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Investir dans les populations rurales

République d'Arménie

Programme d'options stratégiques  
pour le pays 2018-2024

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## Table des matières

Sigles et acronymes	ii
Carte du pays indiquant les zones d'intervention du FIDA	iii
Résumé	iv
I. Diagnostic concernant le pays	1
II. Enseignements et résultats précédents	3
III. Objectifs stratégiques	5
IV. Résultats durables	7
A. Ciblage et problématique femmes-hommes	7
B. Reproduction à plus grande échelle	7
C. Participation à l'élaboration des politiques	8
D. Ressources naturelles et changements climatiques.	9
E. Agriculture et développement rural sensibles aux enjeux nutritionnels	9
V. Réussite de la mise en œuvre	10
A. Cadre de financement	10
B. Suivi-évaluation	11
C. Gestion des savoirs	12
D. Partenariats	12
E. Innovations	12
F. Coopération Sud-Sud et triangulaire	13

## Appendices

Appendice I: COSOP results management framework

[Cadre de gestion des résultats du COSOP]

Appendice II: Agreement at completion point of last country programme evaluation

[Accord conclusif relatif à la dernière évaluation du programme de pays]

Appendice III: COSOP preparation process including preparatory studies, stakeholder consultation and events

[Processus de préparation du COSOP, y compris les études préparatoires, la consultation des parties prenantes et les manifestations]

Appendice IV: Natural resources management and climate change adaptation:

Background, national policies and IFAD intervention strategies

[Gestion des ressources naturelles et adaptation aux changements climatiques: généralités, politiques nationales et stratégies d'intervention du FIDA]

Appendice V: Country at a glance

[Coup d'œil sur le pays]

Appendice VI: Concept Note: Agribusiness and Climate Resilient Partnerships Project

[Note conceptuelle: Projet d'appui aux agroentreprises et aux partenariats pour la résilience face aux changements climatiques]

## Dossiers clés

Dossier clé 1: Rural poverty and agricultural/rural sector issues

[Problèmes liés à la pauvreté rurale et aux secteurs agricole et rural]

Dossier clé 2: Organizations matrix (strengths, weaknesses, opportunities and threats analysis)

[Matrice des organisations (analyse des forces, faiblesses, possibilités et menaces)]

Dossier clé 3: Complementary donor initiatives/partnership potential

[Initiatives complémentaires d'autres donateurs/possibilités de partenariat]

Dossier clé 4: Target group identification, priority issues and potential response

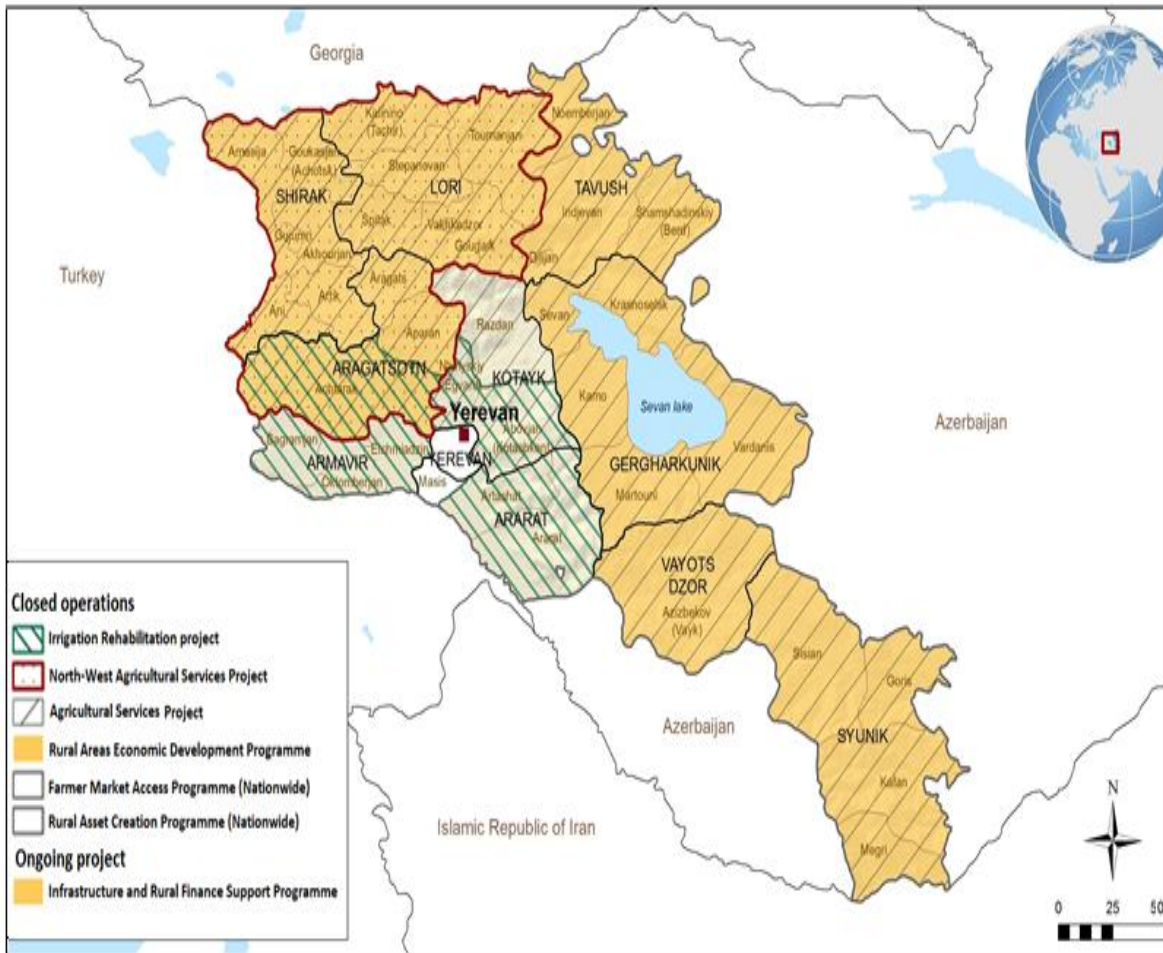
[Détermination du groupe cible, questions prioritaires et réponses possibles]

## Sigles et acronymes

COSOP	Programme d'options stratégiques pour le pays
CSST	Coopération Sud-Sud et triangulaire
ODD	Objectif de développement durable
SAFP	Système d'allocation fondé sur la performance

# Carte du pays indiquant les zones d'intervention du FIDA

République d'Arménie:  
Opérations financées par le FIDA



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delineation



Les appellations figurant sur cette carte et sa représentation graphique ne constituent en aucun cas une prise de position du FIDA quant au tracé des frontières ou limites, ou aux autorités de tutelle des territoires considérés

**FIDA** Carte établie par le FIDA; 19/02/2018

## Résumé

1. La République d'Arménie est un pays à revenu intermédiaire de la tranche inférieure. Elle a accédé à l'indépendance en 1991 et est encore engagée dans le processus de transition qui lui permettra de devenir une économie de marché démocratique à part entière. Au lendemain de son indépendance, le pays a enregistré une croissance économique et une réduction de la pauvreté rapides mais a été frappé de plein fouet par la crise financière mondiale de 2008, qui a été suivie d'un ralentissement de la croissance et d'un déclin démographique. Près d'un million d'Arméniens (29% de la population) sont encore pauvres, dont un tiers en situation de grande pauvreté ou d'extrême pauvreté (en dessous du seuil de pauvreté alimentaire). Près d'un tiers de l'ensemble des pauvres réside en milieu rural. Les femmes et les jeunes des zones rurales sont surreprésentés parmi les pauvres.
2. L'agriculture contribue au PIB de l'Arménie à hauteur d'environ 18% et mobilise 35% de la population active. Le secteur est dominé par l'agriculture paysanne, avec 360 000 exploitations d'une superficie moyenne de 1,5 hectare.
3. Le pays n'a pas défini de stratégie officielle pour le secteur agricole, mais celui-ci est pris en compte dans la Stratégie de développement de l'Arménie (2014-2025), qui met l'accent sur l'importance du secteur du point de vue de la sécurité alimentaire, de l'emploi et des exportations. La stratégie jette les bases d'une vision d'avenir fondée sur les éléments suivants: i) commercialisation appuyée par des technologies intensives; ii) population jouissant de la sécurité alimentaire; iii) exportations agricoles croissantes; iv) productivité du travail améliorée; et v) transformation des produits agricoles et apport de valeur ajoutée. Le gouvernement actuel, dont le programme a été approuvé en juin 2018, s'est engagé à centrer les efforts sur les aspects suivants: i) promotion de modèles agroalimentaires inclusifs; ii) accroissement de la surface de terres arables exploitées dans le cadre de systèmes de production et d'irrigation durables; iii) accès facilité aux technologies et aux innovations; et iv) diversification des débouchés commerciaux.
4. Le principal défi consiste à passer d'un secteur agricole fragmenté et fondé sur l'agriculture de subsistance à un secteur rentable, compétitif et axé sur l'exportation – tout en répondant aux besoins sociaux liés à la réduction de la pauvreté, à la sécurité alimentaire et nutritionnelle et au chômage.
5. La vision d'avenir du gouvernement concernant l'économie rurale est un secteur agricole à assise villageoise prospère dans lequel des ménages individuels pratiquent une petite agriculture commerciale et accèdent facilement à l'ensemble des intrants, infrastructures, marchés et services nécessaires. Cette vision est cohérente avec le statut de pays à revenu intermédiaire de l'Arménie, pays dont le processus de transition entre une économie à planification centrale et une économie de marché est bien avancé. Dans ce contexte, l'objectif global du Programme d'options stratégiques pour le pays (COSOP) est d'aider le gouvernement à concrétiser sa vision de transformation inclusive pour la mise en place de moyens d'existence ruraux améliorés. Deux objectifs stratégiques contribueront à la réalisation de l'objectif global.
  - Objectif stratégique 1 : Création de partenariats agroalimentaires favorisant l'intégration des petits exploitants agricoles dans des filières résilientes;
  - Objectif stratégique 2 : Mise en place d'un environnement favorable renforcé au service du développement des activités commerciales en milieu rural.

6. Le premier objectif stratégique a trait à la possibilité d'établir des partenariats mutuellement profitables entre le secteur agroalimentaire et les petits exploitants agricoles, permettant à ces derniers de mieux s'intégrer dans les filières agricoles et contribuant à réduire leur vulnérabilité face aux risques économiques, aux risques du marché et aux risques climatiques.
7. Le deuxième objectif stratégique porte sur les éléments prioritaires d'un environnement favorable, tels qu'ils ont été définis par le Ministère de l'agriculture, à savoir: i) infrastructures matérielles; ii) développement du capital humain; iii) accès aux services financiers; iv) réformes juridiques et institutionnelles; et v) accès aux technologies. Dans ce cadre, on complétera les mesures visant directement l'établissement de partenariats agroalimentaires au titre de l'objectif stratégique 1 par un certain nombre de mesures visant à renforcer l'environnement favorable, en concertation avec le Gouvernement arménien et les partenaires du développement. Le FIDA participera à la concertation sur les politiques menée avec le Ministère et les autres parties prenantes pour traiter les éléments de l'environnement favorable au développement des activités commerciales en milieu rural jugés les plus limitants.
8. Le COSOP conjuguera activités actuelles et activités nouvelles. La priorité sera donnée à la conception et l'exécution d'un programme d'investissement en 2018: le Projet d'appui aux agroentreprises et aux partenariats pour la résilience face aux changements climatiques.
9. Les ressources du FIDA pendant les trois cycles de financement (couverts par le présent COSOP) sont susceptibles de s'élever à quelque 30 millions d'USD, à quoi s'ajoute la possibilité éventuelle de mobiliser environ un million d'USD sous la forme de dons. Les dons pourraient financer la concertation sur les politiques, le développement institutionnel, le suivi-évaluation/la gestion des savoirs et l'apprentissage, ainsi que la coopération Sud-Sud et triangulaire (CSST). Le cofinancement, avec un taux égal à au moins 1:2, devrait permettre de relever le montant de l'enveloppe de financement total du COSOP à près de 60 millions d'USD. L'approche programmatique proposée et le montage financier à moyen terme concerneront les deux cycles de la période couverte par la Onzième reconstitution des ressources du FIDA (FIDA11). Le premier investissement effectué au titre du présent COSOP (le Projet d'appui aux agroentreprises et aux partenariats pour la résilience face aux changements climatiques) sera élaboré comme un projet individuel et sera financé par l'allocation fournie au titre de FIDA10 (9,6 millions d'USD). Le montage financier total de ce projet devrait permettre d'atteindre un montant d'environ 30 millions d'USD (cofinancement inclus).

## République d'Arménie:

### Programme d'options stratégiques pour le pays

#### I. Diagnostic concernant le pays

1. Contexte national: La République d'Arménie est un pays enclavé à revenu intermédiaire de la tranche inférieure qui a accédé à l'indépendance en 1991 après l'effondrement de l'ex-Union soviétique. Depuis qu'il est indépendant, le pays a surmonté avec succès son passé d'économie à planification centrale et la dislocation des réseaux commerciaux soviétiques, obtenant des résultats remarquables du point de vue de la réduction de la pauvreté et des inégalités. La croissance économique a été rapide à partir du milieu des années 90 jusqu'en 2008, s'établissant à près de 9,5% annuellement<sup>1</sup>, avec le taux de pauvreté diminuant d'un tiers et le taux d'extrême pauvreté de moitié<sup>2</sup>.
2. Pauvreté: La crise financière mondiale a inversé la tendance à la réduction de la pauvreté observée au lendemain de l'indépendance, et le taux de pauvreté est remonté à 34% contre 28% l'année précédente<sup>3</sup>. Après la récession de 2009, une légère amélioration a été observée dans le taux de pauvreté, mais le ralentissement de l'économie pendant la période 2013-2016 n'a guère favorisé le recul de la pauvreté, avec la consommation des 40 pour cent d'habitants les plus pauvres de la population n'ayant que très peu progressé depuis 2009.
3. Égalité entre les sexes et question des jeunes: L'indice d'inégalité de genre du pays s'établit à 0,293, ce qui place l'Arménie au soixante et unième rang sur 159 pays. Les femmes participent encore peu à la gouvernance et n'ont qu'un accès et un contrôle très limités pour ce qui est des ressources telles que la terre et les financements. Dans les communautés rurales, 27% des ménages sont dirigés par une femme et, parmi ces ménages, ceux qui comptent des enfants sont devenus plus nombreux et plus pauvres<sup>4</sup>. Les femmes représentent près de 56% de la main-d'œuvre agricole, et 82% d'entre elles sont employées dans le secteur agricole informel (contre 61% des hommes).<sup>5</sup> Les jeunes (personnes de 16 à 30 ans, selon la définition des pouvoirs publics) représentent un quart de la population arménienne.
4. Secteur agricole: L'agriculture contribue au PIB de l'Arménie à hauteur d'environ 18% et mobilise 35% de la population active. Le secteur est dominé par l'agriculture paysanne, avec 360 000 exploitations couvrant 513 000 hectares, et une superficie moyenne de 1,5 hectare par exploitation (recensement agricole de 2014). Quasiment tous les ménages ruraux pratiquent une forme ou une autre d'agriculture, essentiellement de semi-subsistance. Les cultures représentent près de 60% de la production du secteur et l'élevage 40%.
5. Un certain nombre d'études<sup>6</sup> ont permis de déterminer les principaux problèmes rencontrés dans le secteur agricole, dont un grand nombre sont liés à la forte parcellisation des exploitations. Beaucoup de ces petites exploitations ont été incapables de passer d'une agriculture de semi-subsistance à une agriculture commerciale. Les autres problèmes mis en lumière sont les suivants:
  - a) Seuls 32% de l'ensemble des terres agricoles et 79% des terres arables sont utilisées, et moins de 30% des terres arables sont irriguées.

<sup>1</sup> Banque asiatique de développement. Armenia: Supporting economic resilience, 2017.

<sup>2</sup> Fonds monétaire international. Growth Inclusiveness in Armenia, June 2017.

<sup>3</sup> Service statistique national. Enquête intégrée sur les conditions de vie, 2004-2016

<sup>4</sup> Service statistique national. Enquête intégrée sur les conditions de vie des ménages, 2008 et 2015.

<sup>5</sup> Comité statistique de la République d'Arménie, 2015b.

<sup>6</sup> Par exemple: Banque mondiale, Modernization and Commercialization of Armenian Agriculture: Priorities for Sector Reform and Investment (juin 2016).

- b) La dégradation des terres, sous une forme ou une autre, affecte approximativement 80% des terres agricoles. Environ 20% des terres arables sont érodées et 20% des surfaces irriguées sont touchées par la salinité. Le surpâturage est responsable de la dégradation des pacages.
  - c) Faute d'une coopération suffisante, les agriculteurs ne peuvent pas bénéficier des économies d'échelle ni s'allier pour accéder aux intrants et aux marchés.
  - d) La productivité, la qualité et la compétitivité sont limitées, en raison d'un recours insuffisant aux technologies, du manque de connaissances sur les pratiques de production et de commercialisation efficaces, et du faible niveau d'investissement dans la production et la commercialisation.
  - e) Les infrastructures de marché relatives à la récolte, à l'entreposage, à la transformation et à la commercialisation sont peu développées.
  - f) Les liens commerciaux entre le secteur agroalimentaire et les petits agriculteurs sont très limités.
  - g) Il existe des limitations dans les cadres politiques, juridiques et réglementaires, y compris en ce qui concerne les normes de sécurité sanitaire et de qualité des aliments. L'Arménie est classée trente-cinquième sur 62 pays dans l'indice de la Banque mondiale relatif à l'environnement entrepreneurial dans le secteur rural (World Bank's Enabling the Business of Agriculture index).
6. Le Gouvernement arménien n'a pas défini de stratégie officielle de développement agricole, mais l'importance du secteur transparaît dans la Stratégie de développement de l'Arménie (2014-2025) qui met l'accent sur le rôle joué par le secteur en ce qui concerne la sécurité alimentaire, l'emploi et les exportations. La stratégie jette les bases d'une vision du développement fondée sur les éléments suivants: i) commercialisation appuyée par des technologies intensives; ii) population jouissant de la sécurité alimentaire; iii) exportations agricoles croissantes; iv) productivité du travail améliorée; et v) transformation des produits agricoles et apport de valeur ajoutée. Le gouvernement actuel s'est engagé à centrer les efforts sur les aspects suivants: i) promotion de modèles agroalimentaires inclusifs; ii) accroissement de la surface de terres arables; iii) accès facilité aux technologies et aux innovations; et iv) diversification des débouchés commerciaux.
7. La Stratégie de développement rural et agricole durable pour la période 2010-2020 prévoit le regroupement des exploitations agricoles, le développement des coopératives agricoles, l'amélioration des dispositifs de crédit, l'atténuation des risques, le développement de l'agriculture biologique, l'adaptation aux changements climatiques et le développement des infrastructures sociales dans les communautés rurales.
8. Défis et risques: Le principal défi qui se profile dans le secteur agricole est la transformation inclusive – comment passer d'un secteur fragmenté et fondé sur l'agriculture de subsistance à un secteur rentable, compétitif et axé sur l'exportation, tout en répondant aux besoins sociaux liés à la réduction de la pauvreté, à la sécurité alimentaire et nutritionnelle et au chômage. Si l'on se contente d'accroître la production axée sur la subsistance, on ne fera que perpétuer l'agriculture comme piège de la pauvreté. Il faut prendre des mesures complémentaires pour regrouper les exploitations, passer aux cultures à forte valeur, renforcer les organisations paysannes et établir des liens entre le secteur agroalimentaire et les petits agriculteurs. Le principal enjeu du COSOP est de faire en sorte que les groupes cibles du FIDA participent équitablement à ce processus.



9. Un autre défi concerne l'utilisation des ressources en terres et en eau dans le contexte des changements climatiques. La nécessité de prendre des mesures d'adaptation aux changements climatiques et de limitation de leurs effets est reconnue dans les contributions prévues déterminées au niveau national et dans le décret gouvernemental N°1594-N (2011).
10. Les résultats récents des projets exécutés en Arménie ont été remarquables et la relation de travail entre le FIDA et le Gouvernement arménien est fructueuse. L'unité d'exécution du programme existante a mis en œuvre avec succès deux projets du FIDA et a établi des systèmes de gestion fiduciaire, de passation de marchés et de suivi-évaluation solides qui seront intégrés dans les nouveaux programmes. Les programmes du FIDA ont donné de bons résultats en matière de gestion durable des ressources naturelles, notamment en ce qui concerne la gouvernance des systèmes d'irrigation par l'intermédiaire d'associations d'irrigants.

## II. Enseignements et résultats précédents

11. Depuis 1995, le FIDA a approuvé sept projets de prêt en Arménie pour un montant total de 260 millions d'USD (dont 89 millions d'USD financés par le FIDA) et plusieurs dons au titre du guichet-pays – notamment des dons en faveur d'activités relatives au climat – au profit de 445 200 ménages. Le programme en cours actuellement consiste en un projet d'investissement d'un montant total de 30 millions d'USD (dont 11 millions d'USD financés par le FIDA). L'objectif stratégique initial du FIDA était la sécurité alimentaire. Le COSOP le plus récent (élaboré en 2003) a élargi le champ d'intervention pour intégrer la production agricole axée sur le marché et la sécurité alimentaire, au moyen de la gestion participative de l'irrigation et de l'offre de services de finance rurale, ainsi que du développement des services de vulgarisation et de l'établissement de liens avec le marché.
12. Il est ressorti de l'évaluation du Programme de développement économique des zones rurales, conduite par le Bureau indépendant de l'évaluation du FIDA en 2012, que ce programme avait eu des incidences positives sur le développement des communautés rurales. Le Fonds de financement rural a contribué à améliorer l'accès des petites et moyennes entreprises aux prêts de capitaux et à stimuler l'emploi dans les zones rurales. L'investissement dans les infrastructures a permis d'améliorer les moyens d'existence ruraux ainsi que les revenus et la sécurité alimentaire. Cependant, la conclusion de l'évaluation était que le projet aurait pu s'appuyer sur un meilleur ciblage des pauvres s'agissant du mécanisme de prêt et des investissements dans les infrastructures. Globalement, le Bureau indépendant de l'évaluation du FIDA recommandait que le FIDA continue à promouvoir l'approche filière et intègre des activités de sensibilisation supplémentaires.
13. Les principaux enseignements qui se dégagent de l'expérience du FIDA sont les suivants:
  - a) Le fait que l'équipe chargée de l'exécution du programme soit fortement motivée et fiable constitue une base importante pour la réussite d'un programme de pays, sous réserve que des mesures soient prises pour éviter les systèmes parallèles.
  - b) En lien avec ce point, il faut assurer une étroite coordination entre les composantes de projet qui se renforcent mutuellement, en particulier lorsque les échéances de financement et d'exécution diffèrent. Les projets doivent être assortis d'une planification favorisant une exécution synchronisée des composantes pour une approche coordonnée, et d'une stratégie de ciblage harmonisée.

- c) Le Fonds de financement rural s'est positionné comme une institution d'appui majeure dans le secteur de la finance rurale. Sa crédibilité et sa portée en ont fait un instrument attractif, en tant que complément aux fonds du FIDA, pour la gestion des lignes de crédit financées par la Banque mondiale et d'autres donateurs. Le champ d'action de ce fonds pourrait être étendu aux placements en actions.
- d) Les études de faisabilité visant à guider le choix des investissements et à fournir une référence solide à l'évaluation de l'impact constituent un outil efficace de transposition. Elles ont contribué à fournir des informations sur les bénéficiaires et ont permis d'orienter efficacement les interventions.
- e) Il est essentiel de promouvoir les politiques et la sensibilisation relatives à l'égalité des sexes auprès des hauts responsables pour optimiser les résultats des investissements ruraux.
- f) L'approche ayant conduit au lancement d'une société parastatale (Fruit Armenia) dans le cadre du Programme de création d'actifs en milieu rural mérite d'être reproduite, à condition d'être gérée par le secteur privé au moyen de mécanismes de partenariats public-privé-producteurs judicieusement agencés.
- g) Les investissements dans les systèmes d'adduction d'eau à usage domestique se sont avérés d'un bon rapport coût-efficacité, en apportant des avantages équitables<sup>7</sup> aux jeunes, aux femmes et aux hommes, et ils donnent de bons résultats s'agissant d'atteindre les pauvres.
- h) Le FIDA a joué un rôle déterminant dans la création des associations d'irrigants en Arménie. Le modèle a ensuite été adopté par d'autres organismes. Cependant, les associations ont encore besoin d'être renforcées.
- i) L'association d'investissements du FIDA avec des financements en faveur de l'action climatique et environnementale – comme c'est le cas dans le Programme d'appui à l'infrastructure et à la finance rurale en cours d'exécution – constitue une bonne approche à adopter pour améliorer la résilience du secteur, expérimenter de nouvelles technologies et réduire les risques.
- j) Le mandat du Fonds de développement économique des zones rurales en Arménie, à savoir, intervenir dans le créneau des entreprises agroalimentaires à fort potentiel mais encore immatures, différencie ce fonds des autres produits financiers disponibles en Arménie. Il a été difficile d'obtenir un impact sur les petits agriculteurs. Le défi réside dans la façon de développer ce fonds pour en faire un fonds de placement en actions indépendant qui soit susceptible d'attirer des investissements et de réduire la dépendance à l'égard de l'assistance internationale.
- k) Les dispositifs d'agriculture sous contrat mis en place par le Programme de développement économique des zones rurales ont contribué à stimuler la diversification, l'investissement, et la disponibilité d'intrants et de matières premières. Lorsqu'il reproduira cette approche à plus grande échelle, le FIDA doit envisager de cofinancer le coût des services techniques et administratifs supporté par les entreprises agroalimentaires se procurant les matières premières auprès des petits agriculteurs.

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<sup>7</sup> Mission de supervision du Programme en faveur de l'accès des agriculteurs aux marchés. *Aide-Memoire*, septembre 2011.

### III. Objectifs stratégiques

14. Le COSOP établit un cadre stratégique à moyen terme pour la période de six ans 2018-2024. À la demande du Ministère de l'agriculture, le COSOP non seulement orientera les investissements du FIDA en Arménie, mais aussi fixera des orientations stratégiques pour les autres donateurs et partenaires intervenant dans le secteur du développement agricole et rural.
15. La vision d'avenir du Gouvernement arménien concernant l'économie rurale, énoncée dans la Stratégie de développement de l'Arménie (2014-2025), est un secteur agricole à assise villageoise prospère dans lequel des ménages individuels pratiquent une petite agriculture commerciale<sup>8</sup> et accèdent facilement à l'ensemble des intrants, infrastructures, marchés et services nécessaires. Cette vision est cohérente avec le statut de pays à revenu intermédiaire de l'Arménie, un pays dont le processus de transition entre une économie à planification centrale et une économie de marché est bien avancé. Dans ce contexte, l'objectif global du COSOP au cours des six prochaines années est d'aider le gouvernement à concrétiser sa vision de transformation inclusive pour la mise en place de moyens d'existence ruraux améliorés.
16. Cet objectif est parfaitement cohérent avec la Stratégie de développement de l'Arménie (2014-2025) et les Objectifs de développement durable (ODD), en particulier l'ODD 1 (pas de pauvreté) et l'ODD 2 (faim "zéro"). Il contribue aussi à la réalisation de nombreux autres ODD<sup>9</sup>. Enfin, il traduit la détermination du Gouvernement arménien à améliorer les moyens d'existence des femmes et des jeunes dans les zones rurales, à réduire l'exode rural, et à améliorer la résilience face à la variabilité et aux changements climatiques. Deux objectifs stratégiques contribueront à la réalisation de l'objectif global.

Objectif stratégique 1: Création de partenariats agroalimentaires favorisant l'intégration des petits exploitants agricoles dans des filières résilientes

17. Le premier objectif stratégique a trait à la possibilité d'établir des partenariats mutuellement profitables entre le secteur agroalimentaire et les petits exploitants agricoles, permettant à ces derniers de mieux s'intégrer dans les filières agricoles et contribuant à réduire leur vulnérabilité face aux risques économiques, aux risques du marché, à la dégradation des sols et aux risques climatiques. Cet objectif tient compte de la double nature de l'économie rurale, où des entreprises agroalimentaires modernes et axées sur l'exportation côtoient une multitude de ménages pratiquant une agriculture de semi-subsistance traditionnelle, sans qu'il existe de lien véritable entre les deux sous-secteurs. Le FIDA dispose d'un avantage comparatif considérable pour ce qui est de catalyser l'établissement de ce type de partenariats dans les pays à revenu intermédiaire et les pays en transition.
18. La première étape de l'établissement de partenariats agroalimentaires consiste à élaborer des plans de partenariat commercial prévoyant la collaboration d'entreprises agroalimentaires avec un nombre important de petits agriculteurs dans le cadre de dispositifs d'agriculture contractuelle ou de contrats de sous-traitance englobant la fourniture, la collecte, la transformation et la commercialisation des produits ainsi que des investissements dans la gestion des ressources naturelles et la résilience face aux aléas climatiques (les changements climatiques présentant des risques pour la productivité agricole). Les mesures

<sup>8</sup> Le terme agriculture est entendu au sens large pour englober la production végétale, l'élevage, l'aquaculture, l'apiculture et les activités connexes en amont et en aval.

<sup>9</sup> Notamment l'ODD 5 (égalité des sexes), l'ODD 8 (travail décent et croissance économique), l'ODD 9 (industrialisation, innovation et infrastructures), l'ODD 10 (réduction des inégalités), l'ODD 13 (lutte contre les changements climatiques), l'ODD 15 (vie terrestre) et l'ODD 17 (partenariats pour la réalisation des objectifs).

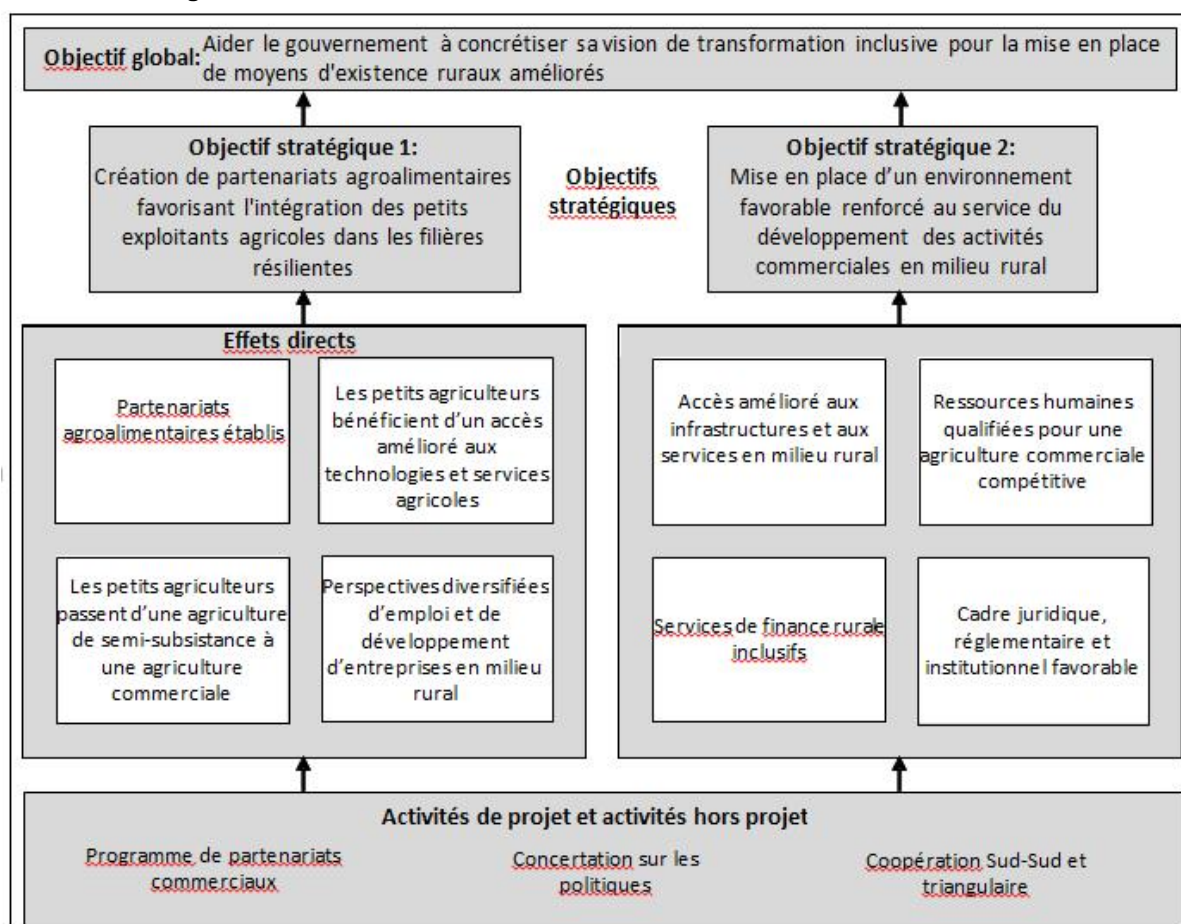
d'appui aux partenariats consistent en une série d'instruments financiers et d'activités d'assistance technique et administrative mis en œuvre dans le cadre de mécanismes de partenariat public-privé-producteurs.

Objectif stratégique 2: Mise en place d'un environnement favorable renforcé au service du développement des activités commerciales en milieu rural

19. L'existence de partenariats agroalimentaires rentables et durables dépend aussi en partie de l'existence d'un environnement favorable au développement des activités commerciales en milieu rural, avec des éléments tels que: cadres politiques, juridiques et réglementaires, services de finance rurale, services de commercialisation, intrants, capacités humaines et infrastructures.
20. Les objectifs stratégiques 1 et 2 devraient contribuer à l'obtention des effets directs suivants (voir la figure 1, Théorie du changement, et le cadre de résultats dans l'appendice I):

Figure 1

### Théorie du changement



21. Comme le montre la figure 1, l'établissement de partenariats agroalimentaires favorisera l'accès des agriculteurs aux technologies et services agricoles et leur permettra de passer d'une agriculture de semi-subsistance à une agriculture commerciale associée à des perspectives diversifiées d'emploi et de développement d'entreprises en milieu rural. Des mesures seront prises parallèlement pour renforcer l'environnement favorable au développement des activités commerciales en milieu rural.

22. Le COSOP conjuguera activités de projet et activités hors projet actuelles et nouvelles. La priorité sera donnée à la conception et l'exécution d'un projet d'investissement en 2018: le Projet d'appui aux agroentreprises et aux partenariats pour la résilience face aux changements climatiques. Dans le COSOP, la dimension relative aux politiques appuiera les efforts d'analyse déployés par le Gouvernement arménien et les autres partenaires pour améliorer les cadres politiques, institutionnels et réglementaire applicables au secteur agricole. Les domaines potentiels de participation à l'élaboration des politiques sont notamment les suivants: i) sécurité alimentaire et nutritionnelle; ii) intensification durable des systèmes de production agricole; iii) résilience; iv) perspectives économiques à l'intention des jeunes; v) mécanismes inclusifs favorisant la participation des ménages vulnérables; vi) mesures d'appui telles que systèmes de subvention et services de vulgarisation; et vii) promotion de l'investissement et des créneaux commerciaux. La participation à l'élaboration des politiques fera l'objet d'une collaboration avec les autres partenaires, dans le cadre de la plateforme d'alliance existante<sup>10</sup>.

## IV. Résultats durables

### A. Ciblage et problématique femmes-hommes

23. Ciblage géographique: Les investissements appuyés par le FIDA auront une portée nationale et les zones prioritaires seront définies avec le Gouvernement arménien lors de la conception du programme, les éléments suivants étant pris en considération: i) priorités des pouvoirs publics et complémentarité avec d'autres interventions; ii) pauvreté et insécurité alimentaire; iii) vulnérabilité géographique; iv) risques liés au climat et à l'environnement; v) perspectives d'inclusion productive; vi) capacités des organisations économiques rurales; et vii) risques de niveau local. La stratégie permettra de regrouper et de concentrer les efforts.
24. Le groupe cible se composera des ménages ruraux pratiquant une agriculture de semi-subsistance qui sont intéressés par l'expansion, la diversification et la commercialisation de leurs activités agricoles. Au sein de ce groupe, des mesures spéciales seront prises pour garantir l'inclusion des ruraux pauvres, vulnérables et en situation d'insécurité alimentaire – femmes et hommes (en particulier les ménages dirigés par une femme) –, des organisations paysannes, des jeunes et des entrepreneurs ruraux. Les femmes et les communautés rurales résidant dans des zones frontalières en proie à des conflits constitueront des groupes cibles particuliers, compte tenu de leur accès limité aux actifs et aux services. Les jeunes ruraux constitueront une autre catégorie distincte du groupe cible.
25. Les stratégie et plan d'action relatifs à la problématique femmes-hommes du Programme d'appui à l'infrastructure et à la finance rurale seront reproduits à plus grande échelle pour améliorer la production et développer les liens avec le marché ainsi que les initiatives à dimension politique permettant aux femmes et aux ménages les plus pauvres d'accéder plus facilement aux capitaux, aux terres, aux savoirs et aux services d'appui et de les contrôler. L'un des instruments clés sera la fixation de quotas de femmes et de jeunes s'agissant de l'accès aux services et de la participation aux instances de décision.

### B. Reproduction à plus grande échelle

26. La reproduction à plus grande échelle sera un principe essentiel des interventions, comme indiqué dans le Cadre stratégique 2016-2025 du FIDA. À cet effet, on adoptera une approche programmatique de l'investissement et on s'appuiera sur les réalisations performantes des interventions antérieures et en cours, encore affinées par un apprentissage constant. En accord avec la place majeure accordée à la problématique femmes-hommes par le Plan-cadre des Nations Unies pour l'aide au

<sup>10</sup> Une plateforme rassemblant les différentes organisations qui interviennent dans le domaine des politiques et participent à la concertation connexe.

développement et les ODD, la stratégie visera la reproduction à plus grande échelle d'interventions telles que l'adoption du plan d'action relatif à cette problématique mis au point dans le Programme d'appui à l'infrastructure et à la finance rurale, et renforcera l'action menée par le FIDA à l'appui des politiques relatives à l'égalité des sexes.

27. Le Fonds de financement rural a démontré son potentiel du point de vue de la reproduction à plus grande échelle, le Gouvernement arménien fournissant des ressources supplémentaires pour financer six nouveaux produits financiers par l'intermédiaire d'institutions financières partenaires du mécanisme. Ces produits sont conçus pour appuyer les investissements en faveur de l'horticulture, de la plantation de vergers modernes, de l'installation de serres, etc. La reproduction à plus grande échelle du mécanisme avec l'intégration de fonds publics contribuera à renforcer sa capacité à attirer des financements de donateurs supplémentaires.
28. L'appui du FIDA relative au développement des ressources en eau et de l'irrigation a permis de mobiliser des investissements supplémentaires et de créer des conditions susceptibles d'inciter les jeunes à revenir pour investir dans leurs terres. Il existe encore une très forte demande non satisfaite pour ce qui est du développement de l'irrigation et un potentiel de reproduction à plus grande échelle des modèles de systèmes d'irrigation ayant fait leurs preuves dans le cadre du Programme d'appui à l'infrastructure et à la finance rurale. Ces investissements doivent être associés à une stratégie de ciblage particulièrement solide.
29. Globalement, et en vue de son élaboration en tant que document destiné à faire office de stratégie nationale de développement des secteurs de l'agriculture paysanne et du développement rural, le présent COSOP est en lui-même un document stratégique "à reproduire à plus grande échelle", puisque les pouvoirs publics l'utiliseront pour orienter les actions menées dans le secteur. Le Gouvernement arménien est déterminé à participer à la reproduction à plus grande échelle des partenariats agroalimentaires.

### C. Participation à l'élaboration des politiques

30. La participation à l'élaboration des politiques et la concertation en la matière resteront une priorité pour le Gouvernement arménien et ses partenaires aux fins de l'amélioration du cadre politique et réglementaire applicable au secteur agricole. Le FIDA contribuera activement aux différentes dimensions de la concertation menée par les pouvoirs publics (formulation et mise en œuvre des politiques; renforcement institutionnel; analyse; et assistance technique).
31. Le FIDA s'emploiera à atteindre les objectifs stratégiques du COSOP en fournissant un appui dans le cadre de projets, comme moyen de déployer à échelle réelle des solutions rurales éprouvées tout en expérimentant de nouvelles approches, en améliorant le ciblage et en appliquant de nouvelles politiques, et de démontrer le rôle positif joué par les petits agriculteurs dans le secteur agroalimentaire. Le FIDA et d'autres partenaires du développement participeront à l'élaboration de politiques fondées sur des données factuelles.
32. Les domaines concernés par la participation à l'élaboration de politiques favorables aux pauvres et les activités d'appui hors prêts seront donc axés sur les questions intéressant le Programme d'appui à l'infrastructure et à la finance rurale et les futures opérations. Ils peuvent se rapporter au développement du secteur laitier, du petit élevage ou du sous-secteur de l'horticulture ou encore à la gestion durable des pâtures. Pour améliorer l'efficacité du portefeuille, trois méthodes interdépendantes de participation à l'élaboration des politiques seront appliquées, à savoir: i) l'équipe de gestion du programme de pays fournit une contribution sous la forme de savoirs aux groupes de travail sectoriels dans le contexte du cadre de coopération agricole existant; ii) le personnel de projet communique les approches susceptibles d'être reproduites à plus grande échelle; et iii) la capacité des

populations rurales et de leurs organisations à participer aux processus nationaux d'élaboration des politiques est améliorée, grâce aux plateformes existantes telles que la plateforme d'alliance.

33. Les coordonnateurs des programmes et le personnel du FIDA participeront aux instances et comités pertinents, afin d'assurer la coordination et de favoriser la collaboration, en communiquant les enseignements et les données factuelles susceptibles d'éclairer la concertation sur les politiques. La majeure partie de ces activités se dérouleront dans les comités de pilotage des programmes et au sein du dispositif de concertation sur les politiques établi par les pouvoirs publics. Les domaines dans lesquels le FIDA pourrait participer à l'élaboration des politiques sont les suivants : i) sécurité alimentaire et nutritionnelle; ii) durabilité et résilience face aux aléas climatiques; iii) gestion des risques; iv) perspectives économiques à l'intention des jeunes; v) ciblage des ménages vulnérables; vi) systèmes de subvention et services d'appui; et vii) statistiques agricoles à des fins d'orientation des politiques.

#### D. Ressources naturelles et changements climatiques.

34. Selon la troisième communication nationale<sup>11</sup> et selon la stratégie et le plan d'action nationaux (2015), quelque 80% des terres agricoles sont touchées par une forme ou une autre de dégradation des terres, notamment la salinité, exacerbée par les changements climatiques. La troisième communication indique que les rendements des cultures essentielles et des pâturages pourraient baisser d'ici à 2040 ou 2050, en raison de la hausse des températures et de la diminution des précipitations. Pour ce qui est de l'eau, l'augmentation de la demande (20%) et l'approvisionnement en recul (30%-40%) entraîneront une réduction des ressources en eau disponibles à des fins d'irrigation. Les épisodes climatiques extrêmes sont susceptibles de provoquer des dommages compris entre 15 millions d'USD et 20 millions d'USD chaque année. Les mesures d'adaptation proposées sont les suivantes: i) recherche sur les techniques d'adaptation; ii) amélioration de l'accès à la finance rurale; iii) assurance récolte; et iv) renforcement des capacités relatives aux techniques et politiques novatrices concernant l'adaptation aux changements climatiques. La question de l'adaptation aux changements climatiques est intégrée dans le COSOP (voir l'appendice IV).

#### E. Agriculture et développement rural sensibles aux enjeux nutritionnels

35. L'Arménie est un pays exposé à de multiples risques, où 28%<sup>12</sup> des ménages courent le risque d'être confrontés à une situation d'insécurité alimentaire en cas de choc, en particulier d'origine climatique. Neuf pour cent des enfants âgés de moins de cinq ans souffrent de retard de croissance (causé par une malnutrition chronique) et près de 13,6% sont en surpoids.
36. En partenariat avec le Programme alimentaire mondial, le Gouvernement arménien contribue à la sécurité alimentaire et à l'éducation des enfants dans le cadre d'un programme d'alimentation scolaire dirigé par les pouvoirs publics qui est fondé sur l'emploi d'aliments produits localement (en tant que système de protection sociale à dimension nutritionnelle), et au moyen d'investissements visant à lutter contre l'insécurité alimentaire et la malnutrition, tout en appuyant le développement économique local. Cette approche est également soutenue par l'Organisation des Nations Unies pour l'alimentation et l'agriculture en vue de renforcer plus généralement l'aptitude à élaborer des cadres politiques, des plans d'investissement et des programmes ayant trait à la sécurité alimentaire et à la nutrition.

<sup>11</sup> Troisième communication nationale du Gouvernement arménien à la Convention-cadre des Nations Unies sur les changements climatiques (2015).

<sup>12</sup> WFP News, mars 2016.

37. Le FIDA apportera son appui aux pratiques tenant compte de la nutrition pour améliorer l'état nutritionnel des ménages ruraux, notamment les ménages dirigés par une femme. À cet effet, il reproduira à plus grande échelle l'initiative pilote financée par le Fonds pour l'environnement mondial en appuyant le développement des jardins familiaux avec serres tunnels en plastique – un système qui s'est avéré efficace pour améliorer la nutrition familiale et diversifier les sources de revenus. Il est également possible de soutenir le programme national d'alimentation scolaire avec le Programme alimentaire mondial et l'Organisation des Nations Unies pour l'alimentation et l'agriculture, en faisant équipe avec les entreprises de restauration afin qu'elles se procurent les produits auprès des petits agriculteurs. Ces initiatives contribueront à la réalisation de l'objectif général du COSOP, en parfaite cohérence avec l'ODD 2.

## V. Réussite de la mise en œuvre

### A. Cadre de financement

38. Le COSOP couvre la période 2018-2024 et il établira donc le cadre stratégique nécessaire à l'orientation des investissements ruraux relevant de trois cycles de prêt, à savoir, les cycles qui correspondent à la Dixième reconstitution des ressources (FIDA10), à FIDA11 et à FIDA12. Les activités de prêt et les activités hors prêts ainsi que les réalisations associées au présent COSOP seront menées à bien dans le cadre d'une collaboration entre l'équipe de gestion du programme de pays du FIDA, les organismes publics nationaux et les partenaires et donateurs intervenant dans le pays.
39. Sur la base des notes actuellement attribuées au titre du Système d'allocation fondé sur la performance (SAFP), les ressources de base du FIDA pendant les trois cycles de financement sont susceptibles de s'élever à quelque 30 millions d'USD. D'autres ressources devraient être mobilisées sous la forme de dons et être employées pour tirer parti des activités hors prêts à l'appui des aspects suivants: concertation sur les politiques, développement institutionnel, système de suivi-évaluation axé sur les résultats, gestion des savoirs et apprentissage, et CSST. Dans le contexte de la CSST, le FIDA jouera un rôle de catalyseur et de passeur de savoirs entre l'Arménie et les autres pays.
40. Comme pour les interventions précédemment menées par le FIDA en Arménie, le Fonds et le Gouvernement arménien mobiliseront un cofinancement additionnel qui, avec un taux de cofinancement égal à au moins 1:2, permettra d'atteindre un investissement total estimé à 60 millions d'USD au titre du COSOP. Le cofinancement sera mobilisé auprès de partenaires de développement et du secteur privé, outre le Gouvernement arménien et les ressources de base du FIDA.
41. La filière de projets associée au COSOP comprendra le Projet d'appui aux agroentreprises et aux partenariats pour la résilience face aux changements climatiques (voir l'appendice VI), financé par l'allocation fournie au titre de FIDA10 que complétera un cofinancement encore à mobiliser. À compter du cycle de FIDA11, les opérations appliqueront l'approche programmatique en deux phases et seront conçues avec un élément de flexibilité suffisant pour permettre au programme de centrer les efforts sur l'établissement des fondements institutionnels, cognitifs et techniques nécessaires à la reproduction des activités à plus grande échelle sous les auspices du programme de développement agricole national public du Gouvernement arménien. Les deux cycles couverts par le présent COSOP (FIDA11 et FIDA12) constitueront donc le dispositif par l'intermédiaire duquel tout fonds additionnel sera acheminé.



Tableau 1  
**Calcul de l'allocation SAFF pour le COSOP<sup>13</sup>**

<i>Indicateurs</i>		<i>Note</i>
<b>Renforcement des capacités des ruraux pauvres et de leurs organisations</b>		
A i)	Dispositif politique et juridique encadrant les organisations rurales	5,00
A ii)	Dialogue entre le gouvernement et les organisations rurales	4,25
<b>Amélioration de l'accès équitable aux ressources naturelles productives et aux technologies</b>		
B i)	Accès à la terre	5,00
B ii)	Accès à l'eau à usage agricole	4,75
B iii)	Accès aux services de recherche et de vulgarisation agricoles	4,33
<b>Amélioration de l'accès aux services financiers et aux marchés</b>		
C i)	Conditions propices au développement des services financiers ruraux	5,00
C ii)	Climat des investissements pour les entreprises rurales	5,33
C iii)	Accès aux marchés des intrants et des produits agricoles	4,67
<b>Égalité des sexes</b>		
D i)	Accès à l'éducation dans les zones rurales	5,50
D ii)	Représentativité des femmes	4,33
<b>Gestion des ressources publiques et obligations redditionnelles</b>		
E i)	Affectation et gestion des fonds publics en faveur du développement rural	4,50
E ii)	Obligation redditionnelle, transparence et corruption dans les zones rurales	3,50
Somme des notes cumulées		56,16
Moyenne des notes cumulées		4,68
Revenu national brut par habitant en 2016		3 760
Population rurale en 2016		1 095 110
Indice d'allocation des ressources en 2016		-
Performance du secteur rural en 2015		4,68
Note Projets à risque		3
Performance globale du pays		4,21
<b>Allocation au titre de FIDA10 (en millions d'USD)</b>		<b>9 690 554</b>

Tableau 2  
**Relations entre les indicateurs de performance et la note du pays**

<i>Scénario de financement</i>	<i>Note PAR (+/- 1)</i>	<i>Note de performance du secteur rural (+/- 0,3)</i>	<i>Variation en pourcentage de la note SAFF du pays par rapport à l'hypothèse de base</i>
Hypothèse basse	1	4,4	(32)
Hypothèse de base	2	4,7	-
Hypothèse haute	3	5,0	38

## B. Suivi-évaluation

42. Le suivi-évaluation du COSOP sera intégré dans les systèmes nationaux. Le FIDA et le Gouvernement arménien assureront conjointement le suivi de l'exécution du COSOP en conduisant des examens annuels qui serviront notamment à évaluer la façon dont les activités de prêt et les activités hors prêts contribuent à la réalisation de chacun des objectifs stratégiques. Le FIDA et le gouvernement réaliseront un examen à mi-parcours en 2021 et un examen à l'achèvement du COSOP à la fin du

<sup>13</sup> Voir annexe II, tableau 4, page 10, du document accessible à l'adresse:  
<https://webapps.ifad.org/members/eb/122/docs/french/EB-2017-122-R-2-Add-1.pdf>.

deuxième cycle, en 2024. L'examen à mi-parcours permettra d'évaluer la pertinence, l'efficacité et l'efficience du programme de pays, de tirer des enseignements de l'expérience et de procéder aux ajustements à mi-parcours.

43. Le cadre de résultats du COSOP comprend des indicateurs d'étape mesurables étroitement alignés sur les réalisations du Programme d'appui à l'infrastructure et à la finance rurale et les futurs investissements seront harmonisés en conséquence. Toutes les données enregistrées seront ventilées par sexe, âge et type d'activité appuyée.
44. Pour renforcer le suivi-évaluation des projets et du secteur, le FIDA s'emploiera à :
  - i) appuyer le renforcement des capacités de suivi-évaluation dans les projets/programmes; ii) améliorer les systèmes de planification et de suivi-évaluation dans le secteur agricole au moyen d'initiatives de renforcement des capacités menées avec les pouvoirs publics et les autres partenaires du développement; iii) collaborer avec les institutions compétentes pour réaliser des études thématiques et des recherches qualitatives permettant de mieux comprendre l'efficacité et l'impact des projets; iv) suivre attentivement et appuyer les activités hors prêts, en particulier la concertation sur les politiques, la gestion des savoirs et la gestion des dons régionaux; et v) le cas échéant, contribuer au développement d'un système de suivi-évaluation dans le secteur agricole.

### C. Gestion des savoirs

45. La gestion des savoirs a joué un rôle important dans les systèmes de planification, de supervision et de suivi-évaluation, en facilitant la communication de l'information ainsi que la transposition des activités et leur reproduction à plus grande échelle. Le système de gestion des savoirs du Programme d'appui à l'infrastructure et à la finance rurale est bien intégré dans les processus de suivi-évaluation, et les activités de gestion des savoirs sont planifiées comme des modalités de mise en œuvre des composantes du programme. Dans le cadre des futurs investissements du FIDA, on continuera à documenter les enseignements tirés de l'expérience, à conduire des études thématiques, etc. en vue d'appuyer la transposition à plus grande échelle des interventions performantes et d'éclairer la prise de décisions.

### D. Partenariats

46. Le COSOP fournit au FIDA la possibilité d'étendre et d'intensifier les partenariats établis dans le pays, et plus particulièrement de renforcer sa collaboration avec le secteur privé. Le COSOP contribuera aussi au renforcement du partenariat avec le Ministère de l'agriculture en positionnant celui-ci comme l'organisme d'exécution chef de file du programme de pays, et s'appuiera sur les initiatives d'autres organisations des Nations Unies (en particulier celles dont le siège est à Rome) et d'autres partenaires du développement agricole et rural (voir le dossier clé 4). Il existe également de bonnes perspectives de mobilisation de financements destinés à l'action climatique (Fonds pour l'environnement mondial et autres).

### E. Innovations

47. La mise en place de partenariats agroalimentaires aux fins de l'intégration des petits agriculteurs dans les filières, associée à des initiatives visant spécifiquement à améliorer l'environnement favorable au développement des activités commerciales en milieu rural, constitue une nouvelle approche de la transformation du monde rural en Arménie. Cette approche tirera parti des innovations et des initiatives de reproduction des activités à plus grande échelle expérimentées dans le cadre de dons du FIDA, y compris le don actuellement octroyé par le Fonds pour l'environnement mondial. Il s'agit notamment des initiatives suivantes: i) intégrer la problématique femmes-hommes et le ciblage dans les dispositifs de dons relatifs aux moyens d'existence et les associer à des services financiers pour garantir l'inclusion des communautés rurales vulnérables; ii) mettre en œuvre en

collaboration, avec le Programme alimentaire mondial et l'Organisation des Nations Unies pour l'alimentation et l'agriculture, des investissements tenant compte de la question nutritionnelle liés au programme national d'alimentation scolaire; iii) recourir à la CSST pour favoriser le transfert de technologies adaptées à l'Arménie; et iv) faire appel aux financements destinés à l'action climatique et environnementale pour régénérer les paysages, afin d'accroître la valeur des terres agricoles.

## F. Coopération Sud-Sud et triangulaire

48. Le Cadre stratégique du FIDA pour 2016-2025 indique que "Le FIDA envisage de renforcer son avantage comparatif et d'élargir son action dans ce domaine [de la CSST], tant en ce qui concerne la coopération fondée sur les savoirs que la promotion de l'investissement, [...]". À cet effet, il faut offrir des possibilités de développement d'activités économiques rentables pour les petits agriculteurs et d'activités novatrices, qui stimulent la transformation du monde rural pour la mise en place de moyens d'existence améliorés.
49. Le Gouvernement arménien est conscient du potentiel de la CSST et il a établi plusieurs partenariats pour favoriser la coopération aux fins de la réalisation des ODD, en particulier l'ODD 17 (partenariats pour la réalisation des objectifs). Ces partenariats sont les suivants:
- Gestion des ressources naturelles et résilience face aux aléas climatiques: le Programme des Nations Unies pour le développement en Arménie a accueilli une délégation de la République de Moldova en vue d'échanger les données d'expérience concernant les projets relatifs à la foresterie et le secteur forestier dans son ensemble. Le Programme de développement agricole durable en Asie centrale et dans le Caucase constitue un forum régional intéressant.
  - Développement des entreprises: au titre de l'initiative du Fonds de développement économique des zones rurales en Arménie, des petites et moyennes entreprises arméniennes ont participé à plusieurs foires commerciales en Autriche et en Allemagne et ont établi des relations commerciales fructueuses.
  - Innovation: grâce à un financement du Fonds pour l'environnement mondial, l'Arménie bénéficiera d'une assistance technique et d'activités de formation assurées par une société belge en vue de recycler les déchets de café dans la production de champignons. Ce système sera reproduit à grande échelle au profit des femmes rurales, dans le cadre des séries de prestations relatives à la génération de revenus.
  - Partage des savoirs: le Fonds de développement économique des zones rurales en Arménie a également communiqué ses savoirs et ses données d'expérience lors de plusieurs forums internationaux concernant les possibilités et les défis présentés par les placements en actions.
50. Dans ses futurs investissements, le FIDA mettra au point une approche programmatique de la CSST et mobilisera des financements octroyés sous la forme de dons pour faciliter l'apprentissage et la reproduction des activités à plus grande échelle. Les domaines potentiellement concernés sont les suivants: i) coopération avec les pays où les services de vulgarisation privés sont bien implantés et où les pouvoirs publics ont pris des mesures d'appui; ii) transferts de savoirs relatifs au développement de la filière de l'élevage, dans le contexte de liens établis avec les projets exécutés par le FIDA au Kirghizistan et ailleurs; et iii) partage des données d'expérience ayant trait aux initiatives de partenariats agroalimentaires appuyées par le FIDA dans la région Asie-Pacifique.

51. Les domaines susceptibles de donner lieu à un transfert de savoirs produits par l'Arménie et utiles à d'autres pays sont notamment les suivants: i) établissement de services de finance rurale solides; ii) planification et mise en place d'infrastructures liées aux ressources en eau dans les zones rurales; et iii) gestion des vignes et compétitivité du secteur vinicole, sur le modèle des échanges appuyés par le FIDA entre la Chine et l'Argentine

## Appendix I: COSOP results management framework

Goal: Support the Government's inclusive transformation vision for improved rural livelihoods				
Country Strategy Alignment	Key Results			Indicative Activities
	Strategic Objectives	Outcome Indicators	Milestone Indicators	
<p><b>Sustainable Development Goals (SDGs):</b> SDG1 (to end poverty) and SDG2 (food and nutrition security and sustainable agriculture). It and also contributes to many of the other SDGs.</p> <p><b>Armenia Development Strategy (2014-2025):</b> The strategy sets out national development objectives for 2014-2025. It is the country's main socioeconomic development strategy and the basis for medium-term, sectoral and other program documents. Priorities include:</p> <ul style="list-style-type: none"> <li>- Priority 1. Growth of employment</li> <li>- Priority 2. Development of human capital</li> <li>- Priority 3. Improvement of social protection system</li> <li>- Priority 4. Institutional modernisation of the public administration and governance.</li> </ul> <p><b>Armenia-United Nations Development Assistance Framework (UNDAF: 2016-2020):</b> Strategic programme framework that is guiding the cooperation between the GOA and UN from 2016 until 2020. Priority areas relevant to the agriculture sector include:</p> <ul style="list-style-type: none"> <li>- Pillar I. Equitable, Sustainable</li> </ul>	SO1: Agribusiness partnerships for integration of smallholders in resilient value chains	- Agribusiness partnerships established and operating	- No of supported rural enterprises reporting an increase in productivity, sales and profit: <b>SDG target 8.2, 8.3 &amp; 10.2</b>	<p><b>Lending/Investment activities:</b></p> <p><b>Agribusiness and Climate Resilient Partnership Programme (ACPP)</b> under IFAD 10.:</p> <p><b>Total financing:</b> USD 30 million from:</p> <ul style="list-style-type: none"> <li>• IFAD under 2016-2018 PBAS cycle (USD 10 million)</li> <li>• Co-financing to be mobilised (USD 20 million)</li> </ul> <p><u>Additional financing (new programme under two IFAD cycles):</u></p> <ul style="list-style-type: none"> <li>• IFAD 11 and IFAD12 PBAS cycle (USD 20 million)</li> <li>• Co-financing to be mobilised (USD 20 million)</li> </ul> <p><b>Non-lending/non-project activities</b></p> <p>Under the coordination of GOA and IFAD, collaborate in SSTC programs: Potentially USD 1 million allocated under</p>
		- Smallholders have improved access to climate resilient agricultural technologies and services	- No of rural producers/HH accessing improved production inputs and/or climate resilient technological packages or practices: <b>SDG target 1.4, 2.3, 2.4, 6.4, 13.1 &amp; 15.3</b>	
		- Smallholders shift from semi-subsistence to commercial farming	- No of rural producer organisations engaged in partnerships or contracts with private entities: <b>SDG target 8.2, 8.3 &amp; 10.2</b>	
		- Diversified rural enterprise and employment opportunities	- Percent of production (by value) of smallholder farming HHs sold: <b>SDG target 8.2, 8.3 &amp; 10.2</b>	
	SO2: Enabling environment for rural commercial development	- Improved access to climate resilient rural infrastructure and services	- No of HHs benefiting from climate adaptive irrigation schemes, market, processing or storage facilities constructed or rehabilitated <b>SDG target 2.3, 6.4 and 13.1</b>	
		- Human resources adequate for competitive commercial agriculture	- No of HHs reporting improved access to markets, processing and storage facilities: <b>SDG target 2.3 &amp; 10.2</b>	
		- Inclusive rural financial	- Number of persons trained in income-generating activities or business management: <b>SDG target 8.2 &amp; 8.3</b>	
		- No of persons/HH in rural areas reporting using	- No of rural enterprises accessing business development services: <b>SDG target 8.2 &amp; 8.3</b>	

Goal: Support the Government's inclusive transformation vision for improved rural livelihoods				
Economic Development and Poverty Reduction - Pillar IV. Environmental Sustainability and Resilience-Building  <b>Contribute to global efforts to reduce rural poverty</b>		services	rural financial services (savings, credit, insurance, remittances, etc.): <b>SDG target 1.4, 2.3 &amp; 8.3</b> - No of financial service providers delivering outreach strategies, and financial services to rural areas: <b>SDG target 1.4, 2.3 &amp; 8.3</b>	IFAD 10 &11  Resources will be mobilised by IFAD and partners to support the policy engagement agenda
		- Conducive legal, regulatory and institutional framework	- Number of policy-relevant knowledge products completed (existing/new laws, regulations, policies or strategies proposed for approval, ratification or amendment to policy makers) - Functioning and sustainable multi-stakeholder rural development/agriculture sector platforms supported - Armenia's ranking in the World Bank's Enabling the Business of Agriculture (EBA) index improves <sup>14</sup> : <b>SDG target 13.2</b>	
	Partnership strengthening	- Joint SSTC initiatives with partnership countries	- At least two SSTC initiatives launched	

<sup>14</sup> EBA index examines and monitors policies and regulations that impact how markets function in the agriculture and agribusiness sectors. The ultimate aim is to promote efficient regulatory processes that support thriving agribusinesses.

## Appendix II: Agreement at completion point of last country programme evaluation

Not applicable

## Appendix III: COSOP preparation process including preparatory studies, stakeholder consultation and events

The COSOP process was initiated upon receipt of a letter dated 3<sup>rd</sup> November 2017 from the Head of Staff of the Government of the Republic of Armenia to the Director of IFAD's NEN Division as follows:

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Ms. Khalida BOUZAR  
Director  
Near East, North Africa and Europe Division  
International Fund for International Development

SUBJECT: Agriculture Development Strategy and New Project Initiative

Excellency,

The Government of the Republic of Armenia presents its compliments to the International Fund for Agricultural Development and expresses appreciation for ongoing support to reforms in agricultural sector in Armenia. The recent project on upgrade of irrigation infrastructure and water supply, as well as improvement of access to finance, benefits large number of farmers and contributes to sustainable agriculture development and poverty alleviation in rural areas. Meanwhile, the Government is interested to continue our cooperation and extend this partnership to systemic and policy related issues.

Global market dynamics demands more attention to link local competitive advantages with target export markets. The role of government in this respect is to focus on sustainability, food security and competitiveness of the sector, but also consider strengthening positions at traditional markets and exploring new export destinations. In this context, the Government is interested to review its agricultural development strategy, evaluate global and regional developments, implement capacity assessment and elaborate comprehensive sector development strategy through the IFAD COSOP process.

Even though, Armenia has reached a level of debt to GOP ratio restricting our borrowing capacity, highly appreciating the continuous cooperation with IFAD, the Government confirms its interest to access the loan allocation under IFAD 10, and kindly requests IFAD to undertake a COSOP design mission, to be followed by a joint project design mission during 2018. The new project would be designed in compliance with the COSOP and its implementation would start only during 2019.

Please, accept the assurances of my highest consideration.

Sincerely yours,  
Vahe STEPHANYAN

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The COSOP team included:

Rami Salman: Country Programme Manager  
Abdelkarim Sma: NEN Regional Economist  
Lauren Phillips: PTA Senior Technical Specialist  
Eric Rwabidadi: NEN Programme Officer  
David Young: Consultant/Mission Leader  
Stefania Gnoato: Consultant/Programme Analyst  
Pedro Regato Pajares: Consultant/Environment and Climate Change Specialist



Preliminary desk studies were undertaken during December 2017 and January 2018. The COSOP Mission visited Armenia from 29<sup>th</sup> January to 9<sup>th</sup> February 2018. The Mission's work programme was as follows:

Date	Activities
Sunday 28 Jan	Mission departed Rome
Monday 29 Jan	Mission arrived in Yerevan
Tuesday 30 Jan	Meeting at RAEDP PIU Kick-off meeting chaired by Minister of Agriculture
Wednesday 31 Jan	Meeting with Deputy Minister of Agriculture Meeting with Armenian Harvest Promotion Centre Meeting with International Centre for Agribusiness Research and Education
Thursday 1 Feb	Meeting with Green Lane (NGO)
Friday 2 Feb	Analysis and report preparation COSOP team meeting
Saturday 3 Feb	Analysis and report preparation
Sunday 4 Feb	COSOP team meeting
Monday 5 Feb	Meeting with FAO Meeting with WFP Meeting with UNDP
Tuesday 6 Feb	Analysis and report preparation
Wednesday 7 Feb	Preparation of presentation for consultation/wrap-up meeting
Thursday 8 Feb	Consultation/wrap-up meeting Chaired by Minister of Agriculture – see presentation attached
Friday 9 Feb	Mission departed Yerevan

## Presentation to Wrap-up Meeting on 8<sup>th</sup> February 2018



Republic of Armenia  
Country Strategic Opportunities Programme



### IFAD IN ARMENIA

Since 1995, IFAD has financed 7 projects in Armenia for a total value of USD 259.7 million, of which USD 89.5 million financed directly by IFAD. One project is ongoing, the Infrastructure and Rural Finance Support Programme (IRFSP).

IFAD projects in Armenia effectively contributed to agricultural and rural development, with innovative financing instruments, and investments in good-quality irrigation schemes, drainage and drinking water infrastructures.

#### Key Statistics

No. of Projects	7 (1 ongoing)
Total cost:	USD 259.7 m
IFAD loan:	USD 89.5 m
Directly benefiting:	445 200 households

### IFAD IN ARMENIA – RECENT FIGURES

**Community Water Supply (CWS):** 16,197 HH across 29 communities are benefitting directly from completed investments.

**Small and Medium Scale Irrigation Distribution (SMSID):** 3,255 households across 9 communities have already benefitted from constructed investments in irrigation in Syunik, Vayots dzor and Lori (including both farmland and backyard development).

Construction of four relatively large irrigation schemes will start directly after the winter season; When the 4 schemes are constructed, a total of 3,909 hectares will be under irrigation and a total of 8,283 households will benefit.

### IFAD IN ARMENIA – RECENT FIGURES


#### Rural Finance Facility RFF

- The current size of the RFF is around USD 20.5 million
- RFF has disbursed 511 individual and 491 tranche loans totaling to 6.3 million USD from RFF revolving fund.
- The loans disbursed target cattle breeding, crop production, processing, winemaking, fish farming, horticulture and poultry farming.
- RFF also implemented the State Support Program for Partially Subsidized Leasing Rate of Agricultural Machinery in the Republic of Armenia. To this end, 68 loans of about USD 1,735,495 were disbursed under the program.

### IFAD IN ARMENIA – RECENT FIGURES

**Fund for Rural Economic Development in Armenia (FREDA)**

- To date, FREDA's investment portfolio stands at AMD 2,373 million, including AMD 1107 million in equity, AMD 312.8 million in subordinated debt, AMD 653.6 million in quasi-equity, and AMD 302.8 million in accounts receivables.
- FREDA is supporting immature businesses towards attracting their first external financing. This is potentially critical to the growth of the agricultural (and clean-energy business linked towards the agri-business) sector
- A sustainability strategy for FREDA has been finalised to ensure that it maintains its role as an innovative instrument to support the niche-market of "high potential, yet immature agri-businesses" SMEs




### KEY LESSONS LEARNED

- A fully-dedicated and accountable in-country Programme Implementation team has increasingly proven its capability and efficiency in implementing demand-driven projects. Its solid procurement and financial management capabilities have been strong assets in ensuring programme delivery.
- RFT has established its role as a major support institution in the rural finance sector. Its credibility and outreach has made it attractive to, in addition to IFAD funds, to manage credit lines of World Bank and other donors.
- Investments in water infrastructure have proven cost effective and provided equitable benefits for the youth, women, and men and are effective in reaching the poor. Village water systems cater for domestic needs, livestock watering and backyard gardens.



### KEY LESSONS LEARNED

- The sector's productivity and competitiveness is very much impacted by climate variability, climate change and the degradation of natural resources. Combining IFAD investments with climate and environment financing is a very good approach to enhance the resilience of the sector, pilot new technologies, and reduce risks.
- Supporting gender-related policies and sensitization among decision-makers is key in maximizing achievements in rural investments.
- The recent inclusion of a targeting strategy for IRFSP, including geo-referencing of project beneficiaries, will ensure that the IFAD target groups are benefiting, and women and youth are equally targeted.



### COUNTRY STRATEGIC OPPORTUNITIES PROGRAMME (COSOP)

- Results-Based Country Strategic Opportunities Programmes (RB-COSOPs) provide an indicative business strategy for the delivery of investments over a particular period of time (6 years) to support the achievement of concrete development results.**
- The current COSOP will provide a medium-term Strategic Framework for the period 2018 – 2024

**As per the request of the Ministry of Agriculture, the COSOP will not only guide IFAD investments in Armenia, but provide Strategic Guidance for donors and partners involved in the agriculture and rural development sector.**

### COSOP GOAL

The overarching goal of the COSOP over the next six years is **to support the government's inclusive and sustainable rural transformation agenda for improved rural livelihoods.**

This goal directly aligned with the Armenia Development Strategy (2014-2025) and the SDGs, particularly SDG1 (to end poverty) and SDG2 (food and nutrition security and sustainable agriculture)	It embodies GOA's determination to provide better livelihood opportunities for rural women and youth, reduce emigration from rural areas and improve resilience to climate variability and climate change.	It recognises the opportunity for more inclusive rural economic development by forging linkages between commercial agribusiness and smallholder farming households in order to stimulate the development of small-scale rural enterprises.
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### COSOP STRATEGIC OBJECTIVES

**STRATEGIC OBJECTIVE 1 (SO1)**  
**Agribusiness partnerships for integration of smallholders in resilient value chains**

Developing mutually beneficial partnerships between agribusiness and smallholders which enable them to be better integrated in agricultural value chains and reducing their vulnerability to social, economic and climate risks.	Development of business partnership plans whereby agribusiness engage with significant numbers of smallholder farmers under contract farming or outgrower arrangements involving the supply of inputs and services, arrangements for collection, processing and marketing	Financial instruments (grants, loans, guarantees etc.) as well technical and managerial support under the umbrella of a Public-private-producer partnership agreement and a whole value chain approach.
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### COSOP STRATEGIC OBJECTIVES

**STRATEGIC OBJECTIVE 2 (SO2)**  
**Enabling environment for rural commercial development**

<b>Infrastructure</b> – irrigation headworks, telecommunications and electricity supply in rural areas, transport infrastructure, and systems to ensure that these are maintained or improved in line with demand.	<b>Markets and marketing systems</b> – quality assurance and product trading systems, product certification services, market infrastructure (roads, transport, storage and processing facilities), market information, product grading systems.	<b>Rural financial services</b> – accessible banking, credit and insurance products, facilities for leasing, warehouse recycling, commodity price hedging.
<b>Human capital</b> – technical, managerial and vocational skills able to access and utilise advanced agricultural and agro-industrial technologies.	<b>Input supplies</b> – ready access to input supplies such as labour, water, seeds, fertilisers and pesticides, together with the information needed to use them effectively and safely.	<b>Policy framework</b> – a clear policy and strategic framework for agricultural and related sectors.

### EXPECTED OUTCOMES/RESULTS

SO1 and SO2 are expected to contribute to the following key outcomes

<b>SO1: Agribusiness Partnerships</b> <ul style="list-style-type: none"> <li>Agribusiness partnerships established and operating</li> <li>Smallholders have improved access to agriculture technologies and production services</li> <li>Smallholders shift from semi-subsistence to commercial farming</li> <li>Diversified rural enterprise and employment opportunities</li> </ul>	<b>SO2: Enabling Environment</b> <ul style="list-style-type: none"> <li>Improved access to rural infrastructure and services</li> <li>Human resources adequate for a competitive commercial agricultural sector</li> <li>Inclusive rural financial services</li> <li>Conducive legal, regulatory and institutional framework</li> </ul>
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### PROGRAMME CONCEPT

**Agribusiness Partnership Programme (APP)**

**Programme Goal**  
Support the government's inclusive transformation vision for improved rural livelihoods.

**Programme Objectives**

Assist farming households to engage in partnerships with agribusiness enterprises in order to transition from semi-subsistence to commercial farming.	Enhance selected elements of the enabling environment that constrain commercialisation of smallholder farming households, and rural economic development generally.
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### PROGRAMME CONCEPT

#### COMPONENT 1: AGRIBUSINESS PARTNERSHIPS

- Competitive scheme to support agribusinesses to build alliances with smallholder farmers and other value chain actors
- Combination of financial and other support: technical, managerial, marketing etc.
- Partnerships to assist smallholders to improve their productivity and connection to markets
- Farmer organisations/groups are a key part of the partnership structures

- Can be commodity-specific or general
- Primary partner can be any legal entity
- Cost-sharing arrangement to be defined in partnership agreements

### PROGRAMME CONCEPT

#### COMPONENT 2: ENABLING ENVIRONMENT

- To address one or more of the five "umbrella issues" identified by MOA: infrastructure, human capital, access to finance, legal and institutional reforms and access to technologies.
- Flexible funding mechanisms addressing priority issues
- May include infrastructure investment, subject to financing arrangements

**Examples**

- ☐ Training programmes (farmers, SMEs, professionals)
- ☐ Export market development
- ☐ Product grading and packaging standards
- ☐ Organic certification
- ☐ Farmer organisations
- ☐ Institutional capacity building etc.

### COSOP – POLICY DIMENSION

The COSOP and project pipeline will support the efforts of the Government and Partners in the analysis/promotion of policies that help improve policy, institutional and regulatory framework in the agriculture sector.

### PARTNERSHIPS

- Expand in-country partnerships and repositioning the programme towards more engagement with the private sector
- Positioning the Ministry of Agriculture as a lead implementing agency
- Building on initiatives of UN Agencies and other partners in agricultural sector development
- Engaging with partners (FAO, UNDP...) for mobilization of climate financing to ensure enhanced resilience of the sector
- Mobilizing further investment to deliver on the COSOP Strategic Objectives (EU, Bi-lateral and Multi-lateral donors...)

### FINANCING

- Promoting a Programmatic Approach as opposed to a project-based approach
- Investing IFAD core resources over 3 financing cycles (around USD 34 million)
- Mobilizing additional financial resources at the ratio of 1:3
- Engagement with partners for mobilising climate financing
- Capitalizing on non-lending activities to support Policy Dialogue, Institutional Support, Knowledge and Learning, SSTC...

### TIMEFRAME

Draft COSOP and Programme Concept Note	➔	4 March 2018
Sharing with Government and partners for comments	➔	5 -15 March 2018
Finalisation and submission to IFAD Management	➔	30 March 2018
IFAD Programme Design mission	➔	May – June 2018
Presentation of APP to IFAD Executive Board for approval	➔	December 2018

Thank you!

## Appendix IV: Natural resources management and climate change adaptation: Background, national policies and IFAD intervention strategies

1. Armenia, with vulnerable natural and agro-ecosystems in a predominantly mountainous landform with arid climate conditions, and a history of droughts and uneven distribution of water resources, is among the most sensitive countries in the Europe and Central Asian Region to global environmental changes. According to the TNC (2015)<sup>15</sup> and the NSAP<sup>16</sup> (2015), around 80% of land plots in Armenia are characterised by various levels of land degradation: 20% of arable lands are eroded mainly due to maladaptive farming techniques; approximately 20% of irrigated areas are affected by moderate to severe soil salinity, due to poor maintenance and operation of the irrigation system and inadequate irrigation practices; almost half of all agricultural land is currently under various stages of compaction due to improper use of agricultural machinery and poor irrigation methods; overgrazing is responsible for a serious degradation and significant reduction of the area of natural pastures.
2. The key documents setting out the Government policies for agriculture, rural and agro-industry development include: (i) Armenia Development Strategy, 2014-2025; (ii) Sustainable Development Programme, 2009-2021 (the Second Poverty Reduction Strategy); (iii) Strategy for Sustainable Rural and Agricultural Development, 2010-2020; (iv) Cattle Breeding Programme, 2007-2015; (v) Food Security Concept, 2011 and Food Safety Strategy, 2010-2015; (vi) Land Consolidation Concept, 2011 and other directly and indirectly relevant country strategies.
3. The Strategy for Sustainable Rural and Agricultural Development specifies the key directions for agrarian policy. It envisages the consolidation of farms and development of agrarian cooperatives, the improvement of credit, risk mitigation, the development of organic agriculture, the reduction of agriculture vulnerability to climate change, and the development of social infrastructure in rural communities. Certified organic production is prioritised as a small niche with high potential for growth.
4. The Poverty Reduction Strategy Paper (PRSP) adopted in 2003 recognised the link between poverty and environmental degradation with a negative feedback between both factors, the adverse impact of poverty on environmental issues and sustainable growth, and the need to reverse environmental degradation. The PRSP highlighted the need to reverse environmental degradation to achieve poverty reduction and sustainable growth objectives, through: (i) sustainable forest management; (ii) prevention of land degradation and the anthropogenic factors leading to desertification; (iii) sustainable management and efficient use of water resources; and (iv) management of waste and industrial pollution. Despite progress on enlargement and improvement of environmental legislation and the sustainable tendency of Sevan Lake level rising, the environmental issues mentioned in the PRSP remain and should be kept within the list of priority issues in the Sustainable Development Program for 2009-2021 (the Second PRSP).
5. Results from the TNC (2015) and the 2017 World Bank funded analysis of climate change vulnerability and adaptation options for agriculture systems in Armenia<sup>17</sup>,

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<sup>15</sup> Third National Communication to the UNFCCC of the Armenian Government (2015).

<sup>16</sup> The National Strategy and Action Program to Combat Desertification in the Republic of Armenia" (2015).

<sup>17</sup> Ahouissoussi, Nicolas, James E. Neumann, Jitendra P. Srivastava, Brent Boehlert and Steven Sharrow (2014). Reducing Vulnerability of Armenia's Agricultural Systems to Climate Change. World Bank Studies. Washington, DC: World Bank. doi: 10.1596/978-1-4648-0147-1.

indicate that yields for key crops and pastures are expected to reduce in the period 2040-50, mainly in the lowland and intermediate agriculture regions, due to the direct effect of the predicted higher temperatures and lower precipitation. The net effect of the predicted rising water demands (20%) and falling supply (30-40%) by the 2040s is a significant reduction in water available for irrigation. Irrigation water shortages by the 2040s are forecasted under all climate scenarios in the Upper Araks basin, which accounts for a large portion of the economic production of the Armenian agriculture sector. Severe climatic phenomena (drought, hot dry winds, hail, spring frosts) are already exacerbated by climate change with increasing frequency and duration resulting in 10-30% decline in natural soil moisture, increase in secondary soil salinisation, intensification of water and wind erosion and activation of landslide processes. Extreme events in recent years, such as hail, spring frosts, and mudflows, have cost USD 15 to 20 million annually in agricultural damages.

6. Small farmers, and especially poor women farmers, are disproportionately bearing the consequences of climate change impacts due to poor or no infrastructure and assets, low or no access to credit, and unavailability of crop insurance. The 2017 FAO gender assessment mentioned significant constraints that limit women's adaptive capacity, which require major efforts on: (i) the use of innovative communication methods and channels to ensure women's access to capacity development and extension opportunities, and prevent constraints that can limit attendance and make women feel uncomfortable; (ii) increase the capacity of government staff on gender sensitisation and mainstreaming, including gender training for staff from agriculture technical transfer centres; (iii) ensure the inclusion of gender-related issues in the capacity development and extension programmes. Moreover, financing mechanisms and technology developments must be flexible enough to reflect women's priorities and needs, with active participation of women in the development of technology and funding criteria and allocation of resources for suitable climate change adaptation initiatives, particularly at local levels.
7. Consultation with farmers World Bank ([WB], 2017) show that they have already suffered from climate becoming less stable with drought, hail, and heat waves that wilted crops becoming more frequent (some farmers reported innovative attempts to reduce climate risk). The WB study indicated that the country ranks low in the adaptive capacity in the agriculture sector: (i) agriculture extension service not oriented towards ameliorating climate risks; (ii) agriculture research not focusing on climate change and not effectively coordinated with the extension service; (iii) crop insurance not affordable or available; (iv) inadequate or non-existent ability to collect, generate and provide meteorological data to farmers; (v) a large portion of subsistence and semi-subsistence farmers frequently exposed to marketing problems; and (vi) important financial and credit constraints. Adaptation priorities still need to be incorporated into policy and funding allocation highlighting the link between income growth, sustainable natural resources management and climate change adaptation and mitigation.
8. The INDC of Armenia (2015) is based on the principle of "green economy" and compatible with the national social and economic development goals. INDC considers the ecosystem-based approach as pivotal for Armenia's adaptation strategy and actions, laying the ground for inter-sectoral cooperation, and ensuring harmonisation with the environmental policy of the country and synergy with international conventions and treaties. Water resource management and agriculture are among the prioritised vulnerable sectors for developing adaptation activities, that should ensure an open and transparent system for technology innovation, development and transfer, such as through the cooperation and experience exchange with "Climate Technology Centre and Network" (CTCN) and through the establishment of a similar mechanism in the country (ArmCTCN). INDC includes capacity development objectives to strengthen the operations of the

Intergovernmental Council on Climate Change, and establish a consistent process for professional training and education on climate issues, as well as enhance cooperation at the international and regional levels. In terms of finance, INDC proposes the creation of a targeted financial mechanism for climate adaptation and mitigation consisting of two components: (i) internal (domestic) climate revolving civil fund, to be replenished by allocations from environmental fees, ecosystem service fees, including "carbon taxing"; (ii) external (international) financial mechanisms with resource provision following the principle of additionality, such as the Green Climate Fund, the Adaptation Fund, the Global Environmental Facility, bilateral and multilateral funds, and other sources.

9. The TNC (2015) and the recent WB study (2017) propose a number of adaptation measures to reduce climate change impacts on the agriculture sector, including: (i) the reduction of agriculture dependence on climate conditions, by enhancing irrigation capacity and efficiency through risk-preventive infrastructure rehabilitation and supporting investment in climate-resilient agronomic systems and technologies (e.g. conservation agriculture, efficient irrigation technologies, switch to climate-adapted and water-efficient crops and crop varieties, optimise timing of operations, switch from field crops to agroforestry and mixed farming systems, integrated pest management); (ii) the improvement of pasture land productivity and sustainable use of pasture-based livestock production; (iii) research and knowledge dissemination for the selection and cultivation of drought-resistant varieties adapted to local conditions, including the maintenance and dissemination of traditional crop varieties; (iv) capacity improvement of extension and research agencies and services to provide knowledge on innovative technologies and information; (v) the development of institutional and professional capacity building for the application of climate change models, the provision of adequate weather and climate services to farmers, and policy development; (vi) investigating viable options for crop insurance, particularly for drought, such as the piloting of a privately-run weather index-based insurance programme; (vii) improving farmers' access to finance to acquire climate-resilient technologies; and (viii) improving access to markets through a better marketability of produce and livestock.
10. IFAD has approved seven loan projects in Armenia and several country grants, including grant financing for climate change adaptation and land restoration. Investments in irrigation under completed IFAD Programmes gave a positive contribution to increasing agricultural productivity<sup>18</sup> mainly in terms of utilisation of agricultural land, higher yields and to some extent shifts from low value field crops to high value crops. IFAD played a key role in the establishment and the development of the appropriate legal framework for WUAs in Armenia. WUA establishment and capacity building has been up-scaled under successive projects in the irrigation sector financed by the World Bank. The ongoing IFAD/GEF project will build capacity and provide technical and financial support to the project stakeholders for the implementation of sustainable land management measures in the rehabilitation of tertiary irrigation and the expansion of agro-forestry systems that enhance ecosystem services in the target marzes, responding to the priorities identified by the Armenian government to combat desertification and land degradation affecting agricultural development.
11. Within this framework, the COSOP incorporates the following priorities on environment and climate change:
  - Improved access to agriculture technologies and services should ensure that farmers receive training, technical support and guidance to make investments in climate-resilient technologies. Capacity development should address the gender specificities of climate change adaptation through training activities for poor women. Commercial farming should be conditioned to the sustainable use

<sup>18</sup> RAEDP Project Performance Assessment the Independent Office of Evaluation of IFAD June 2012.

and adaptive management of natural resources to reverse current degradation trends – soil and water salinization and pollution, soil erosion, water depletion and degradation of natural ecosystems - and mitigate climate risks.

- Improved access to rural infrastructure should ensure the TNC objective to create climate risk-preventing infrastructure: (i) rehabilitate irrigation infrastructure based on projected water availability to improve the irrigation efficiency. Gender disaggregated consultation will inform about women's constraints and needs in terms of irrigation water to be incorporated into water infrastructure and governance; (ii) build post-harvest and marketing infrastructure to reduce perishability of produce and diversify production.
  - Human resources for competitive commercial agriculture requires significant capacity development efforts targeting smallholder farmers, extension and research agencies and services, hydromet staff, and policy makers. According to the benefit-cost analysis (WB study, 2017) expanding and tailoring the hydro-meteorological network to agricultural needs would very likely yield benefits substantially greater than costs. The COSOP will address constraints that limit women's access to extension services, and enhancing the capacity of government staff on gender sensitisation and mainstreaming, including gender training for staff from agriculture technical transfer centres.
  - Inclusive rural finance services should help banks and financial institutions to tailor their loan products - well-targeted, low-interest, long-term bank loans for agricultural development – to improve farmers' access to finance to acquire climate-resilient technologies. Financing mechanisms must be flexible enough to reflect women's priorities and needs, with active participation of women in the development of funding criteria and allocation of resources for climate adaptation initiatives, particularly at local levels.
  - Conducive legal, regulatory and institutional framework should support the production of policy-relevant knowledge products for mainstreaming climate change adaptation into the Armenian agriculture and water sectors.
  - Joint SSTC initiatives with partnership countries should build on the Central Asia and the Caucasus Regional Programme, partly funded by IFAD grants, which has helped to significantly improve knowledge on sustainable natural resources management, climate-resilient agronomic technologies, and the management of genetic resources of climate-adapted plant varieties and animal breeds, through regional networking and cooperation involving experimental research, training and dissemination, as well as the establishment of a Regional Forum (CACAARI).
12. A detailed analysis of the steps needed to comply with the above recommendations is included in the complete Social, Environmental and Climate Assessment Procedures (SECAP) report included in a separate document. The SECAP assessment recognises that the IFAD country program under the COSOP would require supplemental sources and external financing to address environmental and climate change adaptation priorities (e.g. GEF, GCF). This responds to the INDC and the Armenian Development Strategy objective to activate international cooperation with the newly formed global financial assistance mechanisms formed under the UN convention on climate change (Green Climate Fund, REDD+, Adaptation Fund) for re-cultivation of degraded lands.
13. The SECAP assessment also recommends that the IFAD country programme ensures that indicators for environment and climate adaptation are fully integrated into the M&E systems of all projects. A list of possible indicators and feedback mechanisms is included in the SECAP report.

## Appendix V: Country at a glance

<b>World View</b>		<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2016</b>
Population, total	millions	3.54	3.07	2.88	2.92
Population growth	annual %	0.0	-0.6	-0.4	0.3
Surface area	km <sup>2</sup> 000	29.7	29.7	29.7	29.7
Population density	people/km <sup>2</sup>	124.3	107.8	101.1	102.7
Poverty headcount ratio at national poverty	% of population		48.3	35.8	29.8
Poverty headcount ratio at \$1.90 a day (2011)	% of population		19.3	2.5	1.9
GNI, Atlas method	current US\$ billions	1.06	2.03	9.99	11.03
GNI per capita, Atlas method	current US\$	310	660	3470	3770
GNI, PPP	current international \$ billions	8.24	7.31	19.83	26.43
GNI per capita, PPP	current international \$	2,330	2,380	6,890	9,040
<b>People</b>					
Income share held by lowest 20%	%		7.7	8.9	8.2
Life expectancy at birth, total	years	68	71	73	74
Fertility rate, total	births per woman	2.5	1.6	1.7	1.6
Births attended by skilled health staff	% of total	100	97	100	100
Mortality rate, under-5	per 1,000 live births	50	30	18	13
Prevalence of underweight, weight for age	% of children under 5		2.6	5.3	
Immunization, measles	% of children ages 12-23 months	93	92	97	97
Primary completion rate, total	% of relevant age group		94	100	99
School enrollment, primary	% gross	102.5	98.5	102.4	98.5
School enrollment, secondary	% gross	91	91	97	89
School enrollment, primary and secondary	Gender Parity Index		1	1	1
Prevalence of HIV, total	% of population ages 15-49	0.1	0.1	0.2	0.2
<b>Environment</b>					
Forest area	km <sup>2</sup> 000	3.4	3.3	3.3	3.3
Terrestrial and marine protected areas	% of total territorial area	7.9	18.6		24.8
Annual freshwater withdrawals, total	% of internal resources		25.3	42.9	42.9
Improved water source	% of population with access	91	93	98	100
Improved sanitation facilities	% of population with access	90	89	90	90
Urban population growth	annual %	-0.4	-1.1	-0.7	0.1
Energy use	kg of oil equivalent per capita	2,179	656	863	1,018
CO2 emissions	metric tons per capita	1.69	1.13	1.47	1.9
Electric power consumption	kWh per capita	2,723	1,298	1,726	1,966
<b>Economy</b>					
GDP	current US\$ billions	2.26	1.91	9.26	10.57
GDP	annual %	-11.7	5.9	2.2	0.2
Inflation, GDP deflator	annual %	79.4	-1.4	7.8	0.5
Agriculture, value added	% of GDP	17	26	19	18
Industry, value added	% of GDP	52	39	37	27
Services, etc., value added	% of GDP	31	35	44	55
Exports of goods and services	% of GDP	35	23	21	33
Imports of goods and services	% of GDP	46	51	45	43
Gross capital formation	% of GDP	47	19	33	18
Revenue, excluding grants	% of GDP			22.6	23.1
Net lending (+) / net borrowing (-)	% of GDP			-5	-4.7



<b>States and markets</b>		<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2016</b>
Time required to start a business	days		18	14	5
Domestic credit provided by financial sector	% of GDP	62.3	11.5	27.8	54.2
Tax revenue	% of GDP			17.1	20.9
Military expenditure	% of GDP	2.1	3.6	4.3	4.1
Mobile cellular subscriptions	per 100 people	0	0.6	130.4	114.8
Individuals using the Internet	% of population	0	1.3	25	62
High-technology exports	% of manufactured exports		5	2	6
Statistical Capacity score	Overall average			92	92
<b>Global links</b>					
Merchandise trade	% of GDP		62	52	48
Net barter terms of trade index	index (2000 = 100)		100	130	123
External debt stocks, total	current US\$ millions	0	1010	6305	9953
Total debt service	% of exports	1.2	9.1	29.7	34.1
Net migration	thousands	-496	-161	-31	
Personal remittances, received	current US\$ millions		182	1669	1382
Foreign direct investment, net inflows	BoP, current US\$ millions	2	104	529	338
Net official development assistance received	current US\$ millions	2.7	215.9	342.6	347.6

Source: World Development Indicators

## Appendix VI: Concept Note

### Concept Note on: Armenia: Agribusiness and Climate Resilient Partnerships Project (ACPP)

#### A. Strategic context and rationale for IFAD involvement, commitment and partnership

1. The persistently high levels of rural poverty in Armenia are attributable to some critical issues in the agricultural sector. Agriculture contributes around 18% of Armenia's GDP and employs 35% of the workforce. The sector is predominantly smallholder-based with 360,000 agricultural holdings covering 513,000 hectares, an average of 1.5 hectares per holding (Agricultural Census 2014). Almost all rural households are engaged in some form of farming (crops, livestock, aquaculture) mostly on a semi-subsistence basis.
2. Other constraints that have been highlighted include: (i) a large amount of agricultural land is idle and many former state-managed irrigation schemes have fallen into disrepair; (ii) widespread degradation of land and water resources; (iii) weak farmer cooperation; (iv) limited use of advanced agricultural technologies; (v) the small domestic market and difficult access to export markets; (vi) under-developed rural infrastructure; (vii) limited commercial linkages between agribusiness and smallholder farmers; and (viii) limitations in the policy, legal and regulatory framework for commercial agriculture.
3. The IFAD country programme has been operational since 1995. IFAD has approved seven loan projects totalling USD 260 million (IFAD financing USD 89 million) and several country grants – including climate financing grants - benefitting 445,200 households. The ongoing programme includes one investment project, totalling USD 30 million (IFAD financing of USD 11 million).
4. In November 2017 the Government of Armenia requested IFAD support in formulating an agricultural development strategy and launching a new investment project initiative. A COSOP mission was undertaken in January-February 2018 (the previous COSOP was approved in 2003) which involved ministerial-level dialogue on GOA's inclusive rural transformation agenda.
5. The country strategy which emerged from this dialogue aims to support the Government's inclusive transformation vision for improved rural livelihoods through the pursuit of two strategic objectives (SOs):
  - SO1: Creation of agribusiness partnerships for integration of smallholders in resilient value chains
  - SO2: Enhanced enabling environment for rural commercial development

#### B. Possible geographic area of intervention and target groups

6. ACPP will be a national programme that potentially enables eligible and qualified agribusinesses and smallholder farmers to develop mutually beneficial partnerships in commodities or value chains. However, during programme design, consideration would be given to defining eligibility and assessment criteria that prioritise geographic areas of high poverty concentration or value chains that are considered pro-poor and/or climate sensitive. Criteria for geographic targeting may include: (i) Government priorities and complementarities with other interventions; (ii) poverty and food insecurity; (iii) geographic vulnerability; (iv) climate and environmental risks; (v) opportunities for productive inclusion; (vi) capacity of rural economic organisations; and (vii) local-level risks.

### C. Justification and rationale

7. The proposed project recognises the opportunity for more inclusive rural economic development. It will address the opportunity for developing mutually beneficial alliances between agribusiness and smallholders which enable them to be better integrated in value chains and reducing their vulnerability to economic, market and climate risks.
8. Profitable and sustainable agribusiness partnerships also depend in part on having a conducive enabling environment for rural commercial development, some elements of which would benefit from additional investment and support. The MOA has indicated that the five priority areas are: (i) physical infrastructure; (ii) human capital development; (iii) access to financial services; (iv) legal and institutional reforms; and (v) access to technologies. Within this framework direct measures to build agribusiness partnerships will be complemented by selected measures to enhance the enabling environment in concert with GOA and other development partners.

### D. Key project objectives

9. The goal of ACPP is the same as the goal of the COSOP: to support the Government's inclusive transformation vision for improved rural livelihoods. There are two objectives:
  - Objective 1: Assist farmers to engage in partnerships with agribusiness enterprises to transition from semi-subsistence to commercial farming – aligned with SO1 of the COSOP
  - Objective 2: Enhance selected elements of the enabling environment that constrain commercialisation of smallholder farming households, and rural economic development – aligned with SO2.

### E. Ownership, harmonisation and alignment

10. The programme concept arises directly from GOA's request for IFAD support in the formulation of an overall sectoral development framework. This is intended to not only prioritise IFAD investments in Armenia, but provide strategic guidance for all donors and partners involved in the agriculture and rural development sectors.

### F. Components and activities

#### Component 1: Agribusiness Partnerships

11. Component 1 will comprise a mechanism for catalysing the formation of mutually beneficial partnerships between agribusiness enterprises and smallholders represented in the target groups (see section B).
12. The first step in the creation of such partnerships will be the development of business partnership plans whereby agribusiness engage with significant numbers of smallholder farmers under contract farming or outgrower arrangements. Measures to support partnership will involve a range of financial, technical and managerial support under the umbrella of a 4P. Export-oriented partnerships have considerable potential for job-creation and for diversification of products and markets. The following are the key elements:
  - Partnerships involve a package including provision of finance in concert with business development services, technical and marketing support etc.
  - Various financing instruments may be deployed via RFF, GOA's interest subsidy schemes and matching grants, supplemental seed capital etc.
  - Export market development, product grading and packaging standards, organic certification, innovative financing instruments, farmer organisations, institutional capacity building etc.

- To be eligible for support, partnerships must engage smallholders and assist them to improve their productivity and connection to markets.
- Preference will be given to partnerships that engage women and youth, promote climate resilience.
- Farmer organisations will be a key part of the partnership structures.
- The programme may be commodity specific or include any agricultural (broadly defined) sector or activity as long as it engages smallholders.
- The primary partner must be a legal entity. Partnerships may also include agricultural input suppliers, traders, agents, financial institutions, service providers, government agencies, NGOs, CSOs, transporters, processors, exporters and end-users.
- Cost sharing arrangements will be defined in partnership agreements with the Project financing.
- It would be possible to have different windows for large, medium and small (SME) partnerships with different eligibility and assessment criteria.
- Potential lead partners will be required to apply for Project support on a competitive basis. Infrastructure investments may also be considered for support,
- A two-stage application process is preferred: expression of interest (EOI) and proposals.
- The partnership facility will employ a progress-based payment system

#### Component 2: Enabling Environment

13. Component 2 will comprise a flexible funding mechanism for addressing priority issues identified by stakeholders. It will focus on one or more of the five "umbrella issues" identified by MOA: infrastructure, human capital, access to finance, legal and institutional reforms and access to technologies. Examples of activities that could be under Component 2 are: off-farm and on-farm irrigation investment, sustainable land management, training programmes (farmers, SMEs, professionals).

#### Component 3: Programme Management

14. Programme Management and governance will mirror those employed by the Rural Areas Economic Development Programme Project Implementation Unit (RAEDP PIU), which has a strong track record in implementing the current and previous IFAD projects. The PIU has long experience with IFAD procedures and would be extended to support ACPP implementation.

#### G. Preliminary Environmental and Social category

15. The Social, Environmental and Climate Assessment Procedures (SECAP) review undertaken as part of the COSOP process suggests that the Programme would be Category B. This is based on eligibility and assessment criteria for the agribusiness partnerships to identify activities with potentially negative social and environmental consequences so that these can be excluded or modified accordingly.

#### H. Preliminary Climate Risk classification

16. The COSOP SECAP review identifies significant vulnerabilities to climate variability and change related to the projected increases in temperatures and extreme climate events such as droughts and heavy rainfall events. However, the programme will incorporate incentives to adopt climate resilient adaptive measures to deal with these risks. The preliminary climate risk assessment is therefore assessed as moderate.

## I. Costs and financing

17. ACPP will be the first project within the proposed COSOP cycle. All of the 2016-2018 PBAS allocation will be allocated to ACPP. Under these arrangements, IFAD lending for ACPP is expected to reach around USD 9.4 million (under ordinary terms).
18. IFAD also proposes to mobilise additional resources of at least three times the IFAD contribution taking total funding to about USD 30 million. This would include contributions from the Government and beneficiaries, as well as private sector under cost-sharing arrangements for the agribusiness partnerships. Climate financing and/or other grant resources will also be mobilised. This also reflects GOA's compliance with IMF conditions that new external borrowing must be blended with grant funding.
19. IFAD will also seek to engage in regional and country-specific non-lending activities to support policy dialogue, institutional development, knowledge management and SSTC.

## J. Organisation and management

20. The Government's lead agency for the Programme will remain the Prime Minister's Office. However, ACPP will be managed by the PIU in very close coordination and collaboration with the MOA.

## K. Monitoring and evaluation indicators

21. The Programme M&E indicators will be aligned with the outcome and milestone indicators of the COSOP, which are themselves linked to selected SDG targets as follows:

### Component 1: Agribusiness Partnerships

Outcome Indicators	Milestone Indicators	SDG Targets
<ul style="list-style-type: none"> <li>• Agribusiness partnerships established and operating</li> </ul>	<ul style="list-style-type: none"> <li>• No of supported rural enterprises reporting an increase in productivity, sales and profit:</li> </ul>	8.2
	<ul style="list-style-type: none"> <li>• No of rural producer organisations engaged in formal partnerships/agreements or contracts with public or private entities</li> </ul>	8.3 10.2
<ul style="list-style-type: none"> <li>• Smallholders have improved access to climate resilient agricultural technologies and services</li> </ul>	<ul style="list-style-type: none"> <li>• No of rural producers/HH accessing improved production inputs and/or climate resilient technological packages or practices.</li> </ul>	1.4 2.3 2.4
	<ul style="list-style-type: none"> <li>• No of individuals provided with climate information systems</li> </ul>	6.4 13.1 15.3
<ul style="list-style-type: none"> <li>• Smallholders shift from semi-subsistence to commercial farming</li> </ul>	<ul style="list-style-type: none"> <li>• No of rural producer organisations engaged in partnerships or contracts with private entities</li> </ul>	8.2 8.3
	<ul style="list-style-type: none"> <li>• Percent of production (by value) of smallholder farming HHs sold</li> </ul>	10.2
<ul style="list-style-type: none"> <li>• Diversified rural enterprise and employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• No of rural enterprises accessing business development services</li> </ul>	8.2
		8.3

## Component 2: Enabling Environment

Outcome Indicators	Milestone Indicators	SDG Targets
<ul style="list-style-type: none"> <li>Improved access to climate resilient rural infrastructure and services</li> </ul>	<ul style="list-style-type: none"> <li>No of HHs benefiting from climate adaptive irrigation schemes, market, processing or storage facilities constructed or rehabilitated</li> </ul>	2.3 6.4 13.1
	<ul style="list-style-type: none"> <li>No of HHs reporting improved access to markets, processing and storage facilities</li> </ul>	2.3 10.2
<ul style="list-style-type: none"> <li>Human resources adequate for competitive commercial agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Number of persons trained in income-generating activities or business management</li> </ul>	8.2 8.3
<ul style="list-style-type: none"> <li>Inclusive rural financial services</li> </ul>	<ul style="list-style-type: none"> <li>No of persons/HH in rural areas reporting using rural financial services</li> </ul>	1.4
	<ul style="list-style-type: none"> <li>No of financial service providers delivering outreach strategies, and financial services to rural areas</li> </ul>	2.3 8.3
<ul style="list-style-type: none"> <li>Conducive legal, regulatory and institutional framework</li> </ul>	<ul style="list-style-type: none"> <li>Number of policy-relevant knowledge products completed</li> </ul>	13.2
	<ul style="list-style-type: none"> <li>Functioning and sustainable multi-stakeholder rural development/agriculture sector platforms supported</li> </ul>	
	<ul style="list-style-type: none"> <li>Armenia's ranking in the World Bank's Enabling the Business of Agriculture (EBA) index</li> </ul>	

## L. Risks

22. The key success factors are a reasonably strong agribusiness sector that is willing to engage with smallholders under outgrower and contract farming arrangements, and good market access. There are some uncertainties about the number of suitable lead partners in Armenia and their awareness of partnership opportunities, which will need to be clarified during Programme design. Another possible concern is the apparent reluctance of farmers to engage in collaborative activities through farmer associations, cooperatives etc.

23. However in terms of implementation capacity, IFAD's experience in Armenia since 1985 suggests that the risks are benign. Recent project implementation results have been strong and there is a sound working relationship between IFAD and GOA. The existing PIU has successfully implemented two IFAD projects.

## M. Timing

24. The draft COSOP will be shared with GOA and development partners for comment during March 2018 and will be finalised and submitted to IFAD management by April 2018. A programme design mission is tentatively scheduled for May-June with a view to Executive Board approval in December 2018. The COSOP will be submitted to the September 2018 Executive Board session of IFAD, for approval.

## Key file 1: Rural poverty and agricultural/rural sector issues

Priority Area	Affected Groups	Main Issues	Actions Needed
<ul style="list-style-type: none"> <li>Persistently high levels of poverty in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Around 30% of rural households are living below the poverty line</li> </ul>	<ul style="list-style-type: none"> <li>Very small and fragmented landholdings confines farming families to subsistence mode</li> <li>Limited opportunities for non-farm income generating opportunities</li> <li>Aging demographic profile in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Create alternative employment opportunities (agricultural and non-agricultural)</li> <li>Support investments by poor rural households to increase incomes by producing nutrition-sensitive high value cash crops</li> </ul>
<ul style="list-style-type: none"> <li>High levels of rural unemployment and under-employment</li> </ul>	<ul style="list-style-type: none"> <li>All rural communities, but particularly those in areas with poor access to infrastructure and services</li> <li>Households with low levels of education and vocational skills</li> <li>Rural youth, who experience very high unemployment levels</li> </ul>	<ul style="list-style-type: none"> <li>Emigration of younger and more productive individuals</li> <li>Aging of rural populations</li> <li>Heavy dependence on remittances</li> <li>Limited rural off-farm employment opportunities</li> <li>Limited access to vocational training in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Promote production and marketing of labour intensive horticultural cash crops</li> <li>Generate employment opportunities from value addition in rural areas</li> <li>Provide vocational training tailored to the needs of rural businesses</li> </ul>
<ul style="list-style-type: none"> <li>Inclusion of women, youth and other disadvantaged/vulnerable groups</li> </ul>	<ul style="list-style-type: none"> <li>About a quarter of rural households are female headed, single parent households</li> <li>Over one third of rural people are young</li> <li>Communities living in proximity to closed borders</li> </ul>	<ul style="list-style-type: none"> <li>Women and youth generally lack capital needed to establish or expand rural enterprises</li> <li>Large numbers of single parent/female headed households</li> <li>Youth do not possess land or other productive assets</li> </ul>	<ul style="list-style-type: none"> <li>Special support (financial and other) for start-up and microenterprises established by women and youth entrepreneurs</li> </ul>
<ul style="list-style-type: none"> <li>Transition from subsistence to commercial agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Subsistence-oriented farming households</li> </ul>	<ul style="list-style-type: none"> <li>Lack of medium scale commercial actors in agricultural value chains</li> <li>Smallholder farming households lack capacity to invest in commercial enterprises</li> <li>Lack of technical and commercial skills</li> </ul>	<ul style="list-style-type: none"> <li>Technical and managerial training for subsistence farmers in skills needed for commercial agriculture</li> <li>Improve access to a wide range of financial services (credit, insurance etc.)</li> <li>Awareness raising about opportunities</li> </ul>

Priority Area	Affected Groups	Main Issues	Actions Needed
		<ul style="list-style-type: none"> <li>• Lack of farmer cooperation</li> <li>• Limited integration of small-scale farming households in agricultural value chains</li> <li>• Farmers are reluctant to cluster or aggregate land to obtain economies of scale and employ advanced technologies</li> </ul>	<p>for small-scale commercial agriculture</p> <ul style="list-style-type: none"> <li>• Support development of farmer organisations and contract farming/outgrower arrangements</li> </ul>
<ul style="list-style-type: none"> <li>• Resilience to climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Farming households in drier areas without access to irrigation</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of understanding about climate change challenges</li> <li>• Limited awareness and expertise on climate change adaption options</li> <li>• Limited capacity to undertake research on climate adaptation in agriculture</li> <li>• Sustainable management of natural resources under climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Irrigation system rehabilitation and modernisation</li> <li>• Improve water use efficiency</li> <li>• Adaptive research on climate change impacts and development of climate-smart technologies</li> <li>• Dissemination and adoption of climate-resilient farming technologies</li> </ul>
<ul style="list-style-type: none"> <li>• Linkage of farmers to domestic and export markets</li> </ul>	<ul style="list-style-type: none"> <li>• All actual or potential small-scale commercial farmers</li> </ul>	<ul style="list-style-type: none"> <li>• Limited economies of scale among upstream and downstream value chain actors</li> <li>• Only one significant export marketing pathway (via Georgia)</li> <li>• Lack of competitiveness in the domestic food market</li> <li>• Poor marketing infrastructure</li> <li>• Lack of formal quality standards and quality assurance systems (GlobalGAP, HACCP, MRL etc.) included accredited laboratories</li> <li>• Product quality limitations and lack of quality assurance schemes in key marketing pathways</li> <li>• Small domestic market requires export market development for high value products</li> </ul>	<ul style="list-style-type: none"> <li>• Develop/strengthen farmer organisations</li> <li>• Support the establishment and development of marketing cooperatives</li> <li>• Support investment by medium and larger-scale agribusinesses in value chain development and contract farming/outgrower schemes</li> </ul>
<ul style="list-style-type: none"> <li>• Food safety and quality standards</li> </ul>	<ul style="list-style-type: none"> <li>• All farmers attempting to sell produce in domestic or export markets</li> </ul>	<ul style="list-style-type: none"> <li>• Inability of locally produced foodstuffs to compete with imported products in the domestic market</li> <li>• Limited ability to access higher value</li> </ul>	<ul style="list-style-type: none"> <li>• Develop food safety and quality standards accompanied by supporting legislation and regulations</li> <li>• Training for farmers and other value</li> </ul>



Priority Area	Affected Groups	Main Issues	Actions Needed
	<ul style="list-style-type: none"> <li>Domestic food consumers</li> </ul>	export markets	chain actors in food safety and quality standards
<ul style="list-style-type: none"> <li>Family health</li> </ul>	<ul style="list-style-type: none"> <li>Rural families living in drier areas</li> </ul>	<ul style="list-style-type: none"> <li>Access to domestic water supplies</li> <li>Food insecurity, nutrition vulnerability</li> </ul>	<ul style="list-style-type: none"> <li>Improved small-scale rural infrastructure</li> <li>Nutrition-sensitive interventions</li> </ul>
<ul style="list-style-type: none"> <li>Level of technology employed by farmers</li> </ul>	<ul style="list-style-type: none"> <li>All actual or potential small-scale commercial farmers</li> </ul>	<ul style="list-style-type: none"> <li>Rural households have limited interest in investing in new technologies because agriculture is not the primary source of income</li> </ul>	<ul style="list-style-type: none"> <li>Technical, managerial and vocational skills development for use of advanced agricultural and agro-industrial technologies, including youth-specific</li> </ul>
<ul style="list-style-type: none"> <li>Enabling environment for commercial agricultural development</li> </ul>	<ul style="list-style-type: none"> <li>All actual or potential small-scale commercial farmers</li> <li>Rural agribusinesses</li> </ul>	<ul style="list-style-type: none"> <li>Limited access to many elements needed for commercial farming/agribusiness, e.g.: <ul style="list-style-type: none"> <li>Machinery services</li> <li>Financial services</li> <li>Processing and storage facilities</li> <li>Transport contractors</li> <li>Agronomic services</li> <li>Crop protection services</li> <li>Seed, fertiliser, agrochemicals</li> <li>Market information, etc. etc.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Encourage/support the establishment of agro-input suppliers and service providers and increasing their outreach in rural areas</li> <li>Adopt a whole value chain approach which recognises the importance of all upstream and downstream value chain actors</li> </ul>
<ul style="list-style-type: none"> <li>Low level of utilisation of ex state-run irrigation schemes</li> </ul>	<ul style="list-style-type: none"> <li>Landholders in inactive or poorly functioning irrigation schemes</li> </ul>	<ul style="list-style-type: none"> <li>Forced to grow rainfed crops in areas of low rainfall</li> </ul>	<ul style="list-style-type: none"> <li>Crop diversification</li> <li>Irrigation infrastructure rehabilitation</li> </ul>

## Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats analysis)

Strengths	How to Build on Them
<b>Institutional, Policy, Legal and Regulatory Framework</b>	
<ul style="list-style-type: none"> <li>Armenia Development Strategy recognises the importance of agricultural and rural development and provides a list of sectoral development priorities</li> </ul>	<ul style="list-style-type: none"> <li>Prepare a formal agricultural sector strategy for official approval and adoption by Government</li> </ul>
<ul style="list-style-type: none"> <li>Favourable policy framework for rural and agricultural development based on subsidies, taxation benefits and direct assistance measures</li> </ul>	<ul style="list-style-type: none"> <li>Review the range of agricultural support measures offered with a view to stimulating investment in the sector</li> </ul>
<ul style="list-style-type: none"> <li>Fully operational RFF able to channel funds to the agricultural/rural sector via financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that RFF is fully institutionalised and becomes a sustainable long-term source of wholesale finance for agricultural sector development</li> </ul>
<ul style="list-style-type: none"> <li>Well-developed microfinance sector</li> </ul>	<ul style="list-style-type: none"> <li>Seek collaboration/partnerships with microfinance institutions, NGOs and CSOs in developing investment packages for smallholder semi-subsistence households</li> <li>Improve access of MFIs to refinancing facilities</li> </ul>
<ul style="list-style-type: none"> <li>Strong NGOs/CSOs with good track record in agricultural/rural development</li> </ul>	
<ul style="list-style-type: none"> <li>RAEDP PIU with strong implementation record</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a fully-dedicated and accountable Programme implementation team in the execution of ongoing/planned IFAD programmes and projects</li> </ul>
<ul style="list-style-type: none"> <li>Established network of ten agricultural service centres</li> </ul>	<ul style="list-style-type: none"> <li>Further develop centres as commercially operated input supply and marketing hubs and technical service centres</li> </ul>
<ul style="list-style-type: none"> <li>Demonstrated capacity to implement irrigation and water supply investments</li> </ul>	<ul style="list-style-type: none"> <li>Scale-up the irrigation and water supply investment model successfully implemented by IRFSP</li> </ul>
<ul style="list-style-type: none"> <li>Contractors with good capacity for infrastructure design and construction</li> </ul>	
<ul style="list-style-type: none"> <li>WUA model successfully demonstrated</li> </ul>	
<b>Other Strengths</b>	
<ul style="list-style-type: none"> <li>Good market demand for Armenian products providing opportunities for export-led growth</li> </ul>	<ul style="list-style-type: none"> <li>Seek opportunities to develop niche markets for high value agricultural commodities with strong Armenian identity</li> </ul>
<ul style="list-style-type: none"> <li>Well established horticultural sector connected to export markets</li> </ul>	<ul style="list-style-type: none"> <li>Apply success models in the horticultural sector to other sectors (e.g. livestock, aquaculture) where appropriate</li> </ul>

Strengths	How to Build on Them
<ul style="list-style-type: none"> <li>Established export marketing linkages with Russian Federation</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and strengthen marketing linkages with Russia (whilst developing other markets as well)</li> </ul>
<ul style="list-style-type: none"> <li>Established export-oriented agroprocessing companies</li> </ul>	<ul style="list-style-type: none"> <li>Build partnerships between agroprocessing companies and smallholder farmers in the supply of inputs and sourcing of raw materials</li> </ul>
<ul style="list-style-type: none"> <li>Well established and growing wine/brandy industry with strong export market linkages</li> </ul>	<ul style="list-style-type: none"> <li>Focus efforts on quality improvements and cost reduction in viticulture and winemaking</li> </ul>
<ul style="list-style-type: none"> <li>High level of agro-ecological diversity enabling diversified production patterns in different regions</li> </ul>	<ul style="list-style-type: none"> <li>Adopt a clustering approach involving concentration of value chain development efforts in specific agro-ecological zones</li> </ul>
<ul style="list-style-type: none"> <li>Large, low-cost rural workforce</li> </ul>	<ul style="list-style-type: none"> <li>Employ labour intensive approaches to agricultural production and agroprocessing to generate employment opportunities</li> <li>Provide vocational training to upgrade workforce productivity</li> </ul>

Weaknesses	How to Remedy Them
<b>Institutional, Policy, Legal and Regulatory Framework</b>	
<ul style="list-style-type: none"> <li>No documented, and officially approved agricultural sector strategy</li> </ul>	<ul style="list-style-type: none"> <li>Prepare a long-term agricultural sector strategy in consultation with sectoral stakeholders and development partners</li> </ul>
<ul style="list-style-type: none"> <li>Agriculture contributes 18% of GDP but only receives a few percent of the GOA budget allocation</li> </ul>	<ul style="list-style-type: none"> <li>Advocate for higher budget allocation as part of the agricultural sector strategy</li> </ul>
<ul style="list-style-type: none"> <li>Limited engagement of MOA in IFAD country programme so far</li> </ul>	<ul style="list-style-type: none"> <li>Engage MOA as the lead implementing agency for future IFAD supported programmes and projects</li> <li>Take specific measures to engage MOA in policy dialogue on agriculture and rural development issues</li> </ul>
<ul style="list-style-type: none"> <li>Limited application of quality assurance and food safety standards</li> </ul>	<ul style="list-style-type: none"> <li>Develop product standards, food safety protocols and pricing systems linked to these, supported by investments in product testing and certification systems</li> </ul>
<ul style="list-style-type: none"> <li>Lack of laboratories for product testing and certification</li> </ul>	
<ul style="list-style-type: none"> <li>Heavy dependence on subsidies as a means of stimulating production</li> </ul>	<ul style="list-style-type: none"> <li>Shift away from subsidising recurrent inputs to supporting investments in market infrastructure, machinery, equipment and the development of profitable marketing pathways</li> </ul>
<ul style="list-style-type: none"> <li>Limited availability of agricultural statistics to inform planning and policy analysis</li> </ul>	<ul style="list-style-type: none"> <li>Create a registry of farms and farmers as the basis for regular and timely collection of data</li> </ul>
<ul style="list-style-type: none"> <li>Few (if any) agribusiness companies listed on the Armenian stock exchange</li> </ul>	<ul style="list-style-type: none"> <li>Provide technical assistance to any agribusiness companies seeking to raise additional equity by stock exchange listing</li> </ul>
<ul style="list-style-type: none"> <li>Insolvency of FREDAs limits capacity to raise equity finance for agribusinesses</li> </ul>	<ul style="list-style-type: none"> <li>Develop other means of raising equity finance for agribusinesses</li> </ul>

Weaknesses	How to Remedy Them
<ul style="list-style-type: none"> <li>Pasture lands are community-owned and individuals do not have an incentive to invest in rangeland improvement</li> </ul>	<ul style="list-style-type: none"> <li>Adopt community-based management approaches to common property natural resource</li> </ul>
<ul style="list-style-type: none"> <li>Limited institutional capacity and funding for agricultural research and extension</li> </ul>	<ul style="list-style-type: none"> <li>Develop partnerships with the private sector for provision of agricultural extension services</li> <li>Collect levies on export sales to finance research and development of specific commodity groups</li> </ul>
<ul style="list-style-type: none"> <li>Weak human resource base at all levels - technical, vocational, professional</li> </ul>	<ul style="list-style-type: none"> <li>Prepare a long-term human resource development plan for the agricultural/rural sector</li> <li>Ensure that employment conditions and career prospects are adequate to attract and retain qualified personnel</li> </ul>
Other Weaknesses	
<ul style="list-style-type: none"> <li>Large number of very small individual family landholdings – but with significant areas of farmland un-used</li> </ul>	<ul style="list-style-type: none"> <li>Develop the land market to allow for consolidation of land-holdings and retirement of older farmers</li> <li>Encourage innovation in land tenure arrangements such as leasing land from diaspora landowners</li> </ul>
<ul style="list-style-type: none"> <li>Majority of smallholder farmers engaged in semi-subsistence agriculture will poor linkages to markets</li> </ul>	<ul style="list-style-type: none"> <li>Pursue opportunities for high-value agricultural production and develop partnerships between smallholder farmers and agro-industrial enterprises</li> <li>Provide financial and technical assistance to encourage investment in marketing infrastructure</li> </ul>
<ul style="list-style-type: none"> <li>Weak integration of smallholder farmers in value chains</li> </ul>	
<ul style="list-style-type: none"> <li>Marketing infrastructure poorly developed</li> </ul>	
<ul style="list-style-type: none"> <li>Small domestic market and heavy dependence on a single export market (Russian Federation)</li> </ul>	<ul style="list-style-type: none"> <li>Invest in the development of new products and markets</li> </ul>
<ul style="list-style-type: none"> <li>Aversion of smallholder farmers to collaboration/cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Develop farmer organisations which allow farmers to operate individually, without aggregating land, but with collaborative mechanisms for sourcing inputs and marketing produce</li> <li>Address issues regarding taxation of cooperatives</li> </ul>
<ul style="list-style-type: none"> <li>Landlocked country with most international trade pathways (other than Georgia) closed</li> </ul>	<ul style="list-style-type: none"> <li>Diversify markets to the extent possible</li> <li>Develop air-freight export marketing pathways for high value and perishable commodities</li> </ul>
<ul style="list-style-type: none"> <li>Heavy dependence on irrigation but former state owned/managed irrigation schemes in poor condition and/or non-functional</li> </ul>	<ul style="list-style-type: none"> <li>Rehabilitate schemes with emphasis on water efficient micro-irrigation systems managed by beneficiaries through WUAs</li> </ul>
<ul style="list-style-type: none"> <li>Obsolete and worn out farm and agro-industrial machinery</li> </ul>	<ul style="list-style-type: none"> <li>Develop innovative means of financing acquisition of modern machinery and equipment (e.g. leasing, hire purchase syndication)</li> </ul>

Weaknesses	How to Remedy Them
<ul style="list-style-type: none"> <li>Lack of feed for livestock, especially pigs and poultry</li> </ul>	<ul style="list-style-type: none"> <li>Focus livestock development on ruminants (cattle, sheep, goats) that do not require large amounts of concentrate feeds</li> </ul>
<ul style="list-style-type: none"> <li>Limited range of appropriate financial products for farmers and agribusiness</li> </ul>	<ul style="list-style-type: none"> <li>Engage with financial institutions to expand and diversify their product range</li> </ul>
<ul style="list-style-type: none"> <li>Low competitiveness and inability to compete with imported agri-food products</li> </ul>	<ul style="list-style-type: none"> <li>Focus efforts and investments on products/sub-sectors in which Armenia has a sustainable competitive advantage</li> </ul>
<ul style="list-style-type: none"> <li>Weak bargaining power of farmers</li> </ul>	<ul style="list-style-type: none"> <li>Promote the formation of farmer groups to engage in collaborative input procurement and marketing arrangements</li> </ul>
<ul style="list-style-type: none"> <li>Inconsistent and unreliable supply of farm inputs</li> </ul>	
<ul style="list-style-type: none"> <li>Poor business and financial management capacity of agribusinesses and farmers</li> </ul>	<ul style="list-style-type: none"> <li>Provide technical and managerial support to agribusiness partnerships along with financing mechanisms</li> </ul>

Opportunities	How to Exploit Them
<b>Institutional, Policy, Legal and Regulatory Framework</b>	
<ul style="list-style-type: none"> <li>Develop a comprehensive agricultural development strategy and investment plan</li> </ul>	<ul style="list-style-type: none"> <li>Seek support from development partners to formulate the strategy and investment plan</li> <li>Mobilise the investments required to implement the plan</li> </ul>
<ul style="list-style-type: none"> <li>Membership of the Eurasian Economic Union</li> </ul>	<ul style="list-style-type: none"> <li>Take full advantage of bilateral trade opportunities within the Union</li> </ul>
<ul style="list-style-type: none"> <li>Strengthen collaborative action between groups of smallholder farmers</li> </ul>	<ul style="list-style-type: none"> <li>Build stronger farmer associations</li> </ul>
<ul style="list-style-type: none"> <li>Existence of Farm Service Centres throughout the country</li> </ul>	<ul style="list-style-type: none"> <li>Use centres as commercially operated focal points for improved extension services to farmers</li> </ul>
<b>Other Opportunities</b>	
<ul style="list-style-type: none"> <li>Connect the commercial and subsistence sectors to exploit potential synergies between the two in terms of market access and commercialisation</li> </ul>	<ul style="list-style-type: none"> <li>Build agribusiness partnerships between agribusinesses and smallholders who are interested in transitioning from semi-subsistence to small-scale commercial farming</li> </ul>
<ul style="list-style-type: none"> <li>Armenia is a net food importing country</li> </ul>	<ul style="list-style-type: none"> <li>Exploit potential for import substitution, e.g. cereals, meat, edible oils, fruit and dairy products</li> </ul>
<ul style="list-style-type: none"> <li>Growing international demand for certified organic produce</li> </ul>	<ul style="list-style-type: none"> <li>Developed niche, organic and fair-trade markets and certification schemes for Armenian products</li> </ul>
<ul style="list-style-type: none"> <li>Large and growing demand for high quality crop and livestock products in non-traditional markets to the south of Armenia</li> </ul>	<ul style="list-style-type: none"> <li>Diversify export markets, e.g. Iran, Middle East and Gulf countries</li> </ul>
<ul style="list-style-type: none"> <li>Most households have substantial backyard plots suitable for intensive gardening operations</li> </ul>	<ul style="list-style-type: none"> <li>Increase productivity of home gardens for improved nutrition and income generation through investments in water supply, plastic tunnels, tools, seeds etc.</li> </ul>

Opportunities	How to Exploit Them
<ul style="list-style-type: none"> <li>Mobilisation of un-employed and under-employed rural youth</li> </ul>	<ul style="list-style-type: none"> <li>Provide vocational training, apprenticeships/internships and other forms of work experience for youth in rural communities</li> </ul>
<ul style="list-style-type: none"> <li>Link smallholder farmers to school feeding programmes</li> </ul>	<ul style="list-style-type: none"> <li>Commercialise the school feeding programme by promoting local procurement of inputs by catering businesses</li> </ul>

Threats	How to Mitigate Them
<b>Institutional, Policy, Legal and Regulatory Framework</b>	
<ul style="list-style-type: none"> <li>Borrowing limits will curtail capacity to finance agricultural sector investments</li> </ul>	<ul style="list-style-type: none"> <li>Prepare a comprehensive agricultural sector strategy and investment plan to assist in domestic and international resource mobilisation</li> <li>Mobilise grant resources and loans under concessional terms</li> </ul>
<ul style="list-style-type: none"> <li>Government unable to allocate sufficient budgetary resources to achieve agricultural/rural sector development goals</li> </ul>	
<b>Other Threats</b>	
<ul style="list-style-type: none"> <li>Natural disasters such as earthquakes and extreme climatic events</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that all reasonable preparation and mitigation measures are in place</li> <li>Develop and market appropriate agricultural insurance products</li> </ul>
<ul style="list-style-type: none"> <li>Resurgence of conflict, particularly in border areas</li> </ul>	<ul style="list-style-type: none"> <li>Develop contingency plans and alternative livelihood options for rural communities in areas at high risk of conflict</li> </ul>
<ul style="list-style-type: none"> <li>Natural resource over-exploitation/degradation, especially soil groundwater and pasture lands</li> </ul>	<ul style="list-style-type: none"> <li>Work in close collaboration with the Ministry of Natural Protection in developing community natural resource management plans</li> </ul>
<ul style="list-style-type: none"> <li>Plant and animal disease outbreaks</li> </ul>	<ul style="list-style-type: none"> <li>Develop and maintain, prevention, surveillance and outbreak management plans</li> </ul>
<ul style="list-style-type: none"> <li>Cheap imports put downward pressure on domestic food prices</li> </ul>	<ul style="list-style-type: none"> <li>Concentrate development efforts on commodities/sectors where Armenia has a strong and sustainable competitive advantage</li> </ul>
<ul style="list-style-type: none"> <li>Closure or restricted access to export markets</li> </ul>	<ul style="list-style-type: none"> <li>Product and market diversification</li> <li>Participate in regional trade forums</li> </ul>
<ul style="list-style-type: none"> <li>Increasing climatic variability and long-term climate change puts downward pressure on agricultural productivity</li> </ul>	<ul style="list-style-type: none"> <li>Develop and/or adopt climate-resilient agricultural practices</li> <li>Access climate funds (e.g. GEF and GCF) to finance profitable adaptation and mitigation measures</li> </ul>

## Key file 3: Complementary donor initiatives/partnership potential

Agency	Priority Sectors and Areas of Focus			Complementarity/Synergy Potential
World Bank	The WB portfolio in Armenia includes 25 active projects of which eight directly or indirectly impact on the agricultural sector:			<ul style="list-style-type: none"> <li>Potential for WB/IFAD to intensify engagement in policy dialogue through the Japan funded Policy M&amp;E Capacity Building Project</li> <li>WB supports the “productive alliance” approach – essentially the same as the agribusiness partnerships proposed under SO1 of the COSOP</li> <li>WB and IFAD are both supporting irrigation development using the WUA approach to system management</li> <li>Many lessons have been learned under CARMAC I and II which could inform any IFAD initiatives in the livestock sector</li> </ul>
	Project	USD m	Approved	
	<ul style="list-style-type: none"> <li>Additional financing for Irrigation Systems Enhancement Project (ISEP) involves construction of key water infrastructure and WUA strengthening and performance monitoring.</li> </ul>	2.0	Nov 17	
	<ul style="list-style-type: none"> <li>Agriculture Policy M&amp;E Capacity Building Project</li> </ul>	1.8	Jan 17	
	<ul style="list-style-type: none"> <li>Social Investment and Local Development Trust Fund</li> </ul>	2.4	Aug 16	
	<ul style="list-style-type: none"> <li>Local Economy and Infrastructure Development Project</li> </ul>	55.0	Dec 15	
	<ul style="list-style-type: none"> <li>Armenia Social Investment and Local Development Project</li> </ul>	30.0	Mar 15	
	<ul style="list-style-type: none"> <li>Second Community Agriculture Resource Management and Competitiveness Project (CARMAC II)</li> </ul>	32.6	Jun 14	
	<ul style="list-style-type: none"> <li>EDB Irrigation Project Preparation</li> </ul>	0.5	Mar 14	
<ul style="list-style-type: none"> <li>Irrigation System Enhancement Project (ISEP)</li> </ul>	30.0	May 13		
EU	The Comprehensive and Enhanced Partnership Agreement Between the EU and Armenia (CEPA) was signed in November 2017. The agreement covers: job creation, more business opportunities, fairer rules, better value for money, more safety and security, a cleaner environment, better education and more opportunities for research and strengthened democracy and human rights. The current portfolio of projects relevant to the COSOP includes:			<ul style="list-style-type: none"> <li>ENPARD work with producer groups and cooperatives provides lessons to inform implementation of the COSOP</li> <li>Physical infrastructure developed under ENPARD may be used by proposed agribusiness partnerships</li> <li>Value chain approach is similar to that proposed under SO1 of the COSOP</li> <li>Organic agriculture initiative may identify commercialisation opportunities.</li> </ul>
	Project	EUR m	Duration	
	<ul style="list-style-type: none"> <li>Wool for Jobs: wool value chain development with a focus on SMEs</li> </ul>	0.5	2018-20	
	<ul style="list-style-type: none"> <li>Strengthening current and future employment and self-employment programmes through sustainable value chain management systems</li> </ul>	0.5	2017-18	
	<ul style="list-style-type: none"> <li>Economic Empowerment through Social Enterprise</li> </ul>	0.4	2017-19	
	<ul style="list-style-type: none"> <li>Organic Agriculture Support Initiative (OASI): Implemented by Austrian Development Agency</li> </ul>	2.8	2015-18	
<ul style="list-style-type: none"> <li>European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) in Armenia. Institutional development,</li> </ul>	20.0	2015-17 (to be		

Agency	Priority Sectors and Areas of Focus			Complementarity/Synergy Potential
	farmers associations and improving access to affordable food – with a focus on women, youth and other vulnerable groups. Implemented in association with UNDP (producer groups), UNIDO (value addition) and FAO (access to food).		extended)	
	<ul style="list-style-type: none"> <li>Support to SME Development in Armenia: Implemented by GIZ.</li> </ul>	6.4	2015-19	
USAID	<ul style="list-style-type: none"> <li>USAID's overarching goal in Armenia is to help the country succeed as a more engaged, prosperous and well-governed society. Its three objectives are: (i) enhancement of inclusive and sustainable growth; (ii) more participatory, effective and accountable governance; and (iii) selected health outcomes improved and sustained (Country Development Cooperation Strategy, 2013-2017).</li> <li>Under the first of these three objectives USAID supports a number of activities in the agribusiness sector, promotion of rural entrepreneurship and market access. Within selected value chains USAID's efforts focus on SME financial management, business planning and investment, access to finance and support for women rural entrepreneurs. Current programmes include: <ul style="list-style-type: none"> <li>Partnership for Rural Prosperity (PRP) – helps rural communities identify local economic growth opportunities, expand employment prospects for women, youth and vulnerable groups, upgrade infrastructure and improve access to finance and markets.</li> <li>Advanced Rural Development Initiative (ARDI) – develops competitive rural value chains to increase incomes and improve livelihoods of 48 rural communities. Also builds the capacity of rural entrepreneurs, specifically youth and women.</li> <li>Support for the Armenian agricultural census.</li> <li>Support to the Agribusiness Teaching Centre (ATC) and the International Centre for Agribusiness Research and Education (ICARE)</li> </ul> </li> </ul>			<ul style="list-style-type: none"> <li></li> </ul>
KfW	<ul style="list-style-type: none"> <li>KfW Development Bank, together with the Armenian Central Bank, formed the German-Armenian Fund (GAF) in 1999. Since then, loans have been given to MSMEs and private households via the GAF. Mortgage refinancing was introduced in 2009 and gave the market for housing financing a new momentum. Furthermore, investments in renewable energy and in the rural sector are financed through the GAF.</li> <li>The GAF's target groups are SMEs and agribusinesses. Two programmes for agricultural financing totalling EUR 23 million have been implemented through the GAF, mainly for cattle breeding, crop production and small hydropower plants. The GAF has entered into framework credit agreements with almost all Armenian banks and some MFIs. Under the GAF over 65,000 loans valued at EUR 375 million have been extended to SMEs.</li> <li>KfW is supporting a pilot programme on agricultural insurance to be launched in 2018,</li> </ul>			<ul style="list-style-type: none"> <li>GAF agro-lending operations provide useful experience to efforts to modernise the farming and agro-processing sectors</li> <li>GAF training has benefitted other rural finance programmes, including the RFF, as practically all PFIs of GAF are also using the services of the RFF. There are good opportunities for IFAD to leverage technical assistance and</li> </ul>



Agency	Priority Sectors and Areas of Focus	Complementarity/Synergy Potential
	beginning with a feasibility study to be undertaken with MOA and the Central Bank (the regulatory authority). EUR 5 million has been allocated to the pilot programme which will focus initially on insuring crops for damage caused by frost, hail, drought and winds.	<p>training synergies with these GAF operations.</p> <ul style="list-style-type: none"> <li>• Potential for IFAD-supported initiatives to link with the emerging agricultural insurance industry.</li> </ul>
GIZ	<ul style="list-style-type: none"> <li>• GIZ is supporting the European Neighbourhood Policy and the negotiations on an association agreement with the EU. This is part of the German Government's Caucasus Initiative which supports regional cooperation and integration among the three South Caucasus countries: Armenia, Azerbaijan and Georgia. Priority areas include: (i) sustainable economic development; (ii) democracy, municipal development and the rule of law; and (iii) environment and natural resources. Specific projects include: <ul style="list-style-type: none"> <li>- Sustainable management of biodiversity in the Southern Caucasus (regional) – EUR 19.4 million</li> <li>- Integrated erosion control in mountainous areas (regional) – EUR 4.7 million</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Limited potential for synergies</li> </ul>
ADB	<ul style="list-style-type: none"> <li>• Armenia joined ADB in 2005. Current Country Partnership Strategy (2014-2018) supports: (i) transport infrastructure by working to improve regional and urban roads in Yerevan and secondary cities; (ii) water and other urban infrastructure and services in secondary cities; and (iii) energy security, by diversifying energy services, rehabilitating and upgrading electricity transmission and expanding distribution networks.</li> <li>• Since 2005, Armenia has received USD 1.19 billion from ADB, including for advancing key projects in many areas, such as transport, finance, energy security, and water supply and urban services. This funding was provided for 12 sovereign projects, four non-sovereign projects, and 24 technical assistance grants totaling USD 15.2 million. Source: ADB Development Effectiveness Brief, 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Scope for direct collaboration or partnerships is limited given ADB's emphasis on infrastructure and urban development.</li> <li>• However, there are a number of secondary/ peripheral areas where ADB-support may complement the IFAD country programme: <ul style="list-style-type: none"> <li>- Rural roads</li> <li>- Promoting regional cooperation</li> <li>- Safeguarding historical, cultural and natural sites</li> <li>- Water supply</li> <li>- Business registration</li> <li>- Support for SMEs and women entrepreneurs</li> <li>- Disaster risk management</li> </ul> </li> </ul>
FAO	<ul style="list-style-type: none"> <li>• FAO's Country Programming Framework (2016-2020) is aligned with the SGS and the UNDAF. It identifies three priority areas: (i) sustainable use of natural resources, disaster risk reduction and management; (ii) animal health, plant protection and food safety; and (iii) food and nutrition security and poverty reduction. Cross cutting themes from FAO's Strategic Framework include gender, statistics, nutrition and climate change. The current (2018)</li> </ul>	<ul style="list-style-type: none"> <li>• Significant potential for partnership with the IFAD country programme, especially in the areas of sustainable natural resource management, food and nutrition</li> </ul>

Agency	Priority Sectors and Areas of Focus	Complementarity/Synergy Potential
	<p>project portfolio includes the following projects:</p> <ul style="list-style-type: none"> <li>- Design of a web-based donor coordination platform linked to GOA priorities for the agricultural sector – EU funded through ENPARD</li> <li>- TA for grape Phylloxera resistant planting material</li> <li>- Development of a concept note for GCF funding</li> <li>- Food safety risk assessment, veterinary services and phytosanitary – funded by Russian Federation</li> <li>- Support to MOA in SDGs implementation and monitoring</li> <li>- Regional initiative on empowering smallholders and family farms</li> <li>- Conservation and development of dual purpose cattle breeds</li> <li>- Regional programme on capacity building for food security and nutrition – funded by Russian Federation</li> <li>- European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) – EU funded. Implemented in collaboration with UNDP and UNIDO</li> <li>- Reducing the advance of anti-microbial resistance</li> <li>- Improving feed supply and enhancing processing in the dairy sector</li> </ul> <p>Source: FAO Country Programming Framework for Armenia 2016-2020</p>	<p>security and rural poverty reduction</p> <ul style="list-style-type: none"> <li>• Donor coordination platform provides a good framework for engagement of IFAD and other development partners in policy dialogue</li> <li>• Potential for collaboration on accessing GCF funding to co-finance the IFAD country programme</li> <li>• Potential for triangular cooperation among the three Rome-Based Agencies (RBAs)</li> <li>• Coordination to take place within the UNDAF framework</li> </ul>
WFP	<ul style="list-style-type: none"> <li>• WFP's draft Armenia Country Strategy Plan for 2019-2023 includes recommendations for achieving the SDG2 targets by 2030. This include: <ul style="list-style-type: none"> <li>- Covering all pillars of food security</li> <li>- Health care, social protection and territorial policies to reduce hunger and malnutrition</li> <li>- Revising social protection instruments to reach the most deprived</li> <li>- Increasing public awareness on health and nutrition</li> <li>- Innovative approaches to increase the productivity of smallholder farms and mitigate the consequence of climate change</li> <li>- Coordinate policies on food and nutrition security</li> </ul> </li> <li>• The central pillar of WFP's country programme is school feeding under a national programme launched in 2014 which currently reaches 89,000 children in all ten Marzes. The overall objective of the Country Strategic Plan is to facilitate full, smooth and sustainable handover of a nationally-sourced, nutrition sensitive school feeding programme embedded in the national social protection system. The plan is to fully hand over the programme to GOA by 2023.</li> <li>• The plan aims to link smallholder farmers to school meals and optimise supply chain/procurement processes by means of piloting various modules that will inform strategy and policy design.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant potential for the IFAD country programme to engage with the school feeding programme by supporting the commercialisation of school feeding involving partnerships between catering companies and smallholder farmers.</li> <li>• Potential for triangular cooperation among the three Rome-Based Agencies (RBAs)</li> <li>• Coordination to take place within the UNDAF framework</li> </ul>
UNDP	<ul style="list-style-type: none"> <li>• Large and highly diversified country programme and office with 30 regular staff and 70 project staff. Annual budget around USD 15 million.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant potential for partnership with the IFAD country programme,</li> </ul>

Agency	Priority Sectors and Areas of Focus	Complementarity/Synergy Potential
	<ul style="list-style-type: none"> <li>• Three priority areas are: (i) democratic governance; (ii) poverty reduction; and (iii) environment and energy.</li> <li>• The democratic governance initiative includes the following projects/programmes: <ul style="list-style-type: none"> <li>- Women in local democracy</li> <li>- Rapid regulatory reform of government services</li> <li>- Establishment of a youth studies centre</li> <li>- Assistance to negotiate and conclude the European Association Agreement</li> <li>- Border management between Armenia and Georgia</li> <li>- Kolba innovations laboratory</li> <li>- Access to services for people with disabilities</li> <li>- Support to the electoral process</li> </ul> </li> <li>• The poverty reduction initiative includes: <ul style="list-style-type: none"> <li>- Support for agricultural and small businesses in vulnerable communities</li> <li>- Vocational education and training</li> <li>- Support to SME development</li> <li>- Plastic waste recycling</li> <li>- Conduct of the agricultural census</li> <li>- Integrated support to rural communities in border regions</li> <li>- TA for producer groups and value chain development (EU/ENPARD funded)</li> <li>- Rural tourism development</li> </ul> </li> <li>• The environment and energy initiative includes: <ul style="list-style-type: none"> <li>- Disaster risk reduction and prevention</li> <li>- Adaptation to climate change in mountain forest ecosystems</li> <li>- Financial sustainability of Armenia's protected areas</li> <li>- Economic valuation of ecosystem services</li> <li>- Management of obsolete pesticides and contaminated sites</li> <li>- Preparation of national communications to the UNFCCC</li> <li>- Green urban lighting</li> <li>- Improving energy efficiency in buildings</li> <li>- Lake Sevan coastal zone cleaning</li> <li>- Ozone layer protection</li> <li>- Clima East pilot project in forest and rangeland management</li> <li>- Mitigation of climate change risk for rural communities</li> <li>- Solar energy (GEF small grants programme)</li> <li>- Sustainable land and forest management in mountain areas</li> <li>- Environmental education and awareness raising</li> </ul> </li> </ul>	<p>especially in the areas of rural poverty reduction, sustainable natural resource management, and environment and energy</p> <ul style="list-style-type: none"> <li>• Coordination to take place within the UNDAF framework</li> </ul>

Agency	Priority Sectors and Areas of Focus	Complementarity/Synergy Potential
GEF	<ul style="list-style-type: none"> <li>• GEF is currently funding Sustainable Land Management for Increased Productivity in Armenia (SLIMP) which is fully harmonised with the IFAD-financed Infrastructure and Rural Finance Support Programme (IRFSP). SLIMP integrates soil and water conservation measures to restore resilience to land degradation and climate risk of the agro-ecosystems in communal lands. The GEF Trust Fund is providing a grant of USD 3.9 million, to complement IFAD and OFID funding for IRFSP.</li> <li>• GEF has funded 44 projects (32 national, 12 regional/global) in Armenia with total grant funding of USD 188 million. The GEF Focal Point is the Ministry of Nature Protection. GEF agencies working in Armenia include: IFAD, WB, UNDP, UNEP and UNIDO.</li> </ul>	<ul style="list-style-type: none"> <li>• Good potential to source GEF grant funding to enhance the climate resilience of IFAD programmes and address issues such as land degradation and water resource management</li> </ul>
EBRD	<ul style="list-style-type: none"> <li>• EBRD's Strategy for Armenia (approved in November 2015) is to "enhance private sector competitiveness by strengthening capacity, increasing corporate transparency and improving the business environment". The Bank targets assistance for improving the business regulatory environment, achieve more sustainable and resource-efficient growth and strengthen assistance to MSMEs through a combination of finance and advisory services. Enhancing access to finance through SME loans is a "cornerstone of the Bank's strategy.</li> <li>• EBRD's current portfolio in Armenia amounts to EUR 285 million of which 82% is private sector. Only one agribusiness project has been financed, a loan of EUR 19.6 million to the Yerevan Brandy Company in 2000.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited potential for synergies</li> </ul>
AFD	<ul style="list-style-type: none"> <li>• AFD has four priority areas in its partnership with the Armenian Government: urban development, rural and agribusiness development, clean and renewable energies and development of the private sector. AFD has been operating in Armenia since 2012 and has approved EUR 125 million of loans and EUR 12.5 million in grants including investments in reservoirs and irrigation.</li> </ul>	<ul style="list-style-type: none"> <li>• Possible synergies in agribusiness partnerships and irrigation development</li> </ul>
EIB	<ul style="list-style-type: none"> <li>• Since 2000 the EIB has approved 17 loans to Armenian entities totalling EUR 334 million, mostly for transport, energy and water supply. None have been for agribusiness or rural enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited potential for synergies</li> </ul>

## Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
Semi-subsistence rural households, food insecure and vulnerable rural women and men, farmer organisations, youth and rural entrepreneurs	<ul style="list-style-type: none"> <li>Moderate to severe poverty levels</li> <li>Vulnerability to global economic shocks and international food and commodity price fluctuations, impact food and nutrition security</li> <li>Insecure and limited access to land tenure</li> <li>Fragmented pattern of landholdings (95% of farms with an average size of 1.4 ha, usually fragmented into three or four parcels)</li> <li>Limited access to irrigation water (only 30% of arable land is irrigated)</li> <li>Low utilisation of agricultural land (only 32%)</li> <li>Weak farmers' cooperation</li> <li>Limited use of advanced technologies</li> <li>Lack of knowledge about effective farming and marketing practices</li> <li>Low level of investment in production and</li> </ul>	<ul style="list-style-type: none"> <li>Subsistence farming with occasional sale of surpluses in local markets</li> <li>Use of unsustainable farming practices</li> <li>Borrow credit at high cost</li> <li>Engage in low productivity wage labour</li> <li>Emigration and remittances</li> <li>Social welfare payments</li> </ul>	<ul style="list-style-type: none"> <li>Greater local employment opportunities (Agricultural/non-agricultural)</li> <li>Improved nutrition-sensitive natural resource management practices</li> <li>Assistance to gain land tenure</li> <li>Improved rural infrastructure</li> <li>Access to improved inputs, technology and finance to increase nutrition-sensitive agricultural production</li> <li>Assistance in establishing viable links with the market</li> <li>Access to business development skills and information</li> </ul>	<p>Government:</p> <ul style="list-style-type: none"> <li>Social policies addressing rural poverty</li> <li>National programs on nutrition and school meals promoted in collaboration with WFP and FAO</li> <li>Government provides subsidies to poor rural families, including vulnerable groups e.g. women and youth</li> </ul> <p>Other donors: See Key File 3</p> <p>NGOs:</p> <ul style="list-style-type: none"> <li>Greenlane (National NGO) helps farmers improve the quality of their products through the creation of farmer groups and cooperatives, introducing new technologies, and organizing seminars and research projects; organic farming</li> <li>Strategic Development Agency (SDA, national NGO)</li> </ul>	<ul style="list-style-type: none"> <li>Support the establishment of farmers' groups/organizations and agribusiness partnerships</li> <li>Support nutrition-sensitive investment in natural resource management and climate resilience</li> <li>Promote diversification of rural employment and income</li> <li>Support legal and regulatory framework, e.g. land tenure security</li> <li>Ensure adequate and stable policy framework</li> <li>Improve access to inputs and information, vocational skills for agro-industrial technologies</li> <li>Enhance access to rural</li> </ul>

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
	<p>marketing and under-developed market infrastructure for harvesting, storage, processing and marketing</p> <ul style="list-style-type: none"> <li>• Very limited commercial linkages between agribusiness and smallholder farmers</li> <li>• Degradation of natural resources</li> <li>• Limitations in the policy, legal and regulatory framework including food safety and quality standards ( Armenia ranks 35th of 62 countries in the World Banks Enabling the Business of Agriculture (EBA) index)</li> </ul>			<p>designs &amp; implements innovative “win-win” schemes in the areas of livestock development, agriculture, community/regional development and business support infrastructure</p> <ul style="list-style-type: none"> <li>• Center for Agribusiness and Rural Development (CARD, a national foundation) promotes the application of advanced agricultural technologies; agricultural processing and the development of competitive food products for domestic and export markets; improving food safety and food security at the production, processing and service level; promoting animal genetics, improvement of animal health and husbandry practices; establishment of new policies and regulation at government level</li> </ul> <p>Private sector</p> <ul style="list-style-type: none"> <li>• CARD AgroServices</li> </ul>	<p>infrastructure</p> <ul style="list-style-type: none"> <li>• Strengthen marketing, market systems and their linkages with smallholders</li> </ul>

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
				providing agricultural services and products to farmers and agribusiness in Armenia <ul style="list-style-type: none"> <li>• CARD AgroCredit (Universal Credit Organization registered and licensed with the Central Bank of Armenia) provides agricultural and agribusiness financial services for sustainable agricultural development (e.g. loans for modernization of production, financing of seasonal production and/or commercial/trading needs, financial leasing of agricultural machinery and equipment)</li> </ul>	
Rural women, including female-headed households (FHHs)	<ul style="list-style-type: none"> <li>• Moderate to severe</li> <li>• Gender Inequality Index value of 0.293, ranking 61st out of 159 countries</li> <li>• High incidence of FHHs (27%) mainly due to emigration</li> <li>• Strong association between FHH with</li> </ul>	<ul style="list-style-type: none"> <li>• Subsistence farming with occasional sale of surpluses in local markets Use of unsustainable farming practices</li> <li>• Engage in low productivity wage</li> </ul>	<ul style="list-style-type: none"> <li>• Better access to secure land tenure</li> <li>• Better inclusion of women, particularly the most vulnerable (FHH and landless), in income generating</li> </ul>	<ul style="list-style-type: none"> <li>• UNDP programmes on Women in local democracy</li> <li>• ADB support to women entrepreneurs</li> <li>• EU ENPARD programme on institutional development, farmers</li> </ul>	<ul style="list-style-type: none"> <li>• Gender Action Plan mainstreamed in all projects</li> <li>• Encourage, promote women in leadership positions</li> <li>• Improve/promote</li> </ul>

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
	<p>children and increasing incidence of poverty</p> <ul style="list-style-type: none"> <li>• Women are overrepresented in informal employment (82% in agriculture vs. 60% male), unpaid work in family farming and in domestic reproductive activities</li> <li>• High gender wage gap: 64.4% Limited ownership of productive assets, collateral needed for subsistence and commercial purpose_(e.g. half of the FHHs own up to 2 ha of land, and a quarter less than 2 ha). Limited access to financial services.</li> <li>• High impact of lacking infrastructure to women workload, compared to men</li> <li>• Unsatisfactory access to technical knowledge and information on agriculture, extension services and training</li> <li>• Limited access to market due to women's limited control over equipment and transportation</li> </ul>	<p>labour</p> <ul style="list-style-type: none"> <li>• Borrow informal credit at high cost</li> <li>• Emigration and remittances</li> </ul>	<p>activities</p> <ul style="list-style-type: none"> <li>• Improve rural infrastructure</li> <li>• Access to improved inputs, technology and finance to increase nutrition-sensitive agricultural production</li> <li>• Access to business development skills and information</li> </ul>	<p>associations and improving access to affordable food focuses on women and youth.</p> <ul style="list-style-type: none"> <li>• USAID programmes PRP and ARDI support women and youth in rural entrepreneurship and market access.</li> <li>• Greenlane extensive programmes on income generating activities for rural women</li> <li>• SDA, through municipalities working groups, supports FHH with specifically tailored activities</li> </ul>	<p>women's access to business development</p> <ul style="list-style-type: none"> <li>• Improve women's access to financial services through specific products</li> <li>• Enhance access to rural infrastructure</li> <li>• Strengthen marketing, market systems and their linkages with female producers</li> </ul>
Rural Youth	<ul style="list-style-type: none"> <li>• Moderate to severe</li> <li>• Lack of business opportunities in rural</li> </ul>	<ul style="list-style-type: none"> <li>• Emigration mainly to Russia</li> <li>• Remittances from</li> </ul>	<ul style="list-style-type: none"> <li>• Access to credit</li> <li>• Access to business development skills</li> </ul>	<ul style="list-style-type: none"> <li>• UNDP: Establishment of a youth studies centre</li> </ul>	<ul style="list-style-type: none"> <li>• Promote youth skills for employability</li> </ul>



Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
	<p>areas (30% rural/urban youth are unemployed)</p> <ul style="list-style-type: none"> <li>• Lack of access to vocational training, knowledge Lack of access to information and technology</li> <li>• Lack of access to affordable financial services</li> </ul>	<p>other family members</p> <ul style="list-style-type: none"> <li>• Engage in low productivity wage labour</li> </ul>	<p>and information Access to vocational training Friendly market integration</p>	<ul style="list-style-type: none"> <li>• EU ENPARD programme on institutional development, farmers associations and improving access to affordable food focuses on women and youth</li> <li>• USAID programmes PRP and ARDI support women and youth in rural entrepreneurship and market access</li> <li>• SDA, through municipalities working groups, supports youth with specifically tailored activities such as internships and training</li> </ul>	<ul style="list-style-type: none"> <li>• Promote youth and women entrepreneurship opportunities</li> <li>• Improving quality of and access to labour market information system</li> <li>• Access to credit and mitigation for lack of collateral</li> </ul>