p> <ul style="list-style-type: none"> • Active and business-oriented farmers will have access to bank loans, government funds and/or other private venture capital which allows them to invest into farm inputs, expansion of orchards, new tree varieties, storage facilities etc. • As result of these investments made on farm level, productivity will increase (better and more use of inputs and technology) as well as quality of fruits and land under production; • Farmers and other small-scale businesses in horticulture will be financially literate and able to manage their credits; • Small-scale processors and traders will also have access to capital for investment into processing and marketing technology; • As result of increased private sector investments taking place in the horticultural sector in Meghri overall volume and quality of produce will increase and allow improved access to higher value (export) markets. 	

or other financial means to promote the horticultural sector in Meghri <ul style="list-style-type: none"> The project will also explore forms of group cooperation in order to access capital or achieve savings through economies of scale 	
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4.4.3 Outcome 3: Improved Market Access

Outcome 3: *Improved commercial linkages between farmers and buyers (processors, traders, retailers, exporters) allow access to higher value markets.*

Phase II of the M4M project will broaden its focus on the horticultural sector in Meghri to include market activities beyond the production at farm level: post-harvest handling, processing, trading, retail and export. Many of the project's target group (poor households) are also involved in these activities, either as small-scale or home based processors (an activity in which many women are involved), as small traders or as employees of processing and retail/export companies.

Whilst interventions in this area have already taken place in phase I, they are still in an early stage and require further deepening. Phase II will be able to build on progress that has been made so far with regard to the development of storage facilities, cooling trucks for transportation, involvement of super-markets etc.

Whilst fruits from Meghri enjoy a good market demand, the assumption behind this particular intervention is that competitive pressure from other countries continues to increase and undermine the market for fruits from Meghri. Furthermore the market potential for fruits from the region has by far not been explored: large retail markets, export markets, markets for processed fruits remain underserved. Therefore interventions are required to stimulate growth at the demand side of the horticultural sector and facilitate access to these markets.

Value chain governance – i.e. the nature of relationships between farmers and buyers (such as processors, traders, retailers and exporters) – will be an important focus of project interventions. This concerns the following aspects:

- Flow of knowledge and information and other services (e.g. finance) along the value chain;
- Increased value addition at local level (e.g. improved storage and transportation, initial processing, quality control mechanisms, packaging etc.);
- Development of longer term business relations built on trust;
- More efficient integration of small farmers and processors into value chains (e.g. through organisation at farm level);
- Fairer distribution of profits along the value chain.

Constraints addressed by outcome

Whilst fruits from Meghri enjoy a high popularity in Armenia, the market is undermined by increasing competitive pressure from other regions and countries; many higher value markets also remain unexplored – or have yet had little impact on the sector in Meghri that would lead to higher incomes and more employment. This is largely due to

- Long distance to potential markets during which high post-harvest losses occur (the result of poor packaging, no chilling during the transport, wrong handling etc.);
- Unavailability of (cold) storages at farm level and beyond that would allow farmers to store fruits in order to gain volume, reduce waste as well as negotiate better prices (they are forced to sell immediately without storage facilities);
- Lack of an established post-harvest handling process including cold storage, grading/sorting, packaging, labelling, cold transportation etc. leading to high post-harvest losses and unexplored market potential.
- Insufficient investment into existing local processing capacities (Meghri cannery) as well as new processing business opportunities (due to a number of factors such as the lack of knowledge and information, capital, technology, inputs etc.)
- Lack of contractual relationships between farmers and processors/ traders and understanding of innovative business models in this regard;
- Lack of coordination and bargaining skills among farmers to negotiate better prices, including lack of trust among market players that negatively influence on their business development;
- Lack of sufficient information about market potential and requirements (the flow of information between farmers, traders, processors, retailers/exporters in non-functional in this regard);

Specific outputs of interventions	Summary of activities (see Logframe, Annex 2)	Key partners
Output 6: Support the establishment of improved commercial linkages between	<ul style="list-style-type: none"> Conduct assessment of market potential, competitive environment and through value chain analysis to identify bottlenecks; 	Exporters, Retailers (supermarkets), traders, processors, local government/ municipal

farmers and buyers (traders, processors, facilitate better exchange of information.	<ul style="list-style-type: none"> Identify and provide technical support to national level re-tail/export companies and processors to improve market linkages with suppliers in Meghri region; Improve access to high-value market channels via improving commercial linkages between farmers and buyers and VCOs marketing skills. 	palities
Output 7: Support the development of better organizational structures and capacities (such as collection, storage, bargaining skills, grading etc.) at farm level in Meghri in order to improve access to higher value markets.	<ul style="list-style-type: none"> Facilitate establishment of a postharvest handling process (cold chain) including storage facilities, handling, transportation; Facilitate through technical advice and limited financial support investments into storage capacities, collection, packaging etc.; Support improved coordination among farmers and small-scale processors in Meghri to allow for better access to larger buyers (awareness and capacity building). 	Farmer groups, lead farmers, small-scale processors, traders, municipalities
Anticipated changes in services and supporting functions		Anticipated changes at sector level
<p>As a result of project interventions, the flow of information and other services (e.g. finance, capacity building, inputs, technology etc.) along the value chain will allow local market players in Meghri better access to higher value markets.</p> <ul style="list-style-type: none"> Larger upstream businesses (retailers, exporters, processors) provide better information on market potentials and requirements to new business partners in Meghri Improved overall coordination between value chain players based on trustful relationships (e.g. through a contracting model) Better coordination amongst producers and other players in the Meghri region to improve market position 		<p>Improved relationships and flow of information along the value chain will result in the following changes at sector level in Meghri:</p> <ul style="list-style-type: none"> Investments are made in post-harvest handling processes and technologies (storage, grading, packaging, transportation etc.); Particularly investments into storage capacities will allow farmers to achieve better prices; Better access to information allows farmers and local processors to increase sales and profits as the start producing for higher value markets; Improved coordination and bargaining power amongst farmers and small-scale processors will allow higher income Increased investment into local capacities both in small-scale household-based processing and large-scale industrial processing (such as Meghri cannery) - increasing number of households and employees involved in these activities

4.4.4 Outcome 4: Advocacy and Business Environment Development

Outcome 4: Local government (municipalities and provincial government) adopts and implements a strategy towards creating a more conducive business environment for investment promotion in horticulture through public-private partnership.

After the collapse of the centrally planned production systems during the Soviet period, government support to the horticultural sector has been weak and erratic. While the mining industry in the region receives much attention, a coherent policy and development approach towards the horticultural sector is missing. While much in the sector depends on private sector investments, the government has a crucial role to play in generating an enabling environment in which the sector can sustainably grow.

The project will therefore facilitate better coordination between the private sector and government in order to develop and implement a strategy which creates a more conducive business environment and leads to investments in the region. The aim is to allow government to play a more constructive and long-term role in the horticultural sector based on clear division of roles with the private sector.

Constraints addressed by outcome

This intervention addresses the following main constraints:

- The absence of a sector promotion strategy which aims at attracting (outside) investments into the horticultural sector in Meghri leading to sector growth;
- A weak public-private partnership in Meghri region which disconnects government from market realities – i.e. government response to the sector's needs is not appropriate.
- Important constraints that require government response are not addressed including environmental pollution through mines (affecting quality of fruits and health), irrigation systems, river bank enforcements and other infrastructure, poor capacity of agricultural extension service (ACS) etc.
- Available national government funds for agriculture are not allocated to the Meghri region for horticultural promotion

Specific outputs of interventions

Summary of activities (see Logframe, Annex 2)

Key partners

Output 8: Facilitate the development and implementation of an investment promotion strategy for the horticultural sector in Meghri of the local government (province and municipalities) and other relevant agencies.	<ul style="list-style-type: none"> • Conducts the assessment of governance related issues that impact enabling environment of horticulture development in Meghri; • Facilitate an elaboration of the Sector Investment Promotion Strategy; • Coaching of stakeholders for the implementation of the strategy; • Assessment of investment opportunity; • Sharing of the information with relevant private and public actors at different events; • Attraction of investments through support the organisations of different events in close collaboration with government at local and governor levels. 	Syunik mars government, municipalities, business membership organizations, private sector
Output 9: Facilitate improved cooperation between public and private sector player, including the strengthening of advocacy of private sector interests and the government's ability and capacity to respond appropriately.	<ul style="list-style-type: none"> • Advocate the farmers, processors and traders in getting their business solutions from government and private actors; • Provide to government and private actors relevant information to respond to business demand; • Facilitate private-public dialogue for finding solutions and developing of implementation plans; • Provide limited support for implementation of those plans; • Elaborate a concept of the platform for agriculture development in Meghri; • Discuss the concept with potential participants of the Platform – government and development organisations in region; • Initiate and develop on rotation base bi-monthly Platform meetings for coordination of development initiatives and making synergies in some particular cases. 	Syunik mars government, municipalities, business membership organizations, private sector
Anticipated changes in services and supporting functions		Anticipated changes at sector level
<p>The main change expected at the level of services and supporting functions is an improved and regular coordination between Syunik mars government, municipalities in Meghri and private sector in horticulture. Specific changes resulting out of this include:</p> <ul style="list-style-type: none"> • Improved awareness and understanding of government about the needs to the horticulture sector • Capacity of private sector players (farmers, processors, traders, etc.) to advocate for their interests towards government • Adaptation of policies and measures through the government which aim at promoting investments in horticulture in Meghri • Improvement of the governments support structures such as extension services and infrastructure • Various events and measures implemented to attract investors within and outside of the region • Specific measure adopted and implemented to address specific constraints in the sector • Allocation of available national government funds towards horticulture sector promotion in Meghri 		<p>At the sector level, improved coordination between government and private sector should lead to investments made with regard to the following:</p> <ul style="list-style-type: none"> • Private sector invests into production, processing, trading and other supporting services in horticulture • Government invests into supporting infrastructure and services. <p>Increased investments into horticulture by both public and private players will lead to</p> <ul style="list-style-type: none"> • an expansion of land under production, • increase in economic activities in other parts of the value chain leading to higher employment rates, • the application of new and better technologies which increase productivity as well as processing capacities

5. Stakeholders and partners

5.1 Partners and Beneficiaries (target group)

The goal of the M4M project is to contribute to poverty alleviation in the Meghri region. ***Therefore the target group and final beneficiaries of project interventions are the households in the region engaged in the horticultural sector (production, processing etc.) with an income that is closely around the national poverty line.*** The final impact of interventions should lead to an increase of income of these households.

In order to maximise outreach (number of households impacted by interventions) and the sustainability of changes in the horticultural sector, ***it is crucial that the project works with partners that have the incentive and capacity to deliver improved outcomes which benefit the target group in***

terms of income changes and employment. This means that the project itself will not provide direct solutions to poor households, but rather seek collaboration with partners that possess leverage and the power to change the way the system works. Such partners may include medium to large-scale businesses within the horticulture value chain, input supply companies, government, municipalities and related public agencies, national research institutions, or banks and insurance.

The distinction between beneficiaries/target group and partners follows the rationale of the M4P approach: **work with those that possess leverage and can change the system in favour of many poor households (not only in Meghri).** This is the key principle applied to the selection of project partners.

5.2 Partners for specific outcomes

The following table indicates possible partners with whom the project will collaborate in phase two under the respective outcome/output. In some intervention areas, the project will be able to build up on achievements of phase one (such as working with lead farmers or input suppliers that have already established business in Meghri).

Outcome	Outputs/activities
Outcome 1	Output 1: Input supply companies, women and men lead farmers (phase 1), government agricultural extension
	Output 2: Input supply companies (national and international), local agents
	Output 3: Small and medium nurseries in Meghri (phase 1), input suppliers (e.g. nurseries in Ararat valley), agricultural research institutes in Yerevan, government extension services
Outcome 2	Output 4: Banks, microfinance institutions, SME Development National Centre, national and provincial government (grant and guarantee schemes)
	Output 5: Municipalities (phase 1), banks, microfinance institutions, SME Development National Centre, other financial and business management service providers
Outcome 3	Output 6: Supermarkets and other private retailers, medium and large processing businesses (e.g. Meghri cannery), traders, exporters, logistics service providers, private consultancies and other service providers, local government, farmer groups/cooperatives
	Output 7: Women and men lead farmers, farmer groups, local business organisations, traders and other private buyers, Meghri cannery, local government
Outcome 4	Output 8: municipalities, provincial government (and national government if required), business membership organisations, farmer groups/cooperatives, Armenian Development Agency ADA, lead medium to large businesses and others
	Output 9: municipalities, provincial government (and national government if required), business membership organisations, farmer groups/cooperatives, Armenian Development Agency ADA, lead medium to large businesses and others

5.4 Implementation agencies (consortium)

On behalf of SDC, phase two will be implemented by a consortium consisting of HELVETAS Swiss Intercooperation as lead agency and the Centre for Agribusiness and Rural Development (CARD). The following provides a short profile of both organisations (see also *Annex 3* for more details)

HELVETAS Swiss Intercooperation

The combined experience of what have formerly been two organisations till July 2012 provides HELVETAS Swiss Intercooperation with a rich resource of knowledge and experience in a wide range of development areas – including agricultural market development, as well as the implementation of complex development programmes. HELVETAS Swiss Intercooperation is a non-governmental and independent organisation registered in Switzerland; the legal form is that of a membership based association (Swiss: ‘Verein’). More than 100,000 members mostly in Switzerland trust the organisation

and provide it with a welcome additional source of funding for development initiatives worldwide along that of the Swiss government (SDC and SECO) and other international donors.

In its international operations the organisation is both, an implementing and an advisory organisation, providing professional resources and knowledge combined with social commitment through its **International Programmes Department** and its **Advisory Services Department**. Specifically the **Rural Economy Unit** under the Advisory Services department possesses a wealth of knowledge and experience in the implementation of market development projects worldwide. Advisory services also include cross-cutting themes: HELVETAS Swiss Intercooperation has international experts in gender, DRR and governance.

The **Eastern Europe Unit** under the International Programs department will be in charge for the implementation of the M4M project and the overall **contract management and accounting with SDC**.

CARD

The **Center for Agribusiness and Rural Development (CARD)** is an **Armenian foundation** founded in 2005 as a successor of USDA's Marketing Assistance Program (USDA-MAP). CARD's mission is to assist farmers and agribusinesses in the production and marketing of food and related products to increase incomes and create jobs leading to sustainable livelihoods for rural populations and thus to contribute to poverty reduction.

Drawing from a team of highly professional and experienced former USDA MAP staff as well as highly qualified American and European consultants, CARD now employs local professionals with **more than ten years experience in economic and market development**. Since its inception, CARD has designed and implemented rural development and marketing assistance projects in the order of 10 Mio US\$ annually. Most of these projects addressed the development of market systems and production technologies for thousands of farmers and value-adding enterprises, improving production, processing, and marketing processes as well as international competitiveness through access to modern technologies and sound business and farm management practices.

CARD has always acted as a facilitator rather than an interventionist in value chains, emphasizing and supporting the dynamics of demand and supply articulation through local market actors. Not at least because of this approach to build on existing capacities CARD projects have demonstrated a high degree of sustainability and years after CARD assistance has ceased, the market players are still in business. In addition, CARD is one of the pioneers in Armenia in **supporting gender entrepreneurship through establishing women credit clubs and women owned businesses**. CARD has brought about development of the dairy, wine and viticulture, meat, as well as fruit and vegetable (including dried fruits) value chains providing assistance in fields ranging from irrigation, farm resource management, agricultural production technology, post harvest handling and processing, contract development, packaging, quality control and marketing. CARD fosters **value chain development** for the benefit of smallholder producers, processors, retailers, exporters and consumers taking into account all economic, financial, technical and social aspects.

Among others, CARD has conducted extensive and large scale interventions to support the development of **Armenia's dairy value chain** where significant economic growth of the entire sector was achieved. Project activities included support measures on the production, processing and marketing side. CARD has also implemented projects in **fruit value chains**. Farmers were supported and trained in the application of high quality input, and sustainable links have been established for further acquisition of input supplies. Further, farmers have been linked with traders, and packaging solutions as well as transportation means were enhanced.

CARD also has ample **experience in the Meghri area**, where it supported a) dried-fruit producers in terms of quality improvement and marketing, b) fruit marketers in transportation, storage, packaging and linking to markets, and c) the main fruit processor, Meghri Cannery, through a collaboration in developing product lines and marketing strategies. By implementing projects in collaboration with numerous entities in the Meghri region and in fruit value chains in the country, CARD could establish a broad network of partners reaching from international development organizations over local and national authorities to women farmers' groups.

5.5 Collaboration and synergies with other projects

SDCs portfolio of projects under its Economic Development and Employment Domain has further grown to include now nine projects in the South Caucasus region – all of which are required to

implement an M4P approach. SDC has in the past mandated The Springfield Centre, a private consultancy based in the UK, to provide backstopping support to projects in this portfolio and promote synergies amongst them through joint learning events. The M4M project will continue to participate in these events and will aim at making a more pro-active contribution to these events in future.

HELVETAS Swiss Intercooperation is implementing several M4P projects within its Eastern Europe portfolio, most of which are in the Balkan region. Together with HEKS-EPER (the lead agency) it implements the **Market Opportunities for Livelihoods Improvement (MOLI) project in Georgia**, with which the M4M project will especially seek close links and synergies. This will be achieved in the form of joint trainings and workshops, mutual visits and frequent exchange of experiences and consultations at the management level.

Most importantly however, the M4M project team will establish much closer relationships to the **SDC project in Sisian and Goris municipalities which is implemented by SDA**. The consortium of HELVETAS Swiss Intercooperation and CARD recognises the achievements of SDA over the past years and is keen on learning from this project and exchanging experiences. Regular meetings between the management of the two projects will ensure the close collaboration.

There are furthermore indications that **other donors** might initiate projects in the Meghri region: The German Kreditanstalt für Wiederaufbau (KfW) is considering the setup of a grant mechanism in the region; SHEN NGO might continue its commitment towards the development of the region as well. Coordination between these projects is essential, given the small size of the targeted region as well as the particular approach of the M4M project (i.e. potential interventions of other donors might conflict with the M4P approach and thus undermine sustainable outcomes of the M4M project).

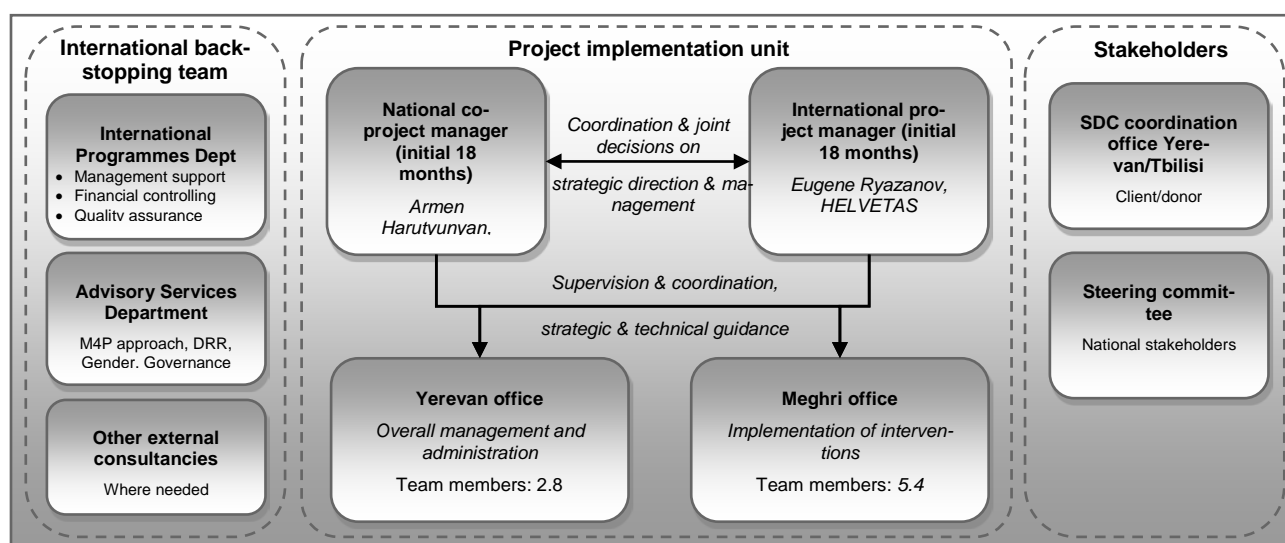
6. Project organisation

One of the key lessons learned from phase one is that the project requires stronger local presence in Meghri in order to build better understanding and relationships with key stakeholders, to more effectively promote local ownership – but also in order to avoid high a staff fluctuation as has been the case in phase one. In this sense, the project requires an organisational setup (staffing, infrastructure, management systems) that allows such stronger local presence and retains committed staff within the project.

6.1 Project structure, offices

The overall organizational setup will consist of two main units: the project implementation unit (PIU) and the international backstopping team based in Switzerland. The PIU reports directly to SDC and the project's main national stakeholders.

Graph 5: Project organizational setup



6.1.1 Project implementation unit

Management

Following the request from SDC, but also own lessons-learned from phase one, HELVETAS Swiss Intercooperation will increase its overall involvement in the project implementation by assigning a full-time **international project manager** (Eugene Ryazanov) directly to the M4M project for a period of 18 months (see *ToR in Annex 6*). During this time, the international manager will support the building of the capacity of the new project team in the application of an M4P approach and thus ensure that the project's overall strategic orientation is based on clear principles and frameworks that support large-scale and sustainable impact.

During these 18 months, he will be accompanied by a national co-manager from CARD (Armen Harutyunyan), who after the 18 month period will take over full management responsibilities (see *ToR in Annex 6*). The HELVETAS international project manager will assume a part-time advisory and supervision role while remaining based in Armenia. This management approach will allow HELVETAS to provide better and more continuous support to the project than it has been able to provide in phase one.

Office locations

In order to build stronger local ownership of project interventions, the project will increase its presence in the Meghri region, allowing also better collaboration with local partners such as government and businesses. It will thus **operate through two offices**: one in Meghri, where most of the project staff will be located, and a second office in Yerevan (more precisely, rooms within the existing CARD premises), where largely management and administrative personnel will be working to ensure effective and efficient implementation of the project, but also support interventions that require collaboration with partners in the capital city.

Team positions and structure

The graph below portrays the time allocation of staff in two offices. Taking into consideration the proposed workload of project staff, it can be stated that staff in the Yerevan office will comprise 2.5 persons (with the reduction of one person after 18 months, the HELVETAS Swiss Intercooperation project manager). By comparison, the Meghri office will have a staff complement of 5.7 persons. Transportation and administrative services will be provided and coordinated through the CARD main office in Yerevan, with regular, daily communication between the two offices ensuring effective coordination.

Graph 6: Time allocation of project staff between offices in Meghri and Yerevan

Terms of references of the M4M project staff are presented in the *Annex 3* and project management in details in *the Annex 6*. Here are presented only main issues related to division of responsibilities among project staff. The project in the second phase has project manager from HELVETAS Swiss Intercooperation (from August to November, 2012 with 80 per cent employment and from December 2012 to May 2014 with 100 per cent employment) contributes to further strategic development of the project and provides guidance on operational issues related to project management and implementation. He contributes as well to documentation of project experiences, networking and information exchange. The 100 per cent co-manager from the CARD leading the M4M Project in all aspects of project cycle management and providing leadership, fosters an atmosphere of cooperation among project staff and partner organisations to achieve project objectives. The manager from HELVETAS Swiss Intercooperation focuses his main attention on development capacities of co-manager from CARD on efficient and result-oriented project implementation, proper and in-time reporting, developing a monitoring system clearly showing project attribution to poverty reduction in the region. This work will be done through coaching and daily hand-by-hand project management.

The project management will be transferred from HELVETAS Swiss Intercooperation to CARD after 18 months into the second phase. The international project manager from HELVETAS Swiss Intercooperation will reduce his involvement from a 100% to a 60% time commitment towards the project; his new function in the remaining 2.5 years will be as senior market development advisor to the project. He will remain resident in Armenia, enabling him to provide continuous support and strategic advice to the project. In doing so HELVETAS Swiss Intercooperation draws the consequences out of phase I where backstopping support has been insufficient and too remote. The fact that the senior advisor will be resident in Armenia allows a smoother transition of management to CARD as opposed to an abrupt change.

6.1.2 International backstopping team

The purpose of the international backstopping team provided by HELVETAS Swiss Intercooperation is twofold: a) provide overall management support to the PIU and manage the contractual relationship and obligations towards SDC, b) provide technical advisory support to the project in different thematic areas.

The backstopping team will be led by the Co-head of the Eastern Europe Unit and Senior Advisor for Market Development, Matthias Herr. Following the function of the backstopping team, his role will be also twofold:

- **Oversee the overall contractual relationship** with SDC and provide management support to the project team. This includes planning, budgeting, accounting and controlling, reporting etc. In this task he will be supported by Jens Engeli (coordination) and Katja Beskrovnaja (accounting and financial controlling).
- **Coordinate all technical advisory inputs** into the project. The role of the team leader is to ensure that all advisory inputs are consistent with the project's overall strategic framework and the M4P approach in particular. He will coordinate advisory inputs with the project manager(s) and SDC.

The backstopping team consists of the following senior experts (see more details in *the Annex 7*):

Name	Team position	Responsibilities
Matthias Herr	Backstopping team leader, M4P expert	Overall responsibility and quality assurance for the project and coordination of the backstopping team; lead on communication towards SDC in Switzerland; provide technical and strategic oversight and advice on M4P.
Jens Engeli	Management coordination	Project coordination including planning, budgeting, support for reporting, HR management, contract management, etc.
Pascal Arnold	Governance expert	Advisory inputs on governance related topics
Nicole Clot	DRR expert	Advisory inputs on DRR related topics
Jane Carter	Gender expert	Advisory inputs on gender related topics
Katja Beskrovnaja	Financial controller	Financial accounting and controlling in head office, financial reporting, preparation of audits

6.2 Reporting requirements

The following reports will be submitted to SDC as per the contractual requirements and agreed schedule:

- Monthly management briefs informing SDC and members of the steering committee about on-going project activities;
- A semi-annual report reflecting the period between January and June for each year;
- An annual report reflecting the entire year from January to December;
- A final report at the end of the phase reflecting on the entire phase.

With regard to project finances, the project will submit quarterly financial reports/statements and an annual auditing report.

The project management will be main responsible for the reporting and supported in this task by the backstopping team.

6.3 Steering Committee

The project will continue to report to the steering committee as done in phase one (in combination with SDCs second project in the Syunik province implemented by SDA). SDC assumes the overall responsibility for the steering committee but the project will support it through secretarial services. It is foreseen that the steering committee meets annually. During the meeting the project will present its annual report as well as outline its plan for the following year. The steering committee needs to approve both.

6.4 Monitoring and evaluation

Monitoring and evaluation (M&E) will be an integral part of the project. M&E is necessary to demonstrate the project's outcomes and impact and ways it contributes to systemic and sustainable changes and to guide the project's interventions. The project will use the monitoring system to document results and also feed lessons learnt into the exchanges of the E+I network of SDC.

The project in the first months of the phase two will develop the result chains per outcome in order to map the expected effects of each intervention as well as their interactions and synergies in contributing to the achievement of the outcome.

In concrete terms, the set up of the monitoring system will be according to the DCED standard, be fully sex disaggregated, and will follow the recommendations from the operational guide for the making markets work for the poor approach¹¹:

- Use the result chain to identify appropriate indicators to monitor the outcomes of specific interventions and their impact on the market system;
- Establish a baseline for key indicators;
- Predict at the beginning of intervention the amount of change for each indicator that may be expected to result from each intervention;
- Design and implement a plan for collecting data to monitor and measure performance;
- Analyse the information generated and feed into regular (internal) decision-making and report the appropriate outputs.

Regular market assessments will also inform the project's monitoring system, as well as observations made by project staff during regular visits to partners, value chain actors, service providers and other stakeholders. Some of these observations may be documented in the form of case studies, particularly with regard to household level impacts such as gendered decision-making. The project will introduce the monitoring system for all small-scale agricultural producers to measure changes at the farm and HH levels and project attribution to the impact on them.

To ensure that an efficient monitoring system is in place, measurement plans will be developed by the team in order to have an up-to-date and systemized information as soon as in the first quarter of the phase.

The project interested to apply the Measuring Results Standard of the Donor Committee for Enterprise Development for project monitoring. It provides the project with a 'system' that ensures that impact is measured dealing with attribution and aggregation in a costs effective yet credible way. The system is

¹¹ The operational guide for the making the markets work for the poor approach, a publication from DFID & SDC, October 2008

build around results chains that link project activities to impact at target beneficiaries level. The objective is not only to measure results to report them to donor, but to use the information for improving interventions. The project plans to be complying and be audited by the DCED auditor at the end of 2014 or at the beginning of 2015.

7 Resources

The resources required for the project implementation over a four year period (01.12.2012 to 30.11.2016) are detailed in the project budget which is a supporting document to this project document.

7.1. Budget

The 4 year / 3.51 million CHF, Markets for Meghri project will be implemented using the M4P approach. The project budget divided into two parts: Part A – 1, 37 million CHF (from 17.12.2012 to 16.06.2014) and Part B – 2, 14 million CHF (from 17.06.2014 to 30.11.2016). As a facilitation project, the interventions will mainly enable others to better perform key functions in their market system. In the Phase II of the project the implementation team made of 15 professionals (utilizing 54% of total budget, 1,872,242 CHF), supported by a team of dedicated local office management staff (utilizing 23% of total budget, 788,520 CHF) will administer programme funds (utilizing 24 % of total budget, 848,430 CHF, will aid the implementation team to intervene in the different markets (agri-input supply, finance, sales to processors and traders), matching and PSD systems.

While we foresee that the first year of the Phase II will require a new team mobilisation, development of partnerships with stakeholders and the starting of activities (26 % of budget spent), the implementation will reach its peak in year 2 and 3 (52 % of budget spent) and reducing in year 4 (22% of budget spent). By year four, we expect that the stakeholders will be performing and have taken ownership over expected roles and that the desired systemic changes will be realized.

Table 3: Summary of budget per year

All amounts in CHF	Year 1 (A)	Year 2 (A+B)	Year 3 (B)	Year 4 (B)	Total	%
Services Headquarters (HQ)	72 600	65 190	63 580	36 000	237 370	7%
Local Office (LO)	48 860	57 060	63 560	63 560	233 040	7%
Long-term experts	479 786	421 471	362 758	370 858	1 634 872	47%
Local support	149 200	139 840	133 220	133 220	555 480	16%
Administrated project funds	168 930	289 500	215 000	175 000	848 430	24%
Sub-total:	919 376	973 061	838 118	778 638	3 509 192	100%
Percentages per year	26%	28%	24%	22%	100%	

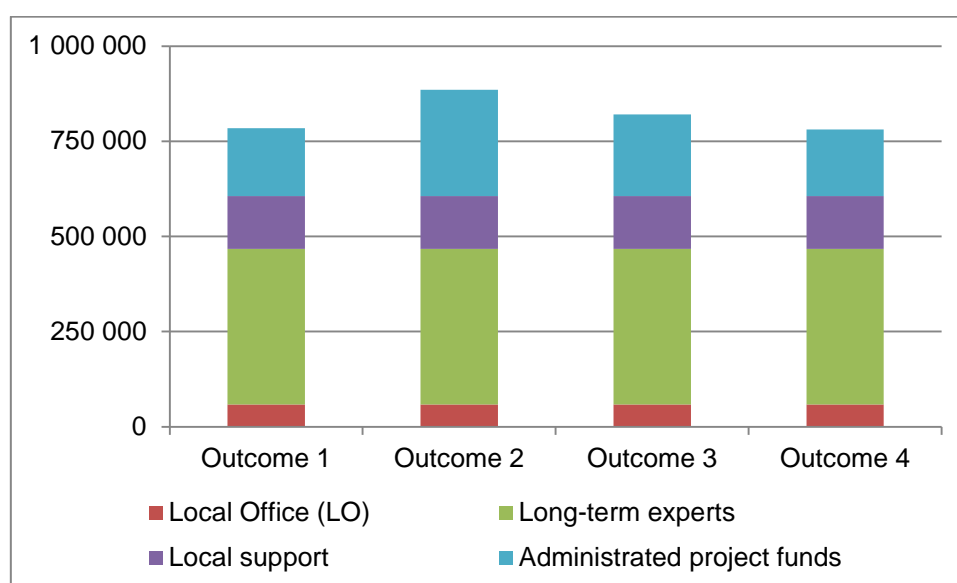
7.2. Budget allocation per outcome and cost-benefit analysis

Disaggregated by outcome, the project's budget will focus on improving access of small-scale women and men farmers to inputs and knowledge and information (outcome 1: 24 % of the budget¹²), access to finance (outcome 2: 27 %), access to markets (outcome 3: 25 %) and advocacy and business environment development (outcome 4: 24 %). The administrated project funds will provide flexibility to transversal strengthening of the outcomes as opportunities arise. Overall management, international backstopping and administrative support costs have been proportionally allocated to each outcome as it is assumed that they will equally benefit interventions under all outcomes.

¹²Including all funds related to the outcome: staff, support, equipment, HO, consultants... etc.

- **Outcome 1:** For a cost of 844,120 CHF, the first outcome will ensure at least 1 300 small scale women and men farmers have access to a diverse range of inputs provided by different sources as well as improved knowledge and information on intensive farm management. As a result of our interventions, the service providers (extension, input suppliers, nurseries) will offer more products and services to small scale women and men farmers for increasing productivity and income. The income of small scale women and men farmers will be increased at least for 50 % at the end of the phase, making around 100 million AMD (or 2,2 million CHF).
- **Outcome 2:** We invest the amount of 944,690 CHF to support an MFI to revise list product portfolio and access the Meghri market. The MFI allocates around 1,7 billion AMD (around 4 million CHF) by the end of the project phase for loans to farmers and VCOs.
- **Outcome 3:** With 880 190 CHF, the project will leverage private sector investment in activities related to processing, trading, marketing, retail, export, etc. in amount around 3,375,000 CHF till the end of the project.
- **Outcome 4:** For the cost of 840 190 CHF the project advocates small-scale women and men farmers, processors and traders to have a stronger voice in communication with government and supports the development of Public-Private Partnership. The last one will contribute for government reallocation of funds/resources for horticulture development in Meghri at least in amount of 40 million AMD. And as consequence of a more coherent promotion strategy of government at least 3 companies will make investments in horticulture sector development in Meghri region.

Figure 2: Share of Budget per Outcome, CHF



Details of the cost accounting of the phase budget are given below in the table 4.

Table 4: Summary of budget per outcome

All amounts in CHF	Outcome 1	Outcome 2	Outcome 3	Outcome 4
Services Headquarters (HQ)	59 343	59 343	59 343	59 343
Local Office (LO)	58 260	58 260	58 260	58 260
Long-term experts	408 718	408 718	408 718	408 718
Local support	138 870	138 870	138 870	138 870
Administrated project funds	178 930	279 500	215 000	175 000
Sub total:	844 120	944 690	880 190	840 190
Percentages per outcome	24%	27%	25%	24%

Note:

- HQ and local support has been allocated to respective outcomes. General HQ and LO support has been divided equally (25 % each) amongst outcomes.
- Long-term project experts' expenses have been allocated to their respective budgets and divided equally between outcomes.
- Short-term expert expenses have been allocated appropriately to their respective outcomes.
- Administrated project funds¹³ have been allocated to their respective budgets and allocated to all outcomes.

8. Assessment of Risks

The overall contextual framework for economic development in the Meghri region is assessed as being favorable although some risk still exists with regard to the global economic situation and its negative impact on the national economy of Armenia. The project however assumes that the global economic situation will improve within the project period, leading to more favorable market and investment conditions again. Main risks and challenges to be expected during the next four years and planned responses are as follows presented in the table below.

Table 5. Challenges and Project's Responses

Risk/challenge	Markets 4 Meghri response (ways to mitigation)
Related to the context	
The Meghri region is the remotest area from Yerevan. The road lies through 3 mountain passes. The road conditions are very dangerous in winter season.	Life insurance for the project staff might be needed.
Passenger transportation services (taxi services) are not enough secure.	The project will use only its own cars which are regularly checked and fully functioning.
The Meghri region is small and not densely populated. Not all the communities (out of the 13) can be involved in commercial agriculture, therefore the effect of the project will focus on about 12'000 inhabitants maximum.	The focus of the project is to improve the income base of the existing HH in the region, which will positively affect the local economy.
<p>The problem of irrigation may be exacerbated in the future which is caused by the following factors:</p> <p>The quality of water: the mining sector negatively influences on the quality of the water. However, the mining sector is going to be developed in the region and the operation of new mines may dramatically change the quality of water making it non-usable for irrigation.</p> <p>The quantity of water: two new hydroelectric power stations are going to be operated in the region, and two planned to operate in the future. The operation of new hydroelectric power stations may negatively influence on the quantity of water used for irrigation.</p>	The project will focus on supporting advocacy initiatives from the region and will connect the actors from Meghri with those institutions that are likely to invest in infrastructure. It is possible to negotiate with the regional governmental bodies (Marzpetaran) for finding collaborative solution to the issue.
Increased volume of imported fruits from neighbouring countries and regions (increased competition)	<p>The project will endeavor to rationalise the value chains from Meghri and support their actors to promote the specificities of the Meghri products.</p> <p>The project will also analyse and monitor the other supply chains of fresh fruits in order to inform actors from Meghri to adapt their marketing strategy. The project will support developing an information system that will give the necessary information to the market players for making decisions.</p>
The local self-governments do not get on board to improve the framework conditions	The project will seek the support from marzpetaran and SDC to motivate municipalities to get together and get involved in joint action.
The high turnover of the current project staff may have huge negative impact on the results. It is important to have trained	CARD organisation does specialists selection according to the internal employment regulation and take into consideration

¹³ Including capacity building for the project team and key stakeholders; overall project report and documentation; M&E.

Risk/challenge	Markets 4 Meghri response (ways to mitigation)
for implementation of M4P approach in the project.	professionalism and commitment of some current M4M project people applied to new announced vacancies for the second project phase.
Related to the project approach/ strategy and partners	
The project may face problems with forming informal groups of farmers because of mentality and psychology issues. The farmers are used to competing with each other.	The project will develop the farmer groups system which will enable farmers to use all the advantages of the system such as bulk buying of inputs, increased bargaining power because of increase volume of homogenous produce, obtaining group credit based on group solidarity responsibility, etc.
Nepotism in the farmers groups	The project will build members' capacity to use fully their rights and responsibilities for development of appropriate internal rules. The strong and transparent system of farm leader elections in the groups has to be developed.
Less traditional produce, more pollution, over-exploitation of the land, reduced biodiversity, ecological threats due to intensive use of inputs, as well as external factors like enlarging mining industry etc.	The project will facilitate use of biological inputs by the farmers to mitigate the negative impact on biodiversity, soil capacity, and alike via transfer of appropriate knowledge and skills of IPM (Integrated Production Management)
Reduction of varieties of trees (including endemic) due to promotion of commercial varieties in the nurseries	The project will link partner nurseries with the relevant state institutions to keep endemic varieties in a heritage orchard.
Health concerns (skin and respiratory diseases) related to the intensive use of inputs, as well as the impact of the mining industry on the environment (air, water etc.)	Security measures and proper use of chemicals will be an integral part of the capacity building to the service providers, farmers, extensionists, etc.
There is a big difference in working hours of the farmers and white collars. The schedule of last ones quite often is not adapted to agricultural work. Work of the white collars in morning and evening hours might lead to overtime and negatively influences on the quality of work.	The solution of this problem may be a flexible schedule of staff work in Meghri.
Understanding of the project objectives and philosophy of M4P approach by stakeholders is very essential. The false expectations of farmers and government bodies may negatively influence on their attitude towards the project.	The project should undertake necessary steps to insure the stakeholders have correct attitude towards project.
The luxury appearance of the office may distort the farmers' and government bodies' perception of the project activity.	The project should be careful with the appearance of Meghri office to insure that the office looks professionally.

In spite of risks and challenges, the M4M project has some **potentials and opportunities**, in particular:

- The retail sector fast development is likely to provide many opportunities for the fresh and processed fruits sectors in the years to come. The modernisation of the sector and the growing importance of the supermarkets will surely change the rules of the game in the years to come, and the development of the agri/horticulture in Meghri will largely depend on the capacities of the actors of those value chains to adapt to these evolving rules;
- With more opportunities associated to the development of commercial agri/horticulture and related services, the income from agricultural activities is likely to increase and therefore reduce the labour migration;
- The increase of income from agri/horticulture reduces dependence of HH on jobs from the mines (a few of them recently resumed their operations after several months of interruption that resulted in a net loss of income for their employees);
- Meghri is known as especial area for fruit production having positive image in the mind of many urban (Yerevan) citizens. Reactivation of a modern and competitive agri/horticulture in the region, the area could become a kind of a national centre for some specific products, e.g. pomegranate, fig, persimmon and other relevant subtropical species.

Annexes

Annex 1: Profiles of Implementing Agencies

HELVETAS Swiss Intercooperation

HELVETAS Swiss Intercooperation is a specialised non-profit oriented development association. It is denominationally and politically independent. The organisation represents the collected experiences of **Helvetas, Swiss Association for International Cooperation**, founded in 1955 as Switzerland's first private organisation for development cooperation and of **Intercooperation, Swiss Foundation for Development and International Cooperation**, a knowledge organisation, combining a professional approach with social commitments. It operates under the brand **HELVETAS Swiss Intercooperation** since the integration of Intercooperation's operations into Helvetas.

HELVETAS Swiss Intercooperation is primarily committed to working towards the elimination of the causes of poverty and marginalisation in the South and the East. Its mission is to actively contribute to the improvement of the living conditions of economically, socially and politically disadvantaged people within the frame of the Human Rights, with a focus on self-initiative activities and self-help in rural areas.

HELVETAS Swiss Intercooperation is committed to:

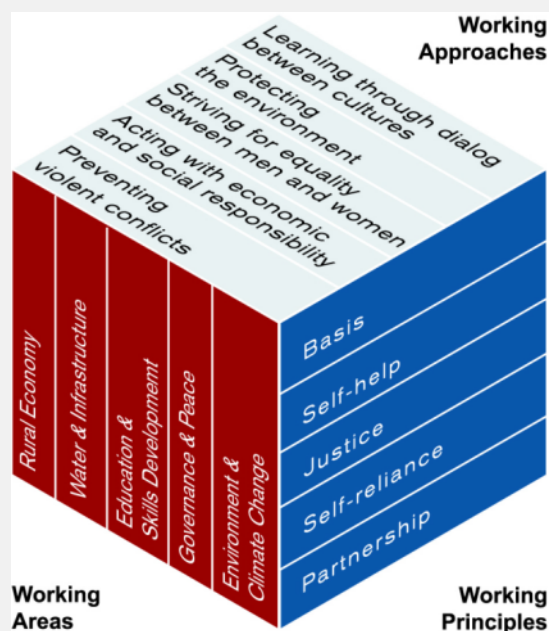
- cooperate on a partnership basis with and in favour of the poor and disadvantaged population groups in the poorer regions of development and transition countries
- strengthen local structures and sustainable development and to promote human rights
- develop suitable measures that prevent or mitigate violent conflicts.

HELVETAS Swiss Intercooperation is as well actively engaged in Switzerland promoting fair trade and raising public awareness on the concerns of the development and transition countries.

WORKING AREAS

In its **international programmes**, **HELVETAS Swiss Intercooperation** concentrates its actions in five working areas:

- **Water & Infrastructure**, including initiatives regarding water and sanitation, access and mobilization, livelihood, rehabilitation and construction of basic infrastructure.
- **Rural Economy**, focusing on sustainable value chains, private and financial sector development, as well as agriculture, organic farming and water for food.
- **Governance & Peace** – integrating projects supporting good governance, decentralisation and civil peace building/conflict sensitivity.
- **Education & Skills Development**, including initiatives in Vocational Education and Training (VET), support to and lobbying for reforms in the VET System.
- **Environment & Climate Change**, comprising adaptation and mitigation to climate change, disaster risk reduction, as well as forest management, biodiversity, territorial governance and landscape management.



WORKING APPROACHES

- **Striving for equality between men and women (gender)**, standing for equal rights and opportunities as well as the balanced distribution of projects' benefits among men and women.
- **Learning through dialogue between different cultures**, strengthening local cultures, people's dignity, self-esteem, self-reliance, tradition and potential for innovation.
- **Protecting the environment**, seeking a balance between the protection of the environment and the needs of human beings depending on the use of natural resources.
- **Acting with economic and social responsibility**, recognising the tension between the demands for activities, which are both economic as well as socially responsible.
- **Preventing violent conflicts**, being aware that in development cooperation, conflicts cannot be suppressed but must be guided onto constructive paths to avoid or decrease violence.

GEOGRAPHIC PORTFOLIO

HELVETAS Swiss Intercooperation has rich experience in economic and social development in Asia, Africa, Latin America and Eastern Europe, currently implementing **programmes and projects** in 30 partner countries. Furthermore, **HELVETAS Swiss Intercooperation** provides **short and long-term advisory services** to a broad range of international clients in numerous additional countries. **HELVETAS** has a broad experience and avails of the necessary instruments for the management of complex and challenging development projects. **HELVETAS Swiss Intercooperation** works in various fragile surroundings and deals daily with politically sensitive issues.

HELVETAS Swiss Intercooperation's programme and project countries



SERVICES

In its international operations **HELVETAS Swiss Intercooperation** is both, an implementing and an advisory organisation, providing professional resources and knowledge combined with social commitment through its **International Programmes Department** and its **Advisory Services Department**.

In its fields of excellence – water & infrastructure, rural economy, governance & peace, education & skills development and environment & climate change – **HELVETAS Swiss Intercooperation** provides process and thematic expertise combined with local anchorage and geographical know-how. **The services of HELVETAS Swiss Intercooperation** include:

- Project Cycle Management/Project Management: pre-project assessment, planning, implementation, monitoring and evaluation, impact assessment
- Process facilitation: multistakeholder consultation, knowledge management, South-South-East exchange, organisational development & institutional strengthening
- Capacity building: coaching, training design and implementation
- Thematic advice
- Specialised studies
- Capitalisation of experiences

KNOWLEDGE SHARING

To leverage the best utilisation of its knowledge, to strengthen internal learning and to share experience and lessons learnt with other development actors, **HELVETAS Swiss Intercooperation** (in 2000) **elevated Knowledge Sharing (KS) to a strategic level**. **HELVETAS Swiss Intercooperation** nowadays plays a leading role in KS for Development, striving for continuous learning through an intranet and face-to-face workshops. **HELVETAS Swiss Intercooperation** supports facilitation of international Communities of Practice (CoP), e.g. the "Water-for-food"-network or the "KM4Dev" (Knowledge Management for Development) (www.km4dev.org).

ORGANISATIONAL STRUCTURE

HELVETAS Swiss Intercooperation currently employs 129 staff (101 full-time posts) in Switzerland and more than 1200 staff (including 58 international employees) in its programme offices in 30 developing and transition countries. **The International Programmes Department** (18.1 full-time posts) is responsible for steering, coordination and controlling of the country programmes covering own and mandated projects. **The Advisory Services Department** (27.8 full-time posts) is in charge of technical assistance and backstopping to the country programmes and in the frame of **external advisory mandates**.

In the partner countries, programme offices with programme directors are responsible for the implementation of projects and country strategies. The Finance Department (7.7 full-time posts) in Switzerland operates the central financial control system. The programme country offices and programme country projects are audited yearly by an external, independent auditing company (KPMG, Zurich).

HELVETAS Swiss Intercooperation applies a decentralised management system, which delegates high degree of autonomy to the country programme directors. A project monitoring system enables the programme directors to delegate operational responsibility to national project managers and staff. The programme offices are responsible for coordination and strategic issues.

FINANCIAL PERFORMANCE, PARTNERS AND CLIENTS

In 2010, **HELVETAS Swiss Intercooperation** had a turnover of more than 90 million Euros (110 million Swiss Francs); 80.1 millions Euros for international programme support and advisory services, 3.1 millions Euros for information and advocacy activities in Switzerland, and 6.9 millions Euros for administration and fundraising in Switzerland.

Next to its own programme (17 millions Euro in 2010) financed with fundraised donations and a programme contribution by the Swiss Agency for Development and Cooperation (SDC), **HELVETAS Swiss Intercooperation** executes mandated projects and advisory services (63 millions Euros in 2010) for a range of international clients including Swiss Agency for Development and Cooperation (SDC), Department for International Development (DFID), GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), Canadian International Development Agency (CIDA), EuropeAid, Kreditanstalt für Wiederaufbau (KfW), World Bank, Food and Agriculture Organization (FAO), United Nations Development Program (UNDP), Global Environment Facility (GEF), International Fund for Agricultural Development (IFAD) and many others. Among **HELVETAS'** clients are multi- and bilateral agencies, research organisations, government agencies and non government agencies.

HELVETAS Swiss Intercooperation maintains a close exchange of experience with other development cooperation organisations, both in Switzerland and internationally and sustains organisational **and institutional cooperation or strategic alliances** in favour of its long-term development goals.

For more information on **HELVETAS Swiss Intercooperation** refer to www.helvetas.org

CARD

Institutional Description: CARD Foundation

The Center for Agribusiness and Rural Development (CARD) is an Armenian Foundation founded in 2005 as a successor of USDA's Marketing Assistance Program (USDA-MAP). CARD's mission is to assist farmers and agribusinesses in the production and marketing of food and related products to increase incomes and create jobs leading to sustainable livelihoods for rural populations and thus to contribute to poverty reduction.

CARD designs and implements its development assistance programs that are successfully addressing such priority needs of sustainable growth as a) promoting application of advanced agricultural technologies; b) supporting agricultural processing and the development of competitive food products for domestic and export markets; c) improving food safety and food security at the production, processing and service level; d) promoting animal genetics, improvement of animal health and husbandry practices; e) supporting to establish new policies and regulation at government level.

CARD's **Mission** is to assist farmers and agribusinesses in the production and marketing of food and related products to increase incomes and create jobs leading to sustainable livelihoods for rural population that significantly impacts poverty reduction.

CARD is committed to developing local rural capacity and promoting Armenian agro-products in the marketplace. Today, the pool of CARD supported clients contributes a significant share in agricultural industry of Armenia.

A key to CARD's success is a team of highly qualified local professional staff and ongoing technical assistance of western consultants. CARD staff has been carrying out impact oriented projects for more than a decade and acquired best practices within the industry, which is applied in the Armenian agricultural sector. Over the years, many American Land Grant Universities and private sector specialists teamed with Armenian experts to contribute technical and advisory assistance to both CARD and CARD clients' capacity development.

CARD Foundation is a non-profit organization. It has two affiliate organizations:

- 1) Affiliate 1: CARD AgroServices is a for profit organization that provides agricultural services and products to farmers and agribusiness in Armenia
- 2) Affiliate 2: CARD AgroCredit is a Universal Credit Organization registered and licensed with the Central Bank of Armenia to provide agricultural and agribusiness financial services in Armenia; and

WORKING AREAS

SME Development Program for Strategic Rural Areas

- Encourages and assists Agribusinesses in rural areas

Development of Market Infrastructure in Rural Communities

- Develops cold chain network
- Improves post-harvest handling and packaging of fruits and vegetables
- Regional marketplace development- wholesale and roadside markets
- Organizes regional agricultural fairs

Improving Agricultural Efficiency and Increasing Production

- Supports animal and plant sectors at the farm level to improve the quality of products for further processing and marketing
- Introduces farming equipment, new crop varieties, and high genetic quality livestock to improve quality of production
- Improves veterinary and the health management systems in rural areas

Marketing Research

- Conducts market research and generates market-intelligence reports and commodity sector analysis on the Armenian domestic and foreign food sectors
- Designs business and marketing plans for agribusinesses.
- Organizes and implements advertising and promotional campaigns for agribusinesses locally and abroad

Product Development

- New product design and development
 - Product line diversification and expansion of existing products based on market demand and available technologies

Food Quality Control and Assurance

- Designs and Implements of effective Food Safety Intervention Programs to improve food handling, processing, and public health
- Implements Good Manufacturing Practices (GMPs), HACCP, and other Quality Management Assurance Techniques in the meat, dairy, fruit, and vegetable processing sectors
- Establishes or enhances new food testing laboratories in processing plants

Product Promotion and Market Development

- Develops Promotional Materials: using mixed media, such as Internet, Armenian Food Product Catalogue, company profiles and product data sheets, links exporters and buyers worldwide
- Supports local agribusinesses to participate in International Exhibitions, Food Fairs, and other events

WORKING APPROACHES

Our Mission

To assist farmers and agribusinesses in the production and marketing of food and related products to increase incomes and create jobs leading to sustainable livelihoods for rural populations.

Who We Are

We are a highly trained team of Armenian and international development professionals with more than 10 years experience in Armenian agricultural development. We are a result-based organization dedicated to reducing rural poverty and increasing the standard of living throughout Armenia.

Our Clients

We work from the farm gate to the marketplace with farmer groups, rural agribusinesses, food processors, and retailers.

Our Approaches

- Implement projects on the highest ethical basis
- Provide solutions to customers to make their work easier, more efficient and more cost effective.
- Deliver the best and most innovative products

- Hire the best people and treat them well
- Set a good example for other organisations
- Make our office, community and country better place to live via sharing our specific knowledge in the areas of agriculture and agribusiness with the local communities and population.

GEOGRAPHIC PORTFOLIO

CARD Foundation implements projects in all the marzes of Armenia.

SERVICES

CARD Foundation provides services, daily consultations and training in the following fields.

- Animal husbandry
- Dairy processing
- Project management
- Food safety/ HACCP introduction
- New technologies in Greenhouse management
- New technologies in Horticulture

The trainings are organised locally and abroad.

KNOWLEDGE SHARING

CARD staff continuously improves its capacities through participation in different training programs and the extensive collaboration with foreign partners. The gained knowledge is shared with local farmers and businesses on daily basis.

CARD Foundation collaborates with a sizeable number of organisations in Armenia, and shares the accumulated knowledge and experience with them.

ORGANISATIONAL STRUCTURE

CARD projects are implemented by its main departments: **Agribusiness and Marketing, Rural Development and Food Safety**. CARD foundation also has **Finance and Administrative Departments**. In addition, CARD implements special projects in targeted areas such as “Animal Health” that is carried out in cooperation with USDA.

CARD Foundation established two for-profit organisations to expand its services to farmers and agribusinesses.

In 2006, **CARD AgroService CJSC** was launched, which is specialized in import of high quality input supplies, such as seeds, dairy ingredients and livestock semen, environmentally friendly pest and disease control products, agricultural equipment and machinery, etc.

CARD AgroService CJSC is passing its expertise to the interested organizations/agents, farmers and agribusinesses in the regions on high quality input supplies, transferring new technologies and innovative solutions.

In 2008 **CARD AgroService CJSC** started an Organic Store.

CARD AgroCredit CJSC was established in 2008, which provides financial services to farmers, processors, exporters and other agricultural related entities. CARD AgroCredit finances agricultural value chains.

In total CARD Foundation has 60 employees.

FINANCIAL PERFORMANCE, PARTNERS AND CLIENTS

CARD has designed and implemented rural development and marketing assistance projects of 15 million US\$ over past 7 years.

Partners

- World bank
- World Vision
- Heifer International
- UNDP
- Swiss Development Agency
- CARE International
- CiDA/ Georgia
- Austrian Development Agency
- Armenian Development Agency
- Ministry of Agriculture of Armenia
- Armenian Agricultural Academy
- SME development/ Armenia
- UMCOR
- PUM (Dutch Senior Experts)
- ACDI VOCA
- Jineshyan Foundation

Business Partners

- CARD cooperates over 40 leading Agricultural equipment and input supply producing companies located Worldwide
- CARD Organic store collaborates with over 20 organic producers from Europe

Clients

- About 10 wineries have been assisted due to which more than 1500 grape growers benefited
- Over 3000 stakeholders were trained on food safety requirements, 7 food processing companies initiated development of HACCP programs through CARD intervention
- 40 dairy processors have been assisted with introduction of new technologies and marketing activities
- 1500 farmers have been provided training in animal feeding and genetics improvement
- 150 greenhouses have been supported with introduction of new high quality seeds and new biological protection and pollination technologies
- More than 1000 horticultural farmers have been trained and supported with introduction of new technologies
- More than 10 dried fruit producers have been supported

Annex 2: Logical Framework

Impact (Overall Goal)	Impact Indicators	Data Sources Means of Verification	
Active small-scale horticultural producers, processors and traders in Meghri have increased their production and profitability and thereby generate increased and sustainable income.	The net income of households engaged in the horticultural sector in Meghri with an income around the national poverty line is increased by 25%		
Outcomes	Outcome Indicators		External Factors (Assumptions & Risks)
Outcome 1: Service providers and input suppliers provide women and men farmers with better access to up-to-date agricultural information and inputs.	<ul style="list-style-type: none"> • Number of farmers taking advantage of new services and input supply (total outreach); • % increase in farm level productivity; • Increase in total production volume; • Number of service providers (incl. input suppliers) providing services to farmers; 	Annual semi-structured interview of the service providers; Farmer field surveys;	Small market in Meghri and high transaction costs for service providers; Increased volume of imported fruits from neighboring countries and regions and decreased demand for horticultural services.
Outcome 2: Financial service providers offer more and better advice to women and men farmers, processors and other private players in the horticulture market as well as access to capital for investments.	<ul style="list-style-type: none"> • Number of financial service providers offering their services to private players in the horticultural market; • % of horticulture players (incl. farmers) have access to finance; • Estimated total investment in horticulture in Meghri 	Annual semi-structured interview of the financial service providers; Field surveys amongst farmers and other players (processors, traders etc.) Government data	Small financial market in Meghri, high transaction costs for financial service providers and high interest rate for private players; The local (municipal) government do not get on board to improve the framework conditions for private investments in the region
Outcome 3: Improved commercial linkages between men and women farmers and buyers (processors, traders, retailers, exporters) allow access to higher value markets.	<ul style="list-style-type: none"> • % increase in the price realised for the horticultural crops; • Number of farmers adopting improved processing technologies and techniques; • Number of farmers adopting improved post harvest techniques (cold storage, packaging, sorting and grading). 	Lead farmers and processing/trading companies reports; Field survey amongst traders, farmers and processors; Government data.	Increased volume of imported fruits from neighboring countries and regions and decreased demand for horticultural products from Meghri.
Outcome 4: Local government (municipalities and provincial government) adopts and implements a strategy towards creating a more conducive business environment for investment promotion in horticulture through public-private partnership.	<ul style="list-style-type: none"> • Strategy developed for horticulture in Meghri by local government; • Amount of funds allocated by government for horticulture support; • Satisfaction of private sector with government response. 	Interviews with relevant government stakeholders; Field survey amongst private sector.	Understanding of the project objectives and philosophy of M4M approach by government and other stakeholders is very essential. The false expectations of private actors and government bodies may negatively influence on their attitude towards the project.

Outputs (per outcome) and costs		Output Indicators	
For outcome 1:			
Output 1	Promotion of sustainable flow of information and knowledge between the supply and demand sides of the market system	<ul style="list-style-type: none"> Number of service providers Number of farmers reached Number of farmers reporting better access to information 	Field survey Interviews with service providers
Output 2	Support of establishment of commercial linkages and retail networks between local agro-service providers and agro-input suppliers operating in the country	<ul style="list-style-type: none"> Number of commercial retail outlets; Annual turn-over that service provider make Number of farmers reached 	Annual semi-structured interview of the service providers; Field surveys
Output 3	Support spreading of new more productive varieties of the three main crops in the area and promote the testing of new crops	<ul style="list-style-type: none"> Number of new crops and/or varieties available in the region; Number of farmers using advanced agro practices 	Farmers' data base; M4M Project reports.
Costs of outputs for outcome 1: 844'120 CHF and administrated project funds out of them in amount of 273'930 CHF			
For outcome 2:			
Output 4	Promotion of provision of more appropriate financial products for agriculture Value Chain Operators	<ul style="list-style-type: none"> Number of financial product providers offering their services to private players in the horticultural market; Total amount of capital investments in horticulture in the region Total amount of operational investments in horticulture in the region 	Annual semi-structured interview of the service providers;
Output 5	Support the Business Development Service providers in sustainable provision of information and business development services for Value Chain Operators	<ul style="list-style-type: none"> Number of service providers offering capacity building Numbers of farmers and other small businesses in horticulture reached 	Annual semi-structured interview of the service providers; Field survey amongst horticulture players
Costs of outputs for outcome 2: 944'690 CHF and administrated project funds out of them in amount of 135'000 CHF			
For outcome 3			
Output 6	Improvement of access to high-value market channels through improvement of Value Chain Operators marketing skills	<ul style="list-style-type: none"> Number of farmers that report improved market linkages; Number of businesses dealers (processors, traders, retailers etc.) operated Number of business dealers using the crop grading system 	Survey amongst value chain players (regular interviews and focus group discussions)
Output 7	Improvement of post-harvest management techniques and skills; promotion of development of small scale processors	<ul style="list-style-type: none"> Volume of produce sold using post-harvest techniques and marketing Number of farmers investing in processing Volume of crops used for processing (ton) 	Survey amongst users of the techniques
Costs of outputs for outcome 3: 880'190 CHF and administrated project funds out of them in amount of 205'000 CHF			
For outcome 4			
Output 8	Facilitate the development and implementation of an investment promotion strategy for the horticultural sector in Meghri.	<ul style="list-style-type: none"> Government strategy developed Funds allocated by the government for horticulture in Meghri 	Interviews with key government stakeholders
Output 9	Advocacy: Facilitate improved cooperation between public and private sector player, including the strengthening of advocacy of private sector interests and the government's ability and capacity to respond appropriately.	<ul style="list-style-type: none"> Satisfaction of private sector with government response 	Survey amongst private sector businesses
Costs of outputs for outcome 4: 840'190 CHF and administrated project funds out of them in amount of 85'000 CHF			

Annex 3: Summary Terms of References for Staff

Position	Relevant Outputs	Main responsibilities
Agronomist (will be a Megri local and will be trained/ consulted on regular basis by the senior agronomist)	1,2,3	<p>Consult lead farmers on field schools and efficient management;</p> <p>Regular consultation and training on demonstration plots in farmer field schools;</p> <p>Gather information on needs and priorities of farmers involved (and not involved) in the project implementation (control groups);</p> <p>Support lead farmers with mobilization of farmers into groups</p> <p>Consult lead farmers on:</p> <ul style="list-style-type: none"> - organization of joint purchase of the agricultural input, - access to credit facilities and delivery of products to processing and trading companies; - financial analysis of farmer seasonal work and recording of the results in an elaborated form;
Senior Agronomist	1,2,3,5,7	<p>Identify and support of formation of lead farmers' institution in Megri who are ready to introduce advanced methods of farming and ready to cooperate with the neighbouring farmers and facilitate this cooperation;</p> <p>Facilitate the development of embedded information services between (lead) farmers and relevant service providers such as input suppliers which are based on commercial transactions and incentives;</p> <p>Promote and support the establishment of commercial retail networks for agricultural inputs in the Meghri region (directly through shops or through an agent model);</p> <p>Support the start-up of commercial nurseries in the Meghri region that provide high quality trees and also new and more productive varieties, and link them to relevant suppliers and R&D organisations;</p> <p>Promote farm group cooperation through established farm field schools and centres of training of trainers;</p> <p>Monitoring the farmer field schools and providing consultancy to agronomist and lead farmers for their efficient management;</p> <p>Facilitate the establishment of long term training and technical assistance programs for lead farmers and farmers groups through different agencies and interested institutions;</p> <p>Support the design of the demonstration plots and promote integrated pest and orchard management methods as well as organic farming principals;</p> <p>Support the agronomist and lead farmers in Meghri to mobilize the farmers into farmer groups;</p> <p>Consult lead farmers and agronomist on:</p> <ul style="list-style-type: none"> - organization of joint purchase of the agricultural input, - access to credit facilities and delivery of products to processing and trading companies; - financial analysis of farmer seasonal work and recording of the results in an elaborated form; <p>Gather field information from project supported farmers and submitting in time to the project M&E specialist;</p>
Marketing specialist	6,7,8,9	<p>Elaborate the marketing/ investment information system and regularly disseminate the information among potential buyers and investors;</p> <p>Make comparative financial analysis of the farmer performance producing different products and applying different agricultural practices and disseminate to the stakeholders;</p> <p>Identify the marketing constraints of Meghri products and address the issues to farmers, processing and trading companies;</p> <p>Support linkages of Meghri producers to potential buyers, investors, agri-input suppliers and exporters;</p> <p>Collect data about Meghri products, pricing, market trends, consumer preferences and competition and disseminate the information to the stakeholders;</p> <p>Support Meghri farmers/ processors with development of product promotion strategies;</p>

Position	Relevant Outputs	Main responsibilities
		<p>Support the communication between potential buyers, investors and Meghri farmers/ processors;</p> <p>Support an implementation of promotional programs and events.</p>
Finance and Business development specialist	1-9	<p>Elaborate marketing/ investment information system and regularly update information for project stakeholders, potential buyers and investors;</p> <p>Conduct research and develop studies/business proposal on financial market potential and investment opportunities of Meghri (e.g. potential demand for financial services, development prospects, possible schemes of financial services to be offered, potential investment areas, case studies, etc.);</p> <p>Conduct comparative financial and business analysis of farms and agribusiness to determine general picture of risks and creditworthiness of the farmers/ agribusinesses producing different products and applying different agricultural practices;</p> <p>Identify financial institutions and potential investors and conduct outreach activities to present investment and credit opportunities in Meghri;</p> <p>Identify new business development possibilities and elaborate strategies and business plans for their application, attraction of investments and entrepreneurs;</p> <p>Provide technical assistance support to start-up businesses related to agricultural production, trading and provision of services in Meghri;</p> <p>In close cooperation with financial institutions, conduct trainings for project agronomists and lead farmers to enhance their capacities in making basic financial analysis and developing credit applications for farmers;</p> <p>Elaborate farm/business management and entrepreneurship training modules and conduct trainings to project agronomists and lead farmers in the Centre of Training of trainers;</p> <p>In cooperation with the project team organize relevant events for promotion and attraction private investments;</p> <p>Support with introduction and development of the contractual relationships between farmer groups and processing and trading companies;</p> <p>Facilitate an establishment of the value chains (organisation and conducting of annual planning workshop, monthly meetings of the working groups).</p>
Monitoring and evaluation specialist	1-9	<p>Elaborate and apply a reliable and consistent set of outcome/ output indicators for all project activities relevant to the DCED standards;</p> <p>Develop a system to ensure that the project planning, including inputs and targets, is aligned with the project log frame and other types of M&E indicators;</p> <p>Develop a standardized baseline information collection templates and methodologies to synthesize and analyze data for summary and thematic reports on M&E findings;</p> <p>Elaboration and introduction of the monitoring system (relevant to the DCED standards) which allows gathering information about changes at the farmers', processors' and traders' levels;</p> <p>Regularly review and improve the M&E system;</p> <p>Develop, refine and manage the process for regular reporting on findings and coordinate conclusions and recommendations with the project team and project management about efficiency of the project implementation and required changes (adaptations);</p> <p>Analyze the work of lead farmers and other service providers and make conclusions and recommendations to project management about required changes (adaptations) in the project implementation;</p> <p>Elaboration of Lesson Learnt materials for the project staff and service providers;</p> <p>Systematisation of project documentation of all interventions and impact and allocation on the web-site of CARD for public and business partners;</p> <p>Create and maintain M&E procedure manuals for project staff;</p> <p>Coordinate, develop and facilitate capacity building in M&E for project staff and lead farmers;</p> <p>Manage day-to-day operations of the M&E system, including support of other project staff continued implementation of M&E tools and instruments.</p>

Position	Relevant Outputs	Main responsibilities
½ Public Awareness specialist	1-9	<p>Develop public awareness strategy to promote M4M project goals and objectives at public, government and private levels;</p> <p>Develop “Invest in Meghri” promotional campaign and coordinate its implementation with the project team;</p> <p>Develop public outreach schemes and strategies to conduct direct targeting of project stakeholders and partners, i.e. potential investors, business and financial service providers, trading companies, etc.;</p> <p>Develop mass media means (printed materials, internet portals and other electronic outreach means) to inform public, government and other project stakeholders on project objectives, achievements and plans in Armenian and English and organise their distribution;</p> <p>Regularly update information about project interventions, results, impact, plans at the project (CARD/HIS) web-pages;</p> <p>Elaboration of materials/case studies/success stories about project interventions, results and impact and regular informing of state and donor agencies and businesses;</p> <p>Organization of the events for presenting project results and impact, attraction of private investments, private business and business service providers to Meghri;</p> <p>Develop and apply project visibility strategy in accordance to the requirements of SDC, HSI, CARD and DCED standards;</p> <p>Organization and facilitation of public events.</p>
CARD project (co-) manager	1-9	<p>Leading the M4M Project in all aspects of project cycle management;</p> <p>Providing leadership and fosters an atmosphere of cooperation among project staff, and partner organisations to achieve project objectives;</p> <p>Preparing all required technical and financial reports to Helvetas Swiss Intercooperation, SDC and CARD;</p> <p>Maintaining a proper planning and monitoring system to ensure the quality control of the project's outputs and expected outcomes;</p> <p>Establishes and monitors agreements/contracts with partner organisations;</p> <p>Supervise and coach project staff of the M4M project.</p>
HSI project manager	1-9	<p>Contributes to further strategic development of the project and provides guidance on operational issues related to project management and implementation;</p> <p>Contribute to documentation of project experiences, networking and information exchange;</p> <p>Participates in reviews, evaluations and project planning exercises, and contributes to the design of new SDC and Helvetas Swiss Intercooperation projects in PSD in South Caucasus;</p> <p>Manages and controls project funds, ensuring that they are utilised in the most cost effective manner. Checks and approves narrative and financial reports of CARD and project partners;</p> <p>Keeping the SDS Armenia, Helvetas Swiss Intercooperation Head Office and relevant bodies of the Armenian Government regularly informed about project relevant context developments and progress of implementation;</p> <p>Developing capacity of M4M project staff and partner organisations involved in project activities;</p> <p>Contribute to experience sharing among stakeholders involved in project implementation and disseminate lesson learned in SDC and Helvetas Swiss Intercooperation as well as international events.</p>

Annex 4: Summary of Market Analysis

The fresh market capacity

It is widely accepted and recent study has once again demonstrated that Armenian consumers prefer locally grown over imported fruits. The primary reasons are good taste, freshness and perception of ecologically cleanness of these products produced in the country. However, more than fifty per cent of consumers will be willing to buy more fruit if their market price would be low. It should note that pomegranate, persimmons and figs have relatively higher prices during the season, than apricots, peaches and other popular fruits. Therefore, consumption of these fruit could increase in case of consumers' purchasing power growth or market price reduction. Although Armenian consumers are not satisfied with the packaging of the local fruit, but only small share of people would be willing to pay premium for better packaging.

Although some information available on consumer preferences and behavior, complementary study is necessary for understanding the size and structure of the market, quantities and prices of imported products, elasticity of demand and correlation of demographic factors with preferences and purchasing power of consumers to determine target market. Furthermore, the study should help to understand opportunities for developing new value added products.

Market constrains and root reasons

Constrains that farmers face in enlarging the market share and increasing their profits are divided into three blocks:

1. Production constrains (including input supply, knowledge, irrigation, etc.);
2. Post-harvesting management constrains;
3. Marketing and sales constrains.

Production constrains

There are several factors negatively influence on the production and supply of good quality produce in Meghri. Many of these factors are caused by the underperformance of related market systems.

- **Financial services:** Three banks and three micro-financial institution provide agricultural loans in Meghri region, but the accessibility to loans is low. The factors negatively influencing on the accessibility of loans are:
 - High interest rates;
 - Payment schedule not adapted to the agricultural production cycle;
 - Collateral requirements e.g. the houses accepted only in towns Meghri and Agarak and their assessment value is too low;
 - Because of the low liquidity of collaterals, financial institution usually require guarantee(s) and most of the farmers are not able to satisfy the requirements;
 - Lack of information about terms and conditions of loans.
- **Inputs market & nurseries:** Lack of access to high quality inputs and nurseries: Commercial horticulture depends a lot on the quality of inputs and saplings. There are nine nurseries in the region, which are unable to supply healthy saplings and new productive varieties and are thus currently incapable of supporting the development of commercial horticulture. There are no input suppliers established in Meghri leaving the farmers with limited access to inputs. In the scopes of the first phase the project was supporting the usage of fertilizers and pesticides for crop protection, while in the second phase the project will prompt farmers to use bio inputs and apply environment friendly agricultural techniques. There are constrains in increasing the demand as well as for insuring the supply of bio inputs in the region.

The factors impeding the development of the inputs market are the following:

- Remoteness of the region: The underperformance of the inputs market is largely a consequence of remoteness of the region. High transportation costs and the extra time needed to conduct business with Meghri increase the fixed costs for the suppliers;
- Capacity of the market: The market is small and not attractive for inputs suppliers. Only in the case of bulk purchase the lower market price will be justified;
- Lack of bio laboratories: In Armenia the environment friendly agricultural techniques are not very popular and the lack of demand conditions the poor supply of bio inputs.
- **Agricultural services (spraying, pruning, fruit picking):** Due to project interventions in the first phase, several farmers now provide spraying services in the region. Since there are hardly any individuals providing such agricultural services as pruning, lime coating, fruit picking. The absence of this market system is conditioned with the below mentioned factors.
 - Lack of capacity (knowledge, information, skills) of workers;
 - Lack of willingness to provide these services is conditioned with the fact that farmers of Meghri are used to delayed payments and on the other hand with the mentality of locals.
- **Farmer Business Management (FBM) advisory services:** Many farmers experienced in fruit production are not familiar with key business principles and are not in a position to assess how their profits would increase in the case of making investments. In the first phase, the project has initiated a training program with the employees of 5 communities who are supposed to become Financial Advisors and provide financial and FBM advisory services to farmers. The constrains for developing this market systems are as follows:
 - Lack of capacity of candidates: The financial advisors trained by the project still have lack of capacity for provision of high quality FBM advisory services;
 - Lack of demand for such services: Because the farmers do not believe in usefulness of intensive horticulture that requires investments, hence their interest in FBM is very low. Currently, they are not ready to pay for FBM advisory services.
- **Technical assistance (agricultural and horticultural advisory services):** Commercial horticulture depends on access to up to date knowledge and skills. With the collapse of the Soviet Union, farmers lost the link to information on improved production techniques. Advisory services (along with inputs) formerly provided in the frame of the planned production from the Kolkhozes disappeared. There are only three agents from the ASC in the Meghri region and only one of those is a qualified horticulturalist¹⁴. He has no real means to guide and advise the producers. The remoteness of Meghri and the

¹⁴ The two other technicians being respectively a veterinarian and an agricultural machinery mechanics.

relative smallness of its market mean that private service (and input) suppliers have not hurried to replace Soviet structures. The only embryonic private advisory scheme is the one established by the Meghri Horticulturalist's Association.

- **Irrigation:** (service provided by Water Users Association): While most producers in Meghri have access to irrigation, half of them are not satisfied with the quality. They complain typically that irrigation is not provided in a timely manner. According to farmers, this accounts for the fact that half of the arable land is currently not cultivated. Irrigation is also important to productivity¹⁵. The problem of irrigation may be exacerbated in the future with the following factors:
 - The quality of water: The mining sector negatively influences on the quality of the water. However the mining sector is going to be developed in the region and the operation of new opened mines may dramatically change the quality of water making it not suitable for irrigation;
 - The quantity of water: two new hydroelectric power stations are going to operate in the region, and two ones in future. The operation of hydroelectric power stations may negatively influence on the quantity of water used for irrigation.

There are other factors impeding the increase of production of good quality produce.

- **Low productivity per hectare:** Average productivity in Meghri is low. This is actually a consequence of other constraints on farmers (see below). One of the main reasons is production know how. The other reason conditioning the low productivity is the small area of land plots: historical circumstances mean Meghri farmers have a very low average plot size that impedes the benefits of economies of scale.

Post-harvesting management constrains

- **Branding and packaging:** The produce of Meghri has a good reputation on local market, however many marketers market products of other regions under Meghri brand. Some work toward developing brand name could help to resolve product and increase sale of Meghri fruits on Yerevan market. There are several reasons why the farmers don't do branding and packaging of produce.
 - Lack of access to packaging inputs;
 - Lack of marketing knowledge and market information.

Marketing and sales constrains

- **High transportation cost:** Meghri is one of the remote locations in Armenia. Th long distance increases transaction costs and add cost associated with the product marketing.
- **Undefined market size:** Although some studies are implemented there is no information on size of the market for the selected products. This entails total production, sale and import of the selected products.
- **Lack of marketing and sales skills:** Farmers and entrepreneurs in the region do not posses marketing and sales skills neither has they hire respective specialist who can provide these services to them. Therefore, most of them rely upon few middlemen, who dictate the prices for the products. There are several factors conditioning the situation:
 - The number of farmers is significantly more than number of middlemen and it limits their choice to whom to sale;
 - Lack of cooperation between farmers;
 - Absence of educational and training institution.
- **Competition:** Meghri produce compete with the similar crops produced in other regions of Armenia and imported ones that can be addressed through enforcing brand identity. On the pomegranate market, producers from Nagorno-Karabakh have established a very strong position, due to less distance to Yerevan and lower prices. Also, Nagorno-Karabakh produces the varieties required by the juice making industry in Yerevan – which Meghri does not. On the persimmon market the competition will be strengthened due to produce from Tavush marz as new orchards of persimmon were planted widely. Georgian producers have increased the quality of their produce. Meghri cannot avoid competition. Instead, it must exploit its comparative advantages such as a strong brand name and high quality fresh pomegranates, persimmon and figs and update its varieties when appropriate.
- **Lack of market information:** Although several projects provided in the past farmers and agribusinesses in remote areas with the periodic information on demand and prices for specific products, farmers and entrepreneurs in the region do not posses up to date information to evaluate marketing opportunities. The main reason of lack of market information is the fact that there is no interested party to provide such information and lack of producers to pay for such information.
- **Access to retail market:** This problem is common for most farmers in Armenia and associated with the difficulties entering local farmers markets and accessing retailers. The main reason limiting the access of producers to retail market are the followings:
 - Bad management: producers hardly manage to organize the harvesting and don't have enough time for transporting and selling the produce in the retail market;
 - Governing rules: The developed relationship between retailers and among retailers and middle men make serious difficulties for the access of new retailers to market.
- **Fruit processing:** Most of processing companies in Armenia and one in Megrhi usually offers low prices for the selected products, and therefore, these companies are the last choice for the producers. Besides, a small share of the fruits is processed in Meghri through Meghri cannery (mainly jams and preserves), and Meghri winery (pomegranate wine). Instead, small-scale and home-based drying facilities (mainly drying of figs and persimmons) are inherent in Megri. This means there is limited demand for the lower quality fruit that cannot be sold in the fresh fruit market.
- **Export markets:** Common features of fruit producers in Meghri region is seasonal production, fragmented buyers and supplies unable to exploit economies of scale. This is a primary difficulty for export market development, since farmers are not able to supply stable amount and quality of the products to foreign markets.

¹⁵ Despite recognition of irrigation as a constraint to fruit production in Meghri, the project has decided not to deal with it directly. Fixing irrigation infrastructure is beyond the project's financial resources and other projects have found Water Users Association intractable on usage of irrigation. Improved technical farm management may indirectly improve irrigation practices.

Annex 5. Measurement Plan

Result (Box)	Indicator	Definition of Calculation	Factors influencing indicator	Attribution Method	Baseline	Tools & When to measure	Who is responsible
5. Lead Farmers/ SP provide embedded service package to farmers	Number of SP (incl. IS) providing services to farmers and services sales volume; number of farmer taking advantage of new services	Average price paid by farmer for services in target communities (in AMD)	Costs of embedded services	Comparison "before and after"	Before the start of intervention Source: Interviews with service providers, checked with farmers	Service Providers' records (special forms to keep records provided by the Project to SP). Once half an year after the start of operations	Project Agronomists and BDS and Finance Specialist, M&E specialist
6. Credit institutions provide appropriate credits and develop credit management capacities of VCO	Number of financial SP offering their services to private players in the horticultural market; % of horticultural players (incl. farmers) have access to finance	Number of credits and average size of the credit; Estimated total investments in horticulture in Meghri	Interest rate, collateral requirements for the credits	Comparison "before and after"	Before the start of intervention Source: Interviews with service providers, checked with farmers	Electronic data base of farmers, processor and traders; Once half an year after the start of operations	Project Agronomists and BDS and Finance Specialist, M&E specialist
7. Lead Farmer/ Traders contract and train farmers to produce in-demand fresh produce	% increase in traded volumes of produce	Changes of demanded volumes of produce by the contract	Purchase price much below of market price for fresh produce	Comparison "before and after"	Information about delivered produce from farmers and buyers (processors and traders)	Electronic data base of farmers, processor and traders; Once a year (in December)	Project Agronomists and BDS and Finance Specialist, M&E specialist
8. Governmental agencies improve business environment for attraction of private investment in region	Strategy developed for horticulture development in Meghri by local government	Amount of funds allocated by government for horticulture support	Government has other priorities for development of Meghri region	Observation of government policies and national budget	Source: Government policies and national budget related to Meghri region	Government documents; Once a year (in December)	BDS and Finance Specialist, M&E specialist

Result (Box)	Indicator	Definition of Calculation	Factors influencing indicator	Attribution Method	Baseline	Tools & When to measure	Who is responsible
9. Farmers increase volume and yield and/or reduce costs	% increase in farm level productivity	Calculation of yield and production costs actually recorded in the technology card at the farm	Reluctance of farmers to keep recording of actual financial and time expenses	Comparison of supported and control group	Yield fixed in national statistical publications	Comparison of the records of the technology cards of the supported farmers and farmers of control group Once a year, at the end of November	Agronomists, BDS and Finance Specialist, M&E specialist
10. Number of market players increased	Number of processing and trading companies/ agents operating in Meghri	Satisfaction of private sector with government response and fulfilment of contracts by supported farmers	Unattractive business environment	Study of processing and trading companies/ agents	National statistical data about registered processing and trading companies in Meghri and project's researches	Comparison of changes of number of market players from annual project researches	Marketing specialist, BDS and Finance Specialist, M&E specialist
11. Traders export fresh produce to international markets	Volume of exported fresh produce from Meghri	Triangulation of volumes delivered by farmers by contracts to international exporters and by exporting trading companies	Low produce volume and high production and transport costs	Retrospective trend analysis	National statistical data about exported produce	Comparison of changes in export of fresh produce to international markets Once a year, in April	Marketing specialist, M&E specialist
12. Traders sell processed products on domestic/ export markets	Volume of sold processed products on domestic and export markets in tons and in AMD/USD	Reported sold volumes of processed products on domestic and export markets reported by processing and trading companies	Increase import of processed products to Armenia with cheaper price	Retrospective trend analysis	National statistical data about sales of processed products on domestic and export markets	Comparison of changes of sales of processed products on domestic and export markets Once a year, in April	Marketing specialist, M&E specialist
13. Farmers increased sales and margins	Annual sales, production costs and margins of supported farmers	Average sales, production costs and margin per product of supported farmers and farmers of control group	Increased import of the same cheaper products to Armenia	Retrospective trend analysis	National statistical data about sales from Meghri; project researches; farmer data base.	Comparison of sales and margins of supported farmers and farmers of control group. Twice a year – November and April.	Marketing specialist, Agronomists, M&E specialist

Result (Box)	Indicator	Definition of Calculation	Factors influencing indicator	Attribution Method	Baseline	Tools & When to measure	Who is responsible
14. Farmers increased income	Annual income of supported farmers	Average income of supported farmers and farmers of control group	Reduced demand for products from Meghri and consumers preference to buy cheaper imported products	Retrospective trend analysis	National statistical data about income of HH in Meghri; project researches; farmer data base.	Comparison of income of supported farmers and farmers of control group. Once a year – November.	M&E specialist
15. More jobs created in Meghri	Number of seasonal and permanent work created in Meghri region due to the project activities	Annual number of jobs created (calculated permanent number and seasonal are counted as permanent)	Horticulture as business less attractive than mining currently developing in region	Retrospective trend analysis	Project researches of trading and processing companies, farmer data base	Comparison of jobs created annually. Once a year – November.	Finance and BDS specialist, M&E specialist

Annex 6. ToR / Job Description of the Project Management

Helvetas Swiss Intercooperation Co-manager



JOB DESCRIPTION

A) Definition of tasks

Job title:

Regional Advisor with Management Function, HELVETAS Swiss Intercooperation Armenia/South Caucasus

1. Organisational integration

Organizational unit	International Programmes, Eastern Europe Unit (Armenia, South Caucasus Region)
Location	Yerevan, with frequent travels to area of intervention (Meghri, South Caucasus Region)

2. Reporting

Reporting to	Co-Heads of Eastern Europe Unit, head office HELVETAS Swiss Intercooperation, Switzerland
Direct reports	M4M project team (approx. 10 persons), selected programmes in the region

3. Overall target

The Regional Advisor ensures that the M4M project in Armenia functions well and is implemented to the requirements of SDC as donor – in particular with regard to the application of an M4P approach. He will be managing the transition phase from August to November on a 80% basis, after which he will assume the project management for 100% for a duration of 1.5 years (starting on December 2012), building up and handing over management capacity to a local manager of the partner organisation. After 1.5 years his time commitment on the project will be reduced in agreement with SDC.

4. Main tasks

A	<ol style="list-style-type: none"> 1) Manages the transition of the M4M project from phase 1 to 2 and from SHEN NGO to a new national implementation partner CARD, ensuring that knowledge, experience, capacities and resources are transferred appropriately. 2) Ensure the timely delivery of expected outputs of the transition phase to the fullest satisfaction of SDC in coordination with the HELVETAS Swiss Intercooperation head office (project document, logframe and budget). 3) Manage the M4M project for the first 1.5 years (starting December 2012) and during this time build up local management capacity (for managing an M4P project) to which he will transfer more responsibilities over time. After 1.5 years the RA will transfer full management responsibilities and assume the position of a 'project director' with super vision and advisory responsibilities. 4) Together with the new implementation partner ensures that operations are set up as quick as possible, including a satellite in the Meghri region. 5) Build the capacity of the project team in the application of an M4P approach and ensuring that M4P principles and frameworks are applied continuously throughout the project period. 6) Support the project team in defining intervention strategies and the Yearly Plan of Operations; monitoring their successful implementation in the field. 7) Maintain strategic and technical oversight of the project to ensure high quality and the achievement of objectives. This will include direct project management during the first 1.5 years and a gradual withdrawal/handling over after that. 8) Establish a good work relationship on a daily basis with the M4M project (co-)manager and a role division. 9) Ensure efficient communication between the project and the HELVETAS Swiss Intercooperation head office on technical as well as administrative and financial matters. This includes assuring quality and punctuality of reporting.
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| 10) Support the project (co-)manager in reporting towards SDC and HELVETAS Swiss Intercooperation head office, including the establishment of an effective monitoring and evaluation system (based on DCED standards)
11) coordination and exchange with the REC team on a regular basis on content related matters |
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5. Responsibilities

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| 1. Supervises and supports the successful implementation of the M4M project
2. Builds capacity of M4M team in M4P and other related areas (e.g. M&E)
3. Supports the development of intervention strategies along M4P principles and frameworks
4. ensure good communication between HO and project including administrative support
5. Support the reporting to donors and HO |
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B) Competency profile

1. Basic education

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| Mandatory <ul style="list-style-type: none"> • MSC. in Social Science, Economy, Law, Agronomy or similar domain/degree |
| Optional <ul style="list-style-type: none"> • Post-graduate certificate in development cooperation, other topic specific post-graduates (within HSI working domains) |

2. Further training or specific skills

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| Mandatory <ul style="list-style-type: none"> • Project management / financial management • Advising and coaching • Organisational Development • Thematic specialisation on M4P • Strong research and analytical skills; strategic thinking • Monitoring and evaluation (DCED/Results chains) |
| Optional <ul style="list-style-type: none"> • Thematic specialisation on other areas (within HSI working domains) |

3. Professional experience

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| Mandatory <ul style="list-style-type: none"> • At least 5 years experience in development cooperation • Sound knowledge and experience in PCM including outcome-based M&E systems. • Proven experience in leading strategic planning and budgeting processes • Participation in acquisition of projects and mandates • Experience with SDC funded projects • Proven record in leadership and management: motivating, coaching, developing individuals, and facilitating knowledge sharing/training. • Experience with private sector development, governance, and/or M4P projects |
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4. Methodological and/or leadership competencies

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| Mandatory <ul style="list-style-type: none"> • Strong motivator and mentor/coach • Excellent, conceptual, visionary and programmatic competencies • Good reporting and writing skills • Result-oriented personality meeting deadlines • Ability to foster partnerships for project implementation • Excellent intercultural competencies |
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5. Social and personal competencies

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| <ul style="list-style-type: none"> • Shares HELVETAS Swiss Intercooperation' value system and development concept • Motivated, active and enthusiastic individual showing judgement by recognising and setting priorities |
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- Engaging personality with powers of persuasion, who also acts as mediator and mentor

6. Languages

Mandatory
<ul style="list-style-type: none">• English• Russian
Optional
<ul style="list-style-type: none">• Local languages as asset

7. IT skills

Mandatory
<ul style="list-style-type: none">• Proficiency in Microsoft Office Products (Word, Excel, Powerpoint; Outlook)
Optional
<ul style="list-style-type: none">• Experience with new media (social networking/reporting tools, online collaboration tools)• Online/offline facilitation of Communities of Practice

CARD Project Co-manager

JOB DESCRIPTION

Title: Manager of the “Markets for Meghri” project
Employment rate: 100%
Duration: 4 years (1 December, 2012 – 30 November, 2016)

Definition of tasks

1. Organizational integration

Organisation	CARD (Centre for Agribusiness and Rural Development Foundation)
Unit	Markets for Meghri project
Location	Yerevan, Armenia (with 30 % of working time in Meghri)

2. Reporting (title only)

Reporting to	Director of the CARD
Direct reports	Regional Advisor of HELVETAS Swiss Intercooperation, Armenia / South Caucasus, Co-manager of the M4M project
Act as back up for	Co-manager of the M4M project
Will be back up by	Co-manager of the M4M project

3. Overall targets

A	Effective management of the M4M project in line with the Project Document;
B	Monitor and evaluate the results of the project;
C	Administration of the M4M project;
D	Generating new idea and making feasibility analysis of the opportunities for the project; Team building and development of the project partners and staff capacities.

4. Job Responsibilities

A	<ul style="list-style-type: none"> Implement the Markets for Meghri project according to the yearly plans of operation and project documents; Coordinate project work with the involved parties along organized chains “Farmers – Processors/ Traders – Markets”; Inform the HELVETAS Swiss Intercooperation, Regional Advisor in case of deviations from approved plans; Supervise and coach project staff of the M4M project; Prepare all required technical and financial reports to CARD and HELVETAS Swiss Intercooperation; Network with all stakeholders involved in the project implementation;
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	<ul style="list-style-type: none"> • Build up a partnership of mutual respect with local partners.
B	<ul style="list-style-type: none"> • Monitor and evaluate the results of the M4M project;
C	<ul style="list-style-type: none"> • Prepare all planning documents for the project according to HELVETAS Swiss Intercooperation requirements; • Keep the project book-keeping and provide monthly financial reports to Yerevan office;
D	<ul style="list-style-type: none"> • Generate idea and making feasibility studies of existing opportunities for the project; • Develop capacity of partners involved in project activities; • Ensuring mainstreaming of good governance, DRR and gender as transversal themes; • Contribute to experience sharing among stakeholders involved in project implementation and disseminate lesson learned in CARD, HELVETAS Swiss Intercooperation and SDC as well as international events; • Attend training to improve own required knowledge and skills; • Pass through a staff appraisal session with the CARD and HELVETAS Swiss Intercooperation Regional Advisor once a year.

5. Required qualifications

Advanced Degree in Business Administration or in Marketing;

Minimum 5 years experience of project management including aspects of planning and monitoring;

Experience at working both independently and in team;

Ability to communicate with project team and different partners coming from various spectrum of disciplines/ cultures;

Strong communication and interpersonal skills;

Computer and English proficiency;

Ability in intensive travelling to Meghri.

Annex 7. Short TOR for Key Staff of the Programme

Person/Function	Overview of key TOR
Matthias Herr, Senior advisor on M4P and HO project coordinator	<ul style="list-style-type: none"> • Team leader for the overall project coordination as well as technical and strategic backstopping • Ensure the implementation of a systemic/M4P approach to PSD (including team capacity building, intervention design and planning, and program reviews) through frequent advice and backstopping support to the project team. • Responsible for the overall contractual management of the project and coordination of relationship to SDC HO in Bern • Responsible for the coordination of the backstopping team to ensure consistent inputs with the overall strategic framework • Overall oversight and quality assurance for effective and efficient program implementation on behalf of the consortium • Advice to international project manager and partner organisation CARD on matters of project implementation and management • Ensuring timely delivery of outputs (interventions) and outcomes, as well as reporting to SDC • Supervision of monitoring and evaluation. • Maintain oversight and control of project expenses in line with SDC budget • Organisation and contracting of necessary international consultancies
Jens Engeli, International Senior advisor on Policy and governance in transition countries	<ul style="list-style-type: none"> • Conduct assessment of governance related issues in the horticulture sector in Meghri at the beginning of the phase II and inform intervention design • Provide periodical input and advise to the project on governance issues in transition countries and implementation based on international best practice and learning • Support HO project coordinator and local project manager in management and planning tasks (budgeting, YPO, etc.) • Reflect with the team on international discussion on M4P and governance in the context of the M4M project • Facilitate learning exchange and synergies with SDCs governance projects in the region • Support the development of appropriate strategies which address governance issues in the horticulture market system • Advise the PIU on relationship building with government and municipalities in Armenia • Advise PIU on available methodologies and innovative solutions for governance program implementation and assure planning quality in the frame of an systemic/M4P approach • Develop and elaborate, together with project experts and co-facilitators/service providers governance development plans/design • Conduct a mid-term review with focus on governance related issues and project interventions
Jane Carter, senior international advisor on gender mainstreaming	<ul style="list-style-type: none"> • Conduct assessment of gender related issues in the horticulture sector in Meghri at the beginning of the phase II and inform intervention design • Provide periodical input and advise to the project on gender issues and implementation based on international best practice and learning in the field of gender • Facilitate learning exchange and synergies with SDCs projects in the region on gender related topics • Reflect with the team on international discussion on M4P and WEE in the context of the M4M project • Support the development of appropriate strategies which address gender issues in the market system • Advise project on available methodologies and innovative solutions for gender project implementation and assure planning quality in the frame of an systemic/M4P approach • Develop and elaborate, together with project experts and co-facilitators/service providers gender development plans/design • Conduct a mid-term review with focus on gender related issues and project interventions

Nicole Clot, senior international advisor on DRR	<ul style="list-style-type: none"> • Conduct assessment of DRR related issues in the horticulture sector in Meghri at the beginning of the phase II and inform intervention design • Provide periodical input and advise to the project on DRR issues and implementation based on international best practice and learning in the field of DRR • Facilitate learning exchange and synergies with SDCs projects in the region on DRR related topics • Reflect with the team on international discussion on M4P and DRR in the context of the M4M project • Support the development of appropriate strategies which address DRR issues in the market system • Advise project on available methodologies and innovative solutions for DRR project implementation and assure planning quality in the frame of an systemic/M4P approach • Develop and elaborate, together with program experts and co-facilitators/service providers DRR development plans/design • Conduct a mid-term review with focus on DRR related issues and project interventions
Maja Rüegg, Advisor on M4P, value chains and results measurement (DCED)	<ul style="list-style-type: none"> • Conduct a training on the DCED standards for results measurement at the start of phase II • Support the project team in development of results chains for specific interventions and a monitoring and evaluation plan • Coach the M&E team member on the implementation of a good M&E system with periodical missions in support • Provide periodical input and advise to the program on issues related to M4P, value chain analysis and results measurement in support of the senior advisor • Advise and support the project on the development of an M&E system according to DCED standard for results measurement