



PROMOTING INCLUSIVE HORTICULTURAL VALUE CHAINS IN ARMENIA, GEORGIA,
KAZAKHSTAN AND MOLDOVA PROJECT

SUCCESS STORIES

Yerevan, 2019

Organic fruit producers' Cooperative

Success story

The Organic Fruit Producers' Consumer Cooperative is a newly established organic fruit producer company in Armenia. It was created by the initiative of 15 farmers in 2016. Each of them contributed to the formation of the cooperative. "Tsirani Aygi" LLC which has been engaged in organic farming since 2002 is also a member of the cooperative.



Apricot harvest in the cooperative orchards

The demand for organic fruit grows year after year. Besides Armenian processing companies like Tamara Fruit, Sis Natural, Ararat Juice Factory of Yerevan and Kilikia, the demand for export of organic production from Armenia has considerably increased in recent years.

Unlike organic, traditional fruit production is very unpredictable. In recent years, the price for some types of organic apricots for processing has fluctuated between 180-200 AMD. The same type of apricot which has been traditionally grown in adjacent orchards farmers sold at a maximum 50 AMD. It was evident that there is a demand for organic fruit with a tendency to grow day by day. The consultations with the orchards' administrators brought to the conviction that producing organic fruits is more profitable and the produced fruit can be sold fully.

Narek Karapetyan is the youngest co-founder of the Organic Fruit Producers Consumer Cooperative. During 2017-2018, along with the other 14 cooperative members, he participated in a series of workshops on cooperative management and organic orchard cultivation within the frame of IFAD



Narek Karapetyan (1st from right), together with his cooperative colleagues at a training

financed project "Promoting inclusive horticultural value chains in Armenia, Georgia, Kazakhstan and Moldova". Shen NGO in Armenia implements the project.

Thanks to seminars and practical trainings, Narek and other cooperative members gained the knowledge and skills needed for organic orchard

cultivation, were acquainted with the peculiarities of organic orchard certification process, cooperative management, cooperative development strategies and best practices in marketing.



The members of the cooperative load the apricot harvest for Sis Natural processing company

Thanks to the practical trainings and exchange of experience, Narek and other cooperative members were convinced that the transition to organic cultivation would give organic farmers the opportunity to take a more advantageous position in the market. In order to get quality harvest and to increase yield, all agro-technical requirements for organic cultivation should be applied. The members of the cooperative also became convinced that by joint efforts it is possible to protect the interests of organic producers in the market, as there are many non-certified products

labeled as organic.

The cooperative now owns agricultural machinery: tractors, sprayer, tiller (purchased with the support of the EU and the Austrian Development Agency) which are used for the cultivation of cooperative members' orchards: pest management, renewal of irrigation ditches, intertillage etc.

Using the knowledge gained during the trainings and the technical means of the cooperative, the growth of the orchards of Narek and other members improved, and the yield increased by about 20 percent in 2018.

During the first year of organic certification the cooperative members sold transition period apricots to the processing company SIS Natural at 25 AMD higher price. The total harvest of all members of the cooperative in 2018 was 210 tons.



Agricultural special equipment of the cooperative for orchard cultivation

After the end of the certification phase, some types of organic apricots, which are used for complete production, will get a price of 180-200 AMD instead of 75 AMD.

Establishment of cold storage and purchase of identical boxes were the priority in the Cooperative Development Program for 2018 drafted by Narek and other members of the cooperative. The project was approved by Shen NGO and implemented with co-financing of the International Fund for Agricultural Development in 2018. The cold storage unit of the cooperative has operated successfully in 2018.



Cooperative cold storage, supported by IFAD

Narek Karapetyan says: “The establishment of the cooperative and cooperation with Shen NGO was crucial for me. Over the years, struggling with land, trees and nature, I was sometimes feeling lost myself. The income I received from my job was not equivalent to my efforts, and that led me to deep disappointment. I decided to leave my planted orchard, our village and like

many other compatriots, I was looking for a better life outside of my country. One day I met Haykaram Sarukhanyan, a neighbor of my garden, who introduced me to the idea of cooperation, methods of organic garden cultivation, and benefits from it. With 14 supporters, we decided to apply for the IFAD-funded program. We believed in the perspective of the cooperative development and it was not a mistake.

One beautiful day during the apricot harvest, I fell in love with one of the girls working in the orchard. At the end of the harvesting season, we got married. I stayed in my village. I realized the advantage of organic cultivation compared to traditional one. Over the past two years, my income has increased significantly”.

“Together we are stronger”

Horticultural cooperative increases the production

Sandro Yergenyanyan is one of the co-founders of Berdavan Horticultural Cooperative of Tavush Marz.

During 2016-2017 together with the other 41 members of the cooperative Sandro attended trainings in the field of cooperative management and effective cultivation of orchards. The trainings were organized within the frame of IFAD financed project “Promoting inclusive horticultural value chains in Armenia, Georgia, Kazakhstan and Moldova”. The project is implemented by Shen NGO in Armenia.



Sandro Yergenyanyan is in his vineyard



Members of cooperative during the training

cooperative were introduced to the modern methods of orchards’ cultivation through theoretical and practical trainings. In 2017, study visit was organized for the participants to village of Paravakar (Tavush province), which is famous for grape cultivation.

During the seminars, Sandro and other cooperative members were introduced to the best practices of cooperative management and through practical trainings acquired skills to develop cooperative development strategies and to do market research. The members of the



Practical training for the members of the cooperative in Paravaqar

After completion of seminars and practical trainings, Sandro and other members of the cooperative were able to develop a business plan, make cost estimates of agricultural production, and to do activity planning of the potential services of Berdavan Cooperative. In addition, at the end of the workshop, members of the cooperative was convinced that in order to increase the yield of the orchards it is necessary to apply all agronomic requirements (e.g. tillage, spraying, pruning).

Sandro and his friends are now equipped with knowledge and skills to apply the best pesticides. The results of the seminars became visible in a short time. In 2018, using the agronomic knowledge



Cooperative tractor treats vineyards

acquired during the trainings and applying the machinery of the cooperative (purchased in 2013 with the support of the French Orange Foundation and Shen France), Sandro raised the yield from his peach orchard by 30 percent. Other members of “Berdavan” recorded similar successes as well.

It was clear that members of the cooperative now can produce enough amount of good quality harvest. Sandro and his friends decided to build a cold storage to sell high quality production. The refrigerator will allow the cooperative members to accumulate in one place and sort their products, thus becoming more attractive for wholesale buyers. Based on the knowledge gained during the trainings, the members of cooperative developed a business plan on the construction of cold storage. The project was approved by Shen NGO at the end of 2018 and was financed in an amount of 5,200,000 AMD.

The members of the cooperative had their contribution to the construction of the cold storage. They carried out construction works by themselves. As a result, the unused boiler house of Berdavan kindergarten turned into a cooperative cold storage (20 tons of capacity). The refrigerator is ready to accept the 2019 harvest.

Sandro Yergenyanyan says: "Trainings organized by IFAD and Shen NGO gave us an opportunity to better understand the



Cooperative cold storage is ready to receive 2019 harvest

potential of our cooperative. Construction of cold storage enables us to store and sell our peach and grape at a higher price. In the winter months, we will store our harvest in the refrigerator and will be able to sell it at a better price during the highest demand seasons. Thanks to the cooperative, the burden has significantly decreased. Now we plan all the works with other members of the cooperative.

When I find some dubious illness in my orchard, I ask my friends at Cooperative and each of them helps me based on their knowledge and experience. I also help them in many other issues. We managed to solve the problem of irrigation water together. Together we are stronger".



Members of the cooperative during a discussion

Shaghat cooperative is creating added value in the community

Levon Yengibaryan is a resident of Shaghat village in Syunik Marz. He is one of the young ones who has initiated the establishment of a cooperative in Shaghat in 2014. Cooperative was founded by 52 members. The aim of the cooperation was to make cereals cultivation more effective, reduce costs and increase the income of each member. Located at an altitude of 1,750 meters above sea level, Shaghat offers limited opportunities for agriculture. Levon, like most of the community residents, is engaged in the cultivation of spelt and flaxseed. Shaghat is known for its high quality spelt from which a traditional Armenian dish



Levon Yengibaryan, board member of Shaghat cooperative

is prepared: gruel of crushed spelt. In order to produce crushed spelt Levon was forced to transport the spelt to a workshop in the village of Uyts, 40 km away, and pay a lot of money for processing.

The inhabitants of Shaghat also cultivate high quality flaxseed. In the past, the village had an oil producing plant. Ancient equipment made of stones of this plant are kept in the museum of the village nowadays.

Levon was producing flaxseed oil in a workshop which was located 240 km away in Kotayk Marz. The idea of having own processing workshop has been in the head of the cooperative board members for a long time. Spelt and flaxseed create high value added when being processed. The market price of raw spelt is 100-120 AMD per kilogram, and the price of the crushed spelt is 300-350 AMD. The price of flaxseed per kg is 600-800 AMD, and the price of flaxseed oil fluctuates from 5,000-6,000 AMD per liter. With an assistance of IFAD financed project “Promoting inclusive horticultural value chains in Armenia, Georgia, Kazakhstan and Moldova” and with a support of Shen NGO, the members of the cooperative initiated the establishment of spelt processing and flaxseed oil production workshops.



Stone oil maker in the Museum of History, Shaghat

The premises for production plants were provided by the community, and the repair works were carried out by the cooperative members. In line with establishment of the workshops, Shen NGO has organized a series of trainings on principles and values of cooperation, joint work, cooperative management, business planning, marketing, etc.

Levon says: “It was clear from the trainings that the cooperative essentially differs from what we had imagined. Cooperative is a

tool that contributes to the growth of members' income and is not concentrated on creation of profits for the cooperative as an organization. In this respect, the active participation of the



Members of the cooperative during the training

members contributes to the growth of their household incomes, while at the same time contributing to the sustainability of the cooperative. As a member of the Cooperative Board, I encourage members of our cooperative to attend board meetings and to participate in the cost calculations of the cooperative's services, participate in the planning of the works. We try to work at maximum transparency so that our members can trust us”.

The establishment of spelt mill and flaxseed oil production units have been co-financed



Flaxseed oil production unit



Cooperative grain mill

with a grant of 4,850,000 AMD provided by IFAD. This is a serious impetus for spelt and flaxseed oil production growth and for the involvement of cooperative members in value chains.

Cooperative members, the whole community and neighboring communities producing spelt and flaxseed will use the services provided by the established processing units. Cooperative can process up to 300t of spelt and 25t of flaxseed per annum. The cooperative has long-term plans for accessing sales markets: plans to brand its products and enter the market with new trademarks. Entering the market through the cooperative will contribute to the creation of added value, which is a stimulus for the development of the agricultural production of cooperative members and the community at large.