# ANNUAL REPORT 2015

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In 2015 Shen NGO continued to implementing its "Sustainable Development of Vulnerable Rural Communities" three-year project in 47 communities receiving support from BfdW, Yalkezian Foundation, HEKS-EPER, Orange France Foundation and Shen France organizations. As in previous years, two methodological tools were used in the course of projects implementation – Markets for the Poor and integrated Community Development.

This year with the help of BfdW and Yalkezian Foundation the considerable attention was given to activities aimed at promoting and further stabilization of consumer cooperatives in Berdavan, Hartavan, Paravakar, Shaghat, Martuni and Ttujur communities. In newly established cooperatives a sociological study was carried out, which revealed the existing systemic flaws in this new area hindering the sustainable development of cooperatives. The discussions of the study's findings during the board meetings as well as the cooperatives' meetings brought to the decisions, which would contribute to improve the situation. The recently held Shen's annual meeting's participants agreed that the quality of life of the rural population could be improved through operation of self-governed, economically independent and strong agricultural cooperatives.

Within the framework of the three-year project different sub-projects were implemented in 24 communities aimed at further development of horticulture that promoted the use of modern pesticides and application of application of modern farming techniques. These were accompanied by actions to promote market relations, which contributed to a steady increase in the incomes of beneficiaries.

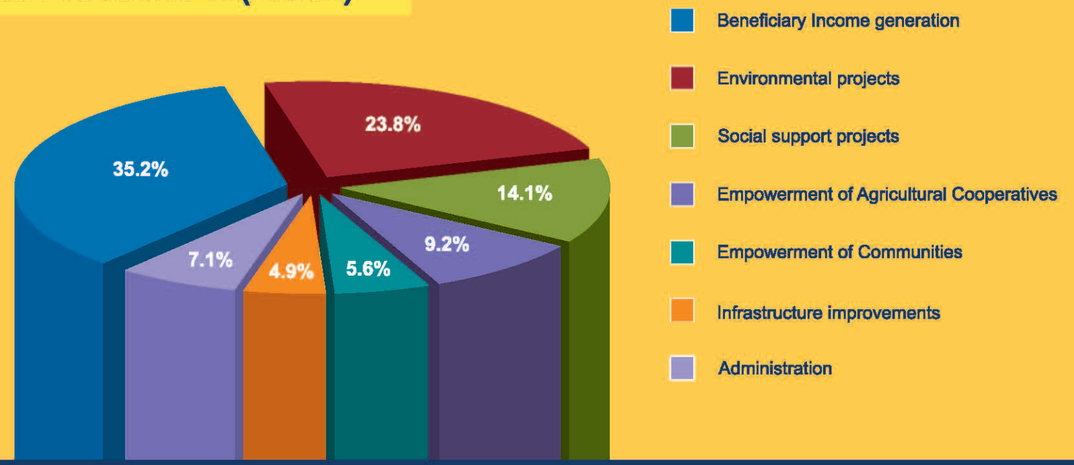
In the second half of the year new actions for the development of organic horticulture were emphasized. They essentially been activated after the launch of Organic Agriculture Support Initiative project of the Austrian Development Agency (ADA). Shen contributes to the success of the initiative helping start-up farmers within the framework of the initiative to switch from conventional to organic cultivation. There is hope that the next year after the completion of this project the number of farmers engaged in organic agriculture will significantly increase in the country. In its turn this will result in higher consumption of organic food ultimately increasing the incomes of the beneficiary farmers.

This year the traditional partnership with Orange France Foundation has continued within One Village program in Paravakar community of Tavush region. The multi-component project enhanced the capacity of the local consumer cooperative, increased the inflow of drinking and irrigation water for the community, repaired the health care center and kindergarten, football field was built, and the school supplied with the drinking water. During the first year 5 ha of new vineyards were established in the community.

In 2016 Shen Board will take steps to attract new projects aimed at the promotion of agricultural cooperatives and to strengthen the value chains of high value crops, which is the guarantee of a steady increase in income for farmers.

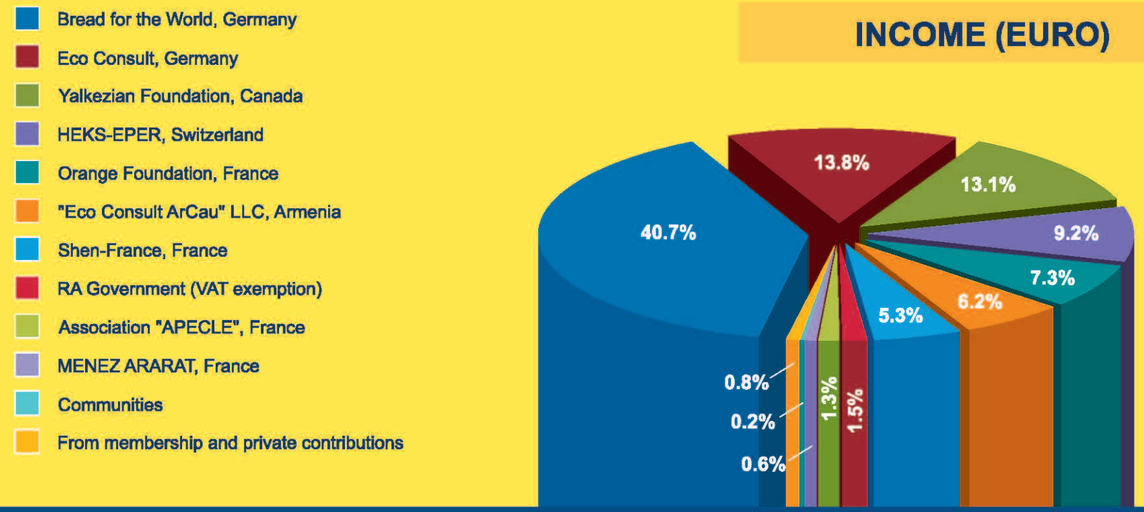
Shen NGO Board

## EXPENDITURES (EURO)




| | |
|---|---|
| Beneficiary Income generation | 249,612 |
| Environmental projects | 168,886 |
| Social support projects | 100,167 |
| Empowerment of Agricultural Cooperatives | 65,232 |
| Empowerment of Communities | 39,991 |
| Infrastructure improvements | 34,550 |
| Administration | 50,322 |

## INCOME (EURO)




| | |
|---|---|
| Bread for the World, Germany | 316,416 |
| Eco Consult, Germany | 107,393 |
| Yalkezian Foundation, Canada | 101,976 |
| HEKS-EPER, Switzerland | 71,887 |
| Orange Foundation, France | 56,552 |
| "Eco Consult ArCau" LLC, Armenia | 48,475 |
| Shen-France, France | 41,001 |
| RA Government (VAT exemption) | 11,654 |
| Association "APECLE", France | 10,000 |
| MENEZ ARARAT, France | 4,977 |
| Communities | 1,702 |
| From membership and private contributions | 6,189 |

# 1 PROJECTS PROMOTING EFFICIENT ECONOMIC ACTIVITIES

The last year our three-year program was marked by a small, but steady growth of the beneficiary farmers' revenues, especially in Tavush, Vayots Dzor and Gegharkunik regions. This was due mainly appropriating new knowledge and skills in running small businesses as well as strengthening of the selected agricultural value chains.

Research conducted by the BfdW financial support showed, however, that it is impossible to expect a further stable growth in the case of individual farmers, even in case of the most efficient operation. This saturation of economic growth takes place primarily due to small land plots of the farmers, uncoordinated agricultural activities, weak access to markets, and the lack of mechanisms for advocacy of their economic rights. According to world experience the agricultural cooperatives are the best solution to overcome the above difficulties. In order to understand the essence of the problem we studied in detail the pilot projects promoting farming cooperatives. It turned out that although the working groups initiated and implemented large-scale promotional activities, the cooperatives do not reach during the first years of the program the intended level of stability. The study's main conclusion is that we need to develop a long term plan that will allow the newly established cooperatives to become strong economic structures. This is also in line with the conclusions of the Ministry of Agriculture for the development of the sector (http://minagro.am/en/agriculture-in-armenia).

**Throughout the year totally 621 trainees participated at ten courses, viz:**

1. Capacity building of cooperative members and management, business plan development;
2. Study of the legal framework on cooperatives;
3. Capacity Building of Community Action Groups;
4. Deepening of computer knowledge;
5. Drinking and irrigation water distribution in the communities;
6. The basics of Environmental Education: Improvement of environmental issues in villages;
7. The application of modern methods of horticulture;
8. Fruit post-harvest management;
9. Fruit and herbs organic drying;
10. Organic apiculture.

# 3 CAPACITY BUILDING DEVELOPMENT PROJECTS

As before, this year again the capacity building projects for the beneficiaries were mostly organized through various training sessions. Great attention was paid to improving the knowledge of the members of the newly formed consumer cooperatives and especially the business capabilities of their boards.

Some courses were accompanied with small practical steps that allowed Shen's experts to better assess the implemented projects results. Green Communities initiative was among these projects.

The training courses was about the provision of new agricultural knowledge and organizational capacity building of local NGOs.

**1.1** The One Village project in Paravakar was implemented thanks to Orange France Foundation. This was a one-year multicomponent project for the community's economic, social and cultural development. Today a consumer cooperative functions in the community equipped with all the necessary equipment and agricultural machinery, the irrigation system significantly improved that allowed to plant new vineyards in the village. Eventually the village school and health centre are supplied with potable water, and the renovated kindergarten doubled the number of attending children. Now Paravakar has the best in the locality soccer field and gym equipped with modern fitness equipment. According to our research, although the cooperative has not yet reached the planned level of good governance and financial stability, but the farmers revenues have increased by an average of 10% in just one year.

**1.2** The year ended up with Development of Horticulture in Koti, Voskepat, Voskevan, Baghanis Communities project, which was supported by Yalkezian Foundation. We can confidently say that horticulture and vegetable farming after 25 years of idle time again becomes an important source of revenue for these communities. This is best evidenced by the recently constructed 14 small greenhouses by Koti cooperative efforts that not only meet the local demand but the crops grown there are sold to nearby villages and towns. About 6 hectares of new orchards have been planted and this process continues. The project assisted to build cold storages for fruit, apply modern farming techniques and as a result get high-quality crop.

**2.4 Syunik Marz**

Ashotavan – furnishing of the local kindergarten
Uyts - establishing a computer center
Bnunis - establishing a computer center
Shaghat – implementation of community development program

**2.5 Lori Marz**

Bazum – kindergarten furnishing

**2.6 Gegharkunik Marz**

Tsovak – repair of kindergarten
Antaramej - drinking water pipeline reconstruction

**2.7 Shirak Marz**

Shirak Diocese - cultivation of forest
Yeghnajur - "Return to Nature" youth camp

**2.8 Kotayk Marz**

Akunq – organic agriculture pilot training centre
Jraber – forest tree nursery cultivation

Below are listed infrastructure and social projects implemented by the support of our donor organizations such as BfdW, Yalkezian Foundation, Orange Foundation, UMAF and several private benefactors.

**2.1 Aragatsotn Marz**

Quchak – tree-planting in the village school and park areas

Lusagyugh – planting of 2.2 hectares of forest tree nursery

Lusagyugh – 3.8 ha of forest planting and fencing

Arai – 15 ha forest planting and 34 ha area fencing

Lusagyugh – repair and furnishing of the kindergarten

Aragats – tree-planting in the village

**2.2 Tavush Marz**

"Glasses for Armenia" project for Noyemberyan sub-region population

**2.3 Vayots Dzor**

Artavan - furnishing of community hall

**1.3** Berdavan cooperative created with the help of Orange Foundation is the first agricultural organisation encouraged by Shen NGO. Three years after its foundation, the horticulture and viticulture have become sound developing sectors of the community, the cooperative is a stable and self-governing organisation, their members' incomes are growing. They earn 0.5 million AMD profit that Cooperative Board decided to use to purchase new agrimachinery.

**1.4** In Akunq, Karchaghbyur, Khachaghbyur, Lusakunk, Shatjrek, Tsovak, Mets Masrik and Geghamasar communities of Gegharkunik region, with the help of Shen's partner HEKS-EPER organization implemented a project on Improvement of the livelihood of rural households in Vayots Dzor and Gegharkunik Marzes through horticulture development. Syunik Development NGO is the local partner in this project, which helps to develop modern horticulture in 10 communities of Vayots Dzor marz.

In Vardenis subregion the share of horticulture in the gross agricultural output accounts for only 10%, after the milk production and production of potatoes and some vegetables (e.g. cabbage). However, development of horticulture may become a significant alternative given the huge risks involved with agricultural activities in Armenia. Already now one may witnesses in the beneficiary communities the first positive results of this crop diversification. Due to improved fruit quality the sales volume has increased by 27%. More than 22 hectares of new orchards are planted with Flemish Beauty pear variety.

# 2 INFRASTRUCTURES REHABILITATION AND SOCIAL PROJECTS

Although the problem of rural infrastructure rehabilitation or construction of new ones is not as urgent as before nonetheless Shen also includes that area in its initiatives if realisation of such projects creates additional jobs or indirectly contributes to the growth of income of people.

Reviewing the situation with previously established of modern computer centres, it was noticed that the number of visitors sharply declined in recent years. The point is that in the last few years, the telecom companies have made the Internet available in all areas of the country. Due to this, more than 60% of rural families have already purchased computers and, therefore, significantly reduced the need for computer centres. Based on this, the Board decided starting from 2016 to not establish computer centres any more.

As it was before this year also the social sector projects related to public health issues in rural areas were those that are not resolved by the state yet.

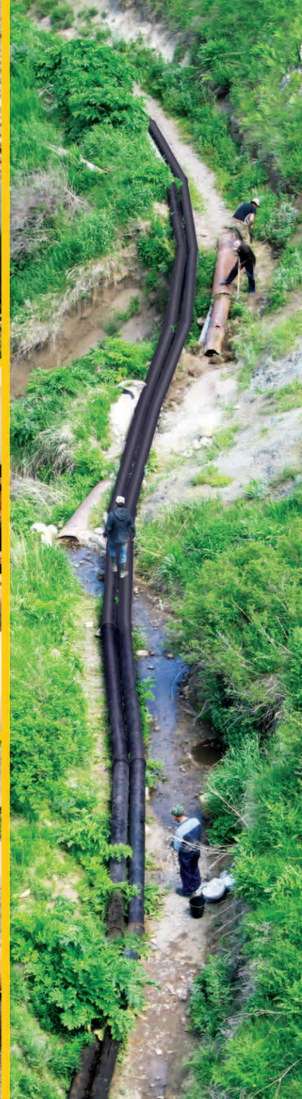
**1.8** The organic agriculture development projects implemented with financial support of BfdW envisaged training of farmers involved in this new field, involvement of new farms into the organic cultivation, and promotion of cooperation between producers and processors. The training centre founded in Akunq community of Kotayk region and enthusiastic activities of the advisory group contributed to the above mentioned actions. The achievements in this area was also the result of the Austrian Development Agency that implementing large-scale projects for the further promotion of organic culture.

**1.5** Six organisations, Shen NGO, Armenian Missionary Association of America, Armenian branch of World Vision International, the Children of Armenia Fund, Fund for Armenian Relief, and Development Principles NGO collaborated to design a strategic plan for the development of Martuni village, which is dedicated the 100th anniversary of the Armenian Genocide that should be implemented within the next three years. Martuni is a symbolic village because its inhabitants are descendants of the 1915 Genocide survivors.

A consumer cooperative "Martuni" is currently operating in the community furnished with the necessary equipment, residents are already receiving clean drinking water, a health clinic operates too. 13 needy families were given cows, whose heifers will be transferred successively to other families. Doctors in different areas regularly visit the community, a robotics laboratory is operating in the school. In the coming years the project partner organizations will try to reach the sustainable positive results, which will allow the poor community to become self-sufficient one and build a life with dignity.

**1.6** When Yalkezian Foundation decided to implement a three-year development project in Ttujur community of Gegharkunik Marz, at that a consumer cooperative was already operating in the village. The study showed, however, that the cooperative had not only a lack of technology, but that was more important, its organizational skills were developed very weak. They had no business plan developed, and the village municipality would often assume the responsibilities of the cooperative, the farmers viewed the cooperative property as state property.

The acquisition of the necessary agricultural equipment was accompanied by a training session conducted in the community using the Markets for the Poor methodology tools. Just one year later both community members and the grantor noticed significant improvements. In particular, the cooperative already operates according to developed own business plan that allows to develop animal husbandry as well as and to revitalise the cultivation of grain crops. The attitude towards their own work and cooperative property had completely changed among the local people.

**1.7** Yalkezyan Foundation is implementing a three-year development project in Shaghat community of Syunik Marz. As it was done in Ttujur, here also a detailed action plan has been prepared where one of the key objectives was establishment of a consumer cooperative. Taking into account the priorities defined by the community in the first year of the project 17 km of the irrigation system was partly renovated. This allowed the community to significantly expand potato cultivation areas (from 9.5 ha to 14.5 ha) and get 27 tons harvest per 1 hectare compared to 18 tons in the past.

In Shaghat also the cooperative board and the members with support of Shen's experts developed a business plan for cooperative operation. It envisages purchase of agricultural machinery and expansion of 60-70 hectares' plantings. The full implementation of the project during the next two years will be possible only if Shen manage to increase the professional and organizational skills of the cooperative members.