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# Effective Donor Coordination in Armenia Ensures Sustainability

## MCC's agriculture sector investments will benefit farmers for years to come

The Millennium Challenge Corporation's (MCC) approach to development is based on country ownership: resources are directed to projects in areas that our partner countries see as their most significant barriers to growth. This approach has been very successful, but MCC projects are not fully sustainable in isolation. The multitude of government agencies, NGOs, and private sector groups at work in developing nations across the globe means coordination is more critical than ever. By communicating with other donor agencies and aligning our investments to promote similar goals, we all can maximize the impact of our work.



Satenik Ghazaryan from Aramus stands with her son by their double-layer plastic greenhouse. Greenhouse agriculture allows farmers to grow high-value products like vegetables and flowers during the winter season, when their fields would normally lie empty. Other donors are expanding MCC's successful investment.

This concept, known as “harmonization” to development experts, is a key focus of MCC. MCC continuously seeks out mutually beneficial opportunities to improve aid effectiveness through further harmonization with donor partners.

One example of the benefits of this approach can be seen through MCC's work in Armenia. MCC signed a compact with Armenia in 2006. It is investing \$177 million to address a barrier to economic growth that Armenians identified as key to the country's success: rehabilitating dilapidated irrigation infrastructure while enhancing long-term sustainability through strategic assistance to the nation's farmers,

agribusinesses, and water supply institutions.<sup>1</sup> By improving farmers' water supply, educating farmers in cultivation of higher yields and higher-value crops, and strengthening farmers' access to markets, MCC has improved the productivity and profitability of Armenia's agricultural sector.

As the MCC compact with Armenia comes to an end, MCC is coordinating with donors and private sector stakeholders to further ensure that the MCC investments are sustained and impacts are maximized.

## Greenhouses Multiply

In Armenia, cold, snowy winters prevent farmers from planting their fields during the winter season. One of the most popular innovations that the MCC compact brought to Armenia was a new style of greenhouse construction known as "double-layer plastic" greenhouses. MCA-Armenia, the government of Armenia entity primarily responsible for implementing the compact, introduced 14 of these greenhouses at demonstration farms in 2008. They soon became popular because they were affordable, durable, and allowed farmers to grow high-value products like vegetables and flowers during the winter season, when their fields would normally lie empty.

As word of the greenhouses' value spread, other donors pitched in to expand on MCC's successful investment. In the Tavush province in northeastern Armenia, where MCC funded construction of 10 greenhouses, farmers approached the United Nations Development Program (UNDP) for additional support. UNDP recognized the value of the investment and contributed to construction of an additional 40 greenhouses in the region. World Vision, which operates a rural economic development program in Armenia, set up seven more greenhouses in the neighboring province of Lori.

Greenhouse agriculture has proven popular and profitable among Armenian farmers, who are implementing best practices and benefiting from higher incomes. Local Armenian builders have learned to construct the greenhouses and are benefiting as well. The seed that was planted by MCA-Armenia and its partners has grown into a thriving industry that will help Armenia's rural communities emerge from poverty.

## Consolidation Centers Support the Agricultural Value Chain

Armenian farmers also face challenges in moving their crops to market and selling them at a decent price. In a country where agriculture was historically geared toward producing food primarily for subsistence, the infrastructure did not exist to produce and sell crops to an international market. This needed to change if Armenia was to make full use of the new crops and techniques that MCC's investments brought to the region and strengthen its domestic agricultural production.

Collection and consolidation centers are a significant part of the solution. These facilities allow farmers to sell their goods to a single, nearby location, saving money on transportation costs. The centers are equipped with refrigeration and space to store crops, and center employees are trained in food safety and hygiene. Centers also have relationships with retailers, wholesalers, and exporters that facilitate the sale of farmers' produce on the international market at a better price.

<sup>1</sup> The Compact amount is USD 235.65 million. However, as result of the June 2009 meeting of MCC's Board of Directors, MCC did not resume funding for the Compact's Rural Road Rehabilitation Project (RRRP). Excluding the remaining RRRP funds, MCC's investment is approximately USD 177 million.

Since late 2009, MCA-Armenia has opened 20 consolidation centers and three collection centers, with an overall storage capacity of 1,100 tons. Despite a difficult first growing season that resulted in a lower-than-expected supply of produce, farmers have responded enthusiastically and plan to continue and expand the program.

Meanwhile, other donors have followed suit to build on this momentum. Organizations such as Oxfam, UNDP and the U.S. Department of Agriculture-funded Center for Agribusiness and Regional Development have teamed up with MCA-Armenia to help establish additional collection centers in the regions of Tavush, Vayots Dzor and Syunik. Many farmers hope to see a nationwide network of collection centers that buy up produce to distribute to larger, private consolidation centers for wholesale and export.

## **Harmonization Adds Value, Sustainability**

These are just a few examples of MCC's focus on harmonization in Armenia. From partnerships with the World Bank on irrigation canals and the use of MCC-funded feasibility and design studies for road construction, to training that enables Armenian farmers to learn food safety and hygiene techniques from USDA experts, MCC strongly believes in the importance of teaming up with other organizations that share our commitment to reducing poverty through economic growth. These joint efforts make MCC's investments more effective and provide assurance that they will be sustained when Armenia's MCC compact ends. This harmonization of efforts will help unlock the potential of Armenia's agriculture sector to usher in a new era of prosperity in rural communities.