

Building Value Chains

Improving Milk Distribution in Armenia

Increasing supply on the local level by building milk collection centers for rural farmers

In an effort to develop rural economies and improve local livelihoods, UNDP Country Office in Armenia, The Centre for Agribusiness and Rural Development (CARD) and the Ashtarak-Kat Closed Joint Stock Company partnered in 2006 to implement a sustainable milk collection system in rural Armenia.

According to a UNDP analysis, the 60% of the Tavush marz (a region) inhabitants who live in rural areas are financially dependent on agriculture. Small-holder farmers rely on the sales of crops, fruits, and dairy products at local markets to support themselves. Milk sector has been of the sector with potential for market development and participation of local farmers. UNDP identified a lack of collection points, refrigeration facilities, poor organization of the farmers and proper infrastructure as key barriers to growth of the regional milk sector.

The project's budget consisted of \$143,000 USD with a \$100,000 from UNDP and \$40,000 from CARD.

UNDP, CARD and the company, Ashtarak-Kat jointly designed a programme to connect local farmers to outside markets by establishing three milk collection centres in the Varakavan, Tovuz and Nerqin communities. The specific objectives of the project are:

Market development

- Help small-holder farmers organize themselves in farmer cooperatives
- Adjoin farming cooperatives and external milk buyers Generate higher income incentives, build regional markets, introduce new competition
- Ashtarak Kat guaranteed purchase, however farmers supply other large buyers as well.

Infrastructure

- Establish three new milk collection centres through new construction and renovation
- Install cooling and testing equipment to enable proper product care
- Purchase two milk collection trucks to be transferred into cooperative ownership
- Establish breed laboratory and sector-specific library to improve the quality of milk, revitalize animal production and form a basis for a dairy development in the region

- **Country:** Armenia
- **Launched:** 2006
- **Partners:** The Centre for Agribusiness and Rural Development (CARD), the Ashtarak-Kat Company, UNDP
- **Program Highlights:** \$ 143,000 USD in total contributions, 3,000 households participate in collection centres, incomes have increased 30-40%, collection centres carry 1,600 liter daily capacity



The construction of new milk distribution centres in rural Armenia has improved household incomes, product quality and access to outside demand.

Individuals in Tavush marz/region saw dramatic change in their livelihoods resulting from a new farming system:

- 3,000 households from 10 villages now sell milk at collection centres
- Household incomes have increased by 30-40% providing more disposable income
- Collection centres carry a 1,600 liter daily capacity that caters to 1,000 small-holder farmers every day

Currently, all three centres are self-sufficient and growing independently from outside assistance. The success of the project has raised the appeal for livestock management in the region and more individuals are now trying to enter a growing market. The project that started as CSR initiative, transformed into self financing and profit making business model.

