



Making Farming More Productive

Microfinance has become very important in global poverty reduction debates. The popular assumption is that improving poor households access to more adjusted credit means help them to begin micro entrepreneurship (or to improve it) which can enable to increase the incomes and eventually escape the poverty. Moreover, when access to credit is combined with enterprise development (production-oriented and management training, marketing support) and welfare-related services (social awareness training), the expected effect can be incremented. Furthermore, if these small scale farmers live in such remote areas as the Meghri region, the problem of the availability of these financial means becomes insurgent. Access to these credits can culminate in higher quality and quantity production, which in turn can yield higher profits.

Though microcredit initially began with the principle of lending to individuals, nowadays lending to groups has become a key part of microcredit. The use of group-lending was motivated by economics of scale, i.e. collective production, marketing and purchase of inputs offers economies of scale and reduces operational costs. Furthermore, group loans consent farmers to share the risks and become a guarantee for each other. Group loans can also establish significant preconditions for the organization of farmers' cooperatives (both formal and non-formal),

A Better Life by Working Together



Mr. Mkhitar Soghomonyan lives in Meghri with his wife and two boys-12 years-old Zorayr and 10 years-old Aram. Mkhitar had 3200m² of fig and persimmon orchard and the production level was barely enough to make both ends meet. So the couple was forced to work as day laborers to earn enough money to send their two boys to school.

In 2014, with hopes of getting assistance and improving their ability to generate more income, Mkhitar, along with his neighbors Liparit Ghazaryan and Eduard Tsatryan, decided to apply for the group loan from the JMF resources. Thanks to this loan he could buy another 1500m² of plot which already allowed him to get additional up to **one million drams income** till now. In two or three years, the additional income will increase up to three millions drams. Mkhitar and his wife continue to work diligently on their farm and their children bring home good grades from school.

which in its turn will concomitantly boost the economic development of the rural areas.

According to the results of region scrutiny and meticulous research of financial market, M4M came to witness the absolute lack of adjusted loans in the Meghri region and thus instigated the pertinent steps in this regard.

The negotiations between "Markets for Meghri" (M4M) project and the Jinishian Memorial Foundation (JMF) has started right after the M4M project's launching. JMF has a long history of financing farm group lending via agriculture cooperatives mainly in the Ararat and Armavir regions. As a result of these negotiations JMF has allocated forty million drams loan-resources for Meghri region. This new loan product has the most fitted features for the Meghri per se: 11% interest rate (the lowest rate in the region), up to the twenty four months duration, no commission fee.

With a keen eye on the economic development of the region, this joint project with AgroCredit UCO and JMF is empowering farmers through micro-lending advances. Microloans unfetter farmers from debt to shops and loan sharks. They also provide new opportunities such as seeding a small family business with a new agro technology and they mostly assist in establishing joint cooperative activities via group loans.

Some success stories below are witnessing the prominence credit means have in farmers' life.

A Winning Combination for Economic Growth

Some years ago in the small village of Vardanidzor, three farmers decided to make an informal cooperative and compile their capabilities and resources in order to overcome the problems they were facing regarding the obtaining of agro-equipment, transportation means and modern skills of cultivating the orchards.

Things were going well until the jointly operated machinery was broken one day. Having no means for repairing it, this group of farmers applied for the group loan. During last year, they could not fully cultivate their orchards thus leaving their big families without any way of living. Obtaining a loan of two and half millions drams made things different. They could repair their machinery and could buy new needed input supplies and during this year they could provide the **highest income for the last 9 years**, even despite the fact that this year was "rich" with hails and freezing.



Towards Prosperity

Nina lives in the village of Karchevan in Meghri region. To help support the family, she was drying fruits at her home without any proper conditions for the production. Because of the small space and no modern drying technologies, Nina was able to produce for the consumption of her family and only 10% of her production could be sold out at the local market. Nina first applied for the loan from the JMF resources in 2014 in order to boost her production and increase the income to help improve the family's living standards. Today Nina, alongside with her neighbors Anush and Armen, could apply for a group loan thus improving their production conditions and increasing their income.

This group of small households is very pleased with



their experience with this micro loan. As Nina mentioned, "I became involved in this project and realized that life could be different. We now **produce up to 6 times more**, we could even do some savings, and it is just unbelievable".

When Water Flows, Economic Growth Follows



Mr. Grigor Poghosyan, the owner of 3200 ha pomegranate and apricot orchards was always facing the problems concerning the irrigation of his plot. Meghri is known as the warmest region in Armenia with

limited land resources.

The region is characterized as well by quite high aridity, water scarcity and water unavailability in proper amount and on proper time for plants. For many years Grigor was not able to solve the problem of water scarcity because of the absence of financial means. Because of this hassle, he was able to obtain only a small percent of potential income. As soon as he was aware about the new credit product, Grigor decided to apply for it. Thanks to these means, Mr. Poghosyan could build his own irrigation system and is currently fully operating his entire plot. This year the **yield was three times more** than it was in the previous year.

Unprecedented Phenomenon in Meghri Region



For many years Meghri region had absolute lack of input supply market. For purchasing any kind of agricultural products what farmers had to go through was nothing but mere hassle. Farmers of Meghri (and other communities of Syunik marz) had to travel all the way to Yerevan or ask neighbors, relatives to acquire this or that product. Of especial disturbance was the acquisition of agricultural equipment due to

its overrated price, inaccessibility, high transportation expenditures and only relatively large scale farmers could afford it.

In April, 2014, an input supply shop was established in the region. The owner of the shop, Mr. Armen Avetisyan, is a farmer from Meghri region (Karchevan village). Armen applied for a loan from JMF resources to finance the operational costs of his new shop. Small in scale, this shop currently enjoys high popularity, thanks to being second to none in the region filling the lacunae in the agro input supply market. During this short period of time, this farm store became a rural development center that meets the needs of private farmers by providing agricultural inputs (crop protection materials, fertilizers, seeds etc.), and agro equipment with further maintenance services, veterinary products alongside with consultancy, trainings, information exchange and access to credit program.