Georgia, Armenia (with reference to Azerbaijan) Cross Border Market Research

ALCP | Alliances Caucasus Programme

REGIONAL MARKET ALLIANCES IN THE SOUTH CAUCASUS

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MERCY CORPS

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INTRODUCTION

This *Cross Border Market Research* was carried out in Georgia and Armenia and to a much lesser extent in Azerbaijan[1] to identify cross border opportunities in the livestock sectors of wool, meat, dairy and honey. Due to the massive scope of the multi sectorial research and geographical and logistical challenges the team primarily focused on best bet opportunities (including logistical possibilities) as already preliminarily identified in the log frame specifically;

Core Market: *Sheep Sector*: Wool: potential supply and demand opportunities between Georgia and Armenia. *Meat:* Large demand for live and processed sheep from Armenia (including construction of Halal slaughterhouses) mean that no meaningful intervention can be carried out in sheep meat related cross border trade.

Honey: Potential for cross border expansion

Dairy: Introductory overview potential for Lori cheese and possibly sheep's cheese but no entry points identified to date, more in depth research is required.

Meat: As above.[2] Please see *Developments in the Georgian Meat Sector*.

Supporting functions of the livestock sector: information (including online services to farmers and agri-journalism), nutrition (combined feed) and agricultural implements for hay making (machinery), Business Development Services and Food Safety and Hygiene consultancy services.

Rules: the transversal themes of gender and governance related to Women's Access to Decision Making and animal disease control (DRR) related to information exchange and regional governance.

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[1] All information in respect to Azerbaijan was obtained through personal contacts and over the phone. The situation in Azerbaijan is very difficult and dangerous for NGO's and practically impossible to operate on the ground e.g. the need to submit a meeting request and topic to officials before conducting any interviews. Therefore, the research was confined to confirmed entry points which engender cross border cooperation that can be managed safely i.e. in agro journalism and gender.

[2] Entry points in the core sectors in dairy and meat may become more apparent once SDA's operations begin and become logistically easier.

This research forms part of a set of research, which was conducted and includes information from several documents: *Ensuring Sustainability in the Dairy Market Sector*, *Meat Sector Development in Georgia, Prospects for Georgian Honey Export* and, *Supporting Functions and Rules Underpinning Export and Governance Interventions in the Alliances Caucasus Programme.* All were based on key informant interviews held in all three countries; please see the *Key Informant Directory* for detailed information.

METHODOLOGY:

This market research was conducted in Georgia and Armenia with minor reference to Azerbaijan from April to September, 2017. During the research ALCP applied various means for collecting information including field visits, telephone, e-mail and face-to-face interviews.

MARKET RESEARCH IN ARMENIA

TRADE PARTNERSHIP BETWEEN GEORGIA AND ARMENIA

Armenia is a member of the Eurasian Economic Union (EAEU) a body which seeks to create an economic union along the lines of the EU comprised of former Soviet Union countries. Currently Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia are members of the union. It means the free movement of goods, capital, services and peoples and has plans for a single currency. Detractors such as the US believe it is a manifestation of the USSR under another name, others that it is a necessary trading block between the EU and ASEAN and enables competition with China and India and other massive economies and trading blocks. Tensions between the EU and the EAEU (especially, Russia) were one of the drivers of the Ukraine conflict, Ukraine choosing to sign an association agreement with the EU.

Armenia is a small, mountainous, landlocked country covering an area of 29,800 square km. It borders Georgia, Azerbaijan, Iran, and Turkey.

Georgia and Armenia are important trade partners, especially in terms of export. The top agricultural export products from Georgia to Armenia are: animal feed, agricultural machinery inputs and fertilizer, while Armenia mainly exports meat and meat products, live animals and potatoes to Georgia. Other export products include wheat, maize, fruits, nuts, insecticides, milk, vegetables, cheese and curd.

Armenia is in the top ten Georgian export markets with exports to Armenia accounting for a 7% of all export. Georgia is the second biggest export market for Armenia after the Russian market, representing 8% of Armenia's total exports. As shown in Table 1 below since 2013 exports from Georgia to Armenia have decreased[3] and for the last three years the total values of export from Georgia and Armenia have been almost equal.

Table 1: Export Georgia/Armenia

Years	2013	2014	2015	2016	2017 (Jan-Sep)
Total Export from Georgia to Armenia in $	315,549	288,093	180,154	150,644	146,631
Total Export from Armenia to Georgia in $	182,317	210,137	175,055	146,938	122,676

[3] This is possibly because new export markets such as Iran have opened up during this time due to free trade agreements.

INFORMAL TRADING CONSTRAINTS

Informal trade from Georgia to Armenia, and Georgia and Azerbaijan is still the common practice for Armenian and Azeri small and medium entrepreneurs and intermediaries. Companies from Armenia and Azerbaijan mostly prefer to import goods including agricultural machinery from Georgia informally and to pay illegal money to customs and avoid payment of official taxes. This also means that unregistered goods are entering the country and businesses do not need to pay income and profit taxes, even if it means that they are unable to benefit from the government tax-free import policy (*See Machinery Section*). This is due to some being unaware of these benefits but others who simply do not want their business to appear 'above the radar' due to perceptions regarding coercion and other potentially anti-competitive actions deriving from powerful businesses with close official contacts. Informal trade to Armenia mostly goes through bus, truck and minivan drivers, who are driving between countries regularly and who have good contacts at the customs departments. To Azerbaijan it usually goes through bus drivers who are make regular trips to Azerbaijan.

One aspect of programme cross border facilitation is to carefully examine the situation and mitigate against risks to businesses. For example in the cross border intervention facilitating affordable and value for money hay making equipment distribution from Georgia to Armenian partners, two of the Armenian based sales outlets have formally registered and have found that it is cheaper for them than paying illegal bribes.

SHEEP SECTOR ARMENIA

SECTOR OVERVIEW

Sheep numbers in Armenia amounted to 748,000[4] head and the wool production 1,794 tonnes in 2016[5]. According to the data of ARMSTAT, 48% of wool produced in the Republic of Armenia (hereinafter "RA") was sold in 2016, out of which 29.4% was sold for cash, 14.7% was exchanged for goods like fruits, vegetables and other and 3.9% was exchanged for services, however this research found no evidence of wool exchange for goods or services. Ararat and Armavir regions sell the most wool while Lori sells the least. The distribution of wool usage per region is represented in the Table 2 below.

Table 2: Use of wool by (rural) household's + % of the production volume[6]

Region	Sold	Exchanged for goods	Exchanged for services	Used in the household	Recycled	Leftover
Aragatsotn	30.5	20.8	4.8	29.2	19.9	14.7
Ararat	75.7	-	2.0	22.1	-	0.2
Armavir	71.8	-	2.1	6.2	-	19.9
Gegharkunik	34.0	17.7	6.3	18.6	4.0	23.4
Lori	8.0	4.7	-	84.2	-	3.1

[4] National Statistical Service of the Republic of Armenia (referred as ARMSTAT); 1220-204 bulletin code, Realization (Use) of Agricultural product by individual (rural) households for 2016

[5] According to the 6 months' data of 2017, Armenia's sheep and goat numbers counts 600,000 heads, however wool production figures aren't accessible yet

[6] Source: National Statistical Service of the Republic of Armenia; 1220-204 bulletin code, reference realization (Use) of Agricultural product by individual (rural) households for 2016

Kotayk	9.1	20.4	1.5	52.5	32.2	16.5
Shirak	16.0	1.0	0.6	36.1	8.9	46.3
Syunik	25.9	21.6	6.0	34.3	5.6	12.2
Vayots dzor	40.1	31.4	-	28.5	-	-
Tavush	15.5	28.5	-	35.4	-	20.6
Armenia, Total	29.4	14.7	3.9	28.9	8.8	23.1

SURVEY FINDINGS

Sheep farmers of Syunik, Gegharkunik, Aragatsotn Armavir, Lori and Shirak regions were surveyed. 59% of Armenia's sheep are located in Syunik, Gegharkunik, Armavir and Aragatsotn regions. Accordingly, they hold the highest percentage of the mutton, sheep milk and wool production and sales among the other regions of the country. The majority of farmers in the surveyed villages are middle scale farmers who own up to 100 sheep. They are engaged in selling sheep milk to well-established dairy processing enterprises in the region and in the capital[7], selling wool through the wool intermediaries to carpet manufacturing factories and selling live sheep to the livestock intermediaries (mainly 'Yazidis' - an ethnic group living in the central part of Armenia) directly from the villages. There are several large scale farmers in most villages owning up to 1500 sheep. Like the middle scale farmers, they are regular suppliers of live sheep, wool and the sheep milk or cheese to the market. One of the main differences between Armenian and Georgian farmers is that Armenian farmers generate additional income from sheep through selling sheep milk to well-established dairies, the main breed being a multi-purpose milking/meat breed[8] and the sheep dairy industry being well-developed in Armenia[9]. The Georgian breed has superior wool but is not utilized as much for dairy. The main characteristics of the small scale sheep farmers are the following:

- They are disadvantaged due to small transaction sizes and unfavorable business environment;
- They lack information about the market prices and completely depend on the prices named by the intermediaries/buyers;
- They have low trust towards agro information provided by the media sources and furthermore, lack information sources on agricultural matters in general;
- All sheep farmers derive income from selling animals for meat, about 50 % sell sheep milk to dairies and even fewer sell wool mostly for home use (see below).
- Farmers use wool mainly at home, sell surplus to the neighbors, supply several carpet manufacturing factories[10] located in Yerevan or give the leftover to the relatives as a gift.

Please see Figure 1 below for a full breakdown per region for meat, wool and milk production per region.

[7] Such as Daughter Melania LLC-Tashir, Lori region; IGIT LLC – Gyumri, Shirak region and Mariana LLC –Yerevan

[8] Mazekh, Bozakh, Gharabahgtsi and Balbas breeds of sheep are well adapted to the local climatic conditions of Armenia. However, Armenian Semi coarse wool (also known as '*Armyanskaya Polugrubosherstnaya'* in Russian) is the most common breed of sheep found in the country[8]. This breed was developed by crossing Rambouilletand Lincoln with Balbas. It is a white, uncolored medium-wool fat-tail breed which is kept for meat and milk production. On average, mature rams weigh 85 kg and grow to 74 cm. Ewes weigh 55 kg and grow to 67 cm at maturity. Ewes, usually give birth to 1 lamb annually.

[9] **Sheep milk**: There are several large milk processing enterprises who are collecting sheep milk from farmers in Armenia. Enterprises mix sheep milk with cow milk, or produce sheep cheese and sell it to HoReCa sector.

[10] Such as Tufenkian Ltd, Megerian Ltd and Karabakh Carpet Ltd.

Wool Market

The research has revealed that sheep farmers from the Syunik, Gegharkunik, and Armavir regions of Armenia have better access to the wool market[11] compared to the farmers of Shirak and Lori regions. This is because:

- Higher sheep numbers and the sheep breed – white wool is in higher demand by the buyers for carpet making and accordingly the wool collectors first go to municipalities with highest sheep numbers in order to be able to choose wool from white sheep[12];
- Location - carpet manufacturing factories are mainly based in Yerevan and wool collection first takes place near the capital in Gegharunik, Syunik and Aragatsotn regions;
- Demand – existing demand for wool is mostly fulfilled by the above mentioned three regions with no need to go to distant locations for additional wool collection;
- Sheep shearing practice – manufacturers prefer longer wool and in these three regions suppliers shear once year to produce longer fibres in answer to the demand.

The majority of farmers in Shirak and Lori regions stated that they have not sold wool for the last 10 years or more. They throw wool away or burn it due to an absence of buyers. Lower sheep numbers, distant location, the wrong type of wool as well as lack of marketing becomes a burden and constraint.

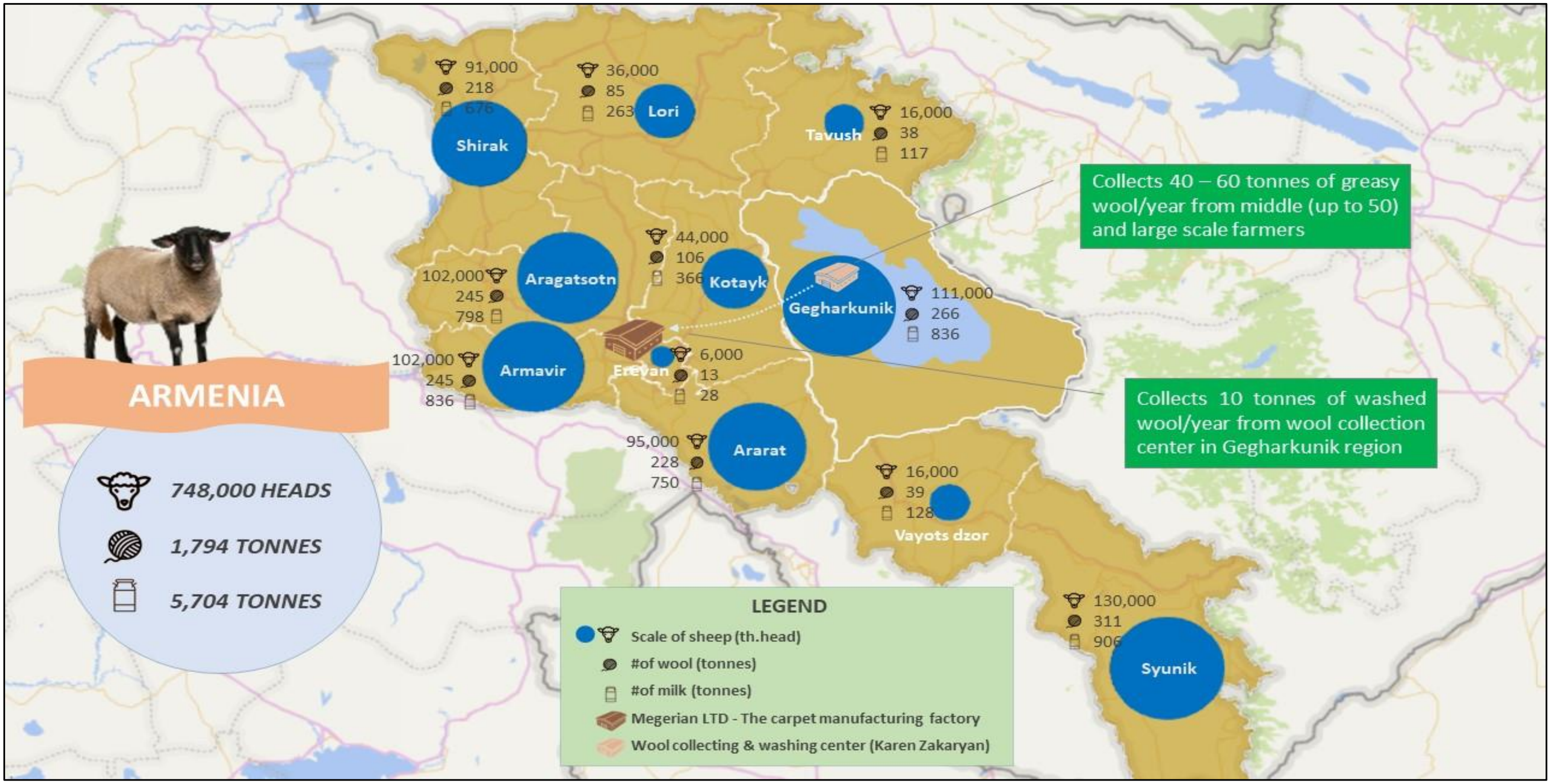
Price of wool: The most desirable wool for the carpet manufacturers is the white wool of Balboas Breed Sheep.The price of wool in Armenia is higher than in Georgia. The price of greasy wool in Armenia varies between 0.2-0.6 USD/kg (depending on the color, length of wool and the wool quality[13]), while in Georgia greasy wool costs between 0.15-0.2 USD/kg. Price of washed wool is between 1.7-2.5 USD/kg in Armenia and 1.4-1.6 USD/kg in Georgia, however prices can be negotiated with farmers. A decade ago several Armenian carpet manufacturing companies purchased large amounts of greasy wool (up to 200tonnes/year each) from farmers and produced woollen yarn which they supplied to Belgium, US, France and to some other countries. Increased demand and improved access to export markets immediately affected the wool price in Armenia. However, the demand for yarn from the above mentioned countries has decreased since 2009.

Shearing and its cost: The cost of shearing one sheep is 1.-1.7 USD in Armenia and 0.2-0.4 USD in Georgia. In Armenia sheep on average gives up to 2 kg of wool per shearing and in Georgia 1.5 kg/shearing. However, in several regions of Armenia where the sheep are sheared twice/year the amount of wool in total sums up to 3 kg/year[14]. Armenia does not currently export wool and only a small amount is sold within the country.

[11] Wool buyers in Armenia are mainly several large scale carpet manufacturing companies located in Yerevan.
[12] In 2016, Syunik had the highest sheep population -129,522 heads while Lori had the lowest - 35,544 heads.
[13] The farmers with a lower number of sheep sell wool at a higher price than the large scale farmers due to better maintenance of it: The fewer sheep the farmer owns the less dirty the wool is, small amounts of wool needs less space to store and farmers can keep it until they can sell it at the most desirable price (1.0- 3.0 USD)

[14] In Gegharunik, Syunik, Aragatsotn regions, which are the main wool producing regions, sheep are sheared once a year.

Figure 1: Distribution of the Sheep, Wool and Sheep Milk among the Regions (Official Statistics and Programme Data)



PROFILE OF WOOL PROCESSING ENTERPRISES AND THE WOOL COLLECTION CENTERS

There is potential for wool export from Georgia to Armenia. As unwashed greasy wool from Georgia is cheaper than in Armenia and there is existing high demand for white wool of which there is more in Georgia due to the predominance of the Tushetian breed which has mostly white wool suitable for carpet making. Some of the wool processing enterprises/ collectors are interested in purchasing Tushetian wool from Georgia due to its suitability for carpet manufacturing (appropriate microns and oiliness) as well as due to its competitive price, but they are hampered by complicated customs procedures.

Table 3: Wool processing enterprises and collection centers in Armenia

Company	Location	Profile	Wool supply	Price of wool/kg	Sales market	Additional info
Karen Zakaryan Since 1997	Gavar town, Gegharunik	Wool collection center	40-60 tonnes/year from up to 50 middle and large scale farmers	0.2-0.6 $/kg for greasy wool; 1.7-2.5$/kg for washed wool15	Megerian Ltd Washed wool to local market	Interested in the purchase of Georgian wool, once he registers his enterprise i.e. must be registered to carry out customs procedures.
Megerian Ltd Since 2002	Yerevan, Armenia; Egypt; Pakistan & India	Carpet manufacturing, cleaning & restoration	10 tonnes/year from wool collection center located in Gegharkunik region	1.7 $/kg for washed wool	USA, Switzerland, local market	Purchased wool from Georgia, but stopped due to complicated customs procedures
Tufenkian Ltd Since 1994	Yerevan, Armenia; India	Colored thread production; Carpet manufacturing (300-400 units/year)	90% of wool (50 tonnes/year) of the Balboas bred sheep from Syunik, Gegharkunik, Aragatsotn regions. The main supplier is an individual from Gavar town in Gegharkunik region.	0.8-0.95 $/kg for greasy wool	USA (6 shops) Europe, local market	Supports organizing wool shearing festival once a year
Ishtikuni Ltd Since 1995 - 2015	Lchasheni village, Gegharkunik	80% thread production; 20% carpet manufacturing	250 tonnes/year of Balboas and Australian-Armenian cross breed sheep from farmers of Armenia; (5-10%) Tushuri wool from Georgia	1.7$/kg for washed wool	Belgium, France, USA, local market	The demand gradually decreased from 2009 leading to the closure of the company in 2015

[15] The exchange rate of 1 USD towards Armenian Dram is 476 Drams, September 2017

SHEEP SECTOR SUMMARY MARKET ANALYSIS

Table 4 below, shows the main constraints and potential entry points identified during the research.

Table 4: Summary Market Analysis

Core: Sheep		
Systemic Constraints	Drivers & Pro-Poor Opportunities	Entry points
Sheep Dairy - LHPs in Armenia producing sheep milk are disadvantaged due to small transaction sizes and limited access to markets. They lack information about market prices, therefore completely depend on the prices named by the intermediaries/buyers.	- Well established dairy processors in Armenia process sheep milk, mix it with cow's milk or produce sheep cheese. However, export of sheep dairy products is not yet common. - Improved access to export markets will stimulate demand and sales of sheep milk and will bring value to the poor as a result of increased volume of sales and the price.	- Support the creation of contributing conditions for the promotion of the cross border trade and external economic relations. - Facilitate Armenian dairy processors to export Sheep Dairy products to Georgia.
WOOL Wool Processors - Lack of awareness and knowledge on existing State policy and regulations on wool export/import. - Lack of trust towards the enforcement of the State regulations and operations of Customs Clearance. Namely, lack of transparency in border control procedures, experience of paying unofficial taxes and getting advantages from having good connections, etc. - Low trust in agro information provided by the media.	- Wool processors in Armenia used to import Tushetian breed sheep wool from Georgia, as it is highly valued by the carpet manufacturer companies in Armenia due to the high grease composition in it. Currently these companies are willing to restart the import from Georgia. - Improved access to the currently not utilized wool market will bring value to the poor and they will benefit from increased volume of sales and the price.	- Facilitate wool processors to penetrate new export markets and establish cross border linkages. - Facilitate wool stakeholders to improve transparency and increase their awareness of the State policies, standards, existing taxes, tax exceptions, etc. with regards to the wool export/import. - Facilitate lobbying with key stakeholders for the appropriate information provision in the sector. - Facilitate wool collectors to legalize their businesses, ensuring business sustainability and benefiting from the existing export/import regimes.
Wool Collectors - Low operational visibility of wool collectors	- Wool collectors are deeply engaged in the wool collection from LHPs. They have strong linkages with carpet manufacturers and supply wool (greasy or washed) to them.	- Facilitate Armenian wool collectors interested in importing specific wool from Georgia.

HONEY

General Overview

Beekeeping in Armenia shares many similarities with that of Georgia. The market system, constraints and challenges of Armenian beekeeping sector are similar to that of Georgia as depicted in *Characteristics of Beekeeping in Ajara Region (2014)* Information regarding beekeeping in Armenia is relatively limited. There are no official statistics published by the Government regarding honey production in Armenia. According to unofficial sources[16] Armenia currently has around 200,000 bee colonies producing 2-3 thousand tonnes of honey and exporting around 16.8-18.1 tonnes of honey annually. The numbers are quite similar to those of the Georgian official statistics[17]. However a private sector selling branded honeys in formal outlets does exist Table 5 lists and summarizes some of the main private sector actors and other aggregators e.g. NGO's, in the sphere. Currently there is no cross border trade between Georgia and Armenia, however one key player is interested in expanding to Georgia.

Survey Findings

Main findings:

- Beekeeping is practiced throughout Armenia. Bees are mainly kept by small and medium farmers;
- Hive numbers range from 1 to 300 per beekeeper, with a median size of 50;
- Beekeeping is predominantly under male control however women assist in honey extraction, preparing bee feed or selling honey;
- Farmers mainly produce poly-floral honey of different flowers rather than mono-floral;
- One bee colony on average yields 10-15 kg[18] of honey per year;
- Some beekeepers practice transhumance of their beehives in the high mountains to follow the plant blooming and increase the productivity of an apiary;
- Farmers sell unfiltered and raw honey;
- As in Georgia main selling points for honey are based in large cities such as Yerevan. Armenian beekeepers similarly to Georgians sell surplus honey via family networks or to intermediaries supplying several honey shops;
- Honey prices range from \$8-\$10/kg depending on the honey harvest and demand;
- Honey harvest occurs mainly once or twice times a year as in Georgia;
- Beekeeping inputs are mainly available in Yerevan. However, the majority of beekeepers do not trust the quality of the product and prefer to buy from local traders or from Russia;
- Consumers lack confidence in the quality of honey on the market. As in Georgia the main reason for their distrust is a belief in the abundance of adulterated honey on the market;
- Honey shops use standardized labels, brands and conduct brand recognition campaigns. However, their products are expensive and mainly envisaged for export or selling to tourists coming to the country;
- Tavush Spiritual foundation, an organizer of the *Honey and Berry's Festival,* held in Berd annually, is interested in encouraging beekeepers firstly in Berd and then in other areas to start organic honey production.

[16] Please see the link to the article and the research.

[17] According to latest data (2016) of GeoStat, Georgia has 205,000 bee colonies and produces 2.1 thousand tonnes of honey

[18] Please see the link to the research Armenian Honey

CONSTRAINTS

It can be stated that the beekeeping sector of Armenia is characterized by constraints common to Georgia a few years ago:

- *Lack of trust/confidence*: there is belief of an abundance of adulterated honey on the market among consumers and a lack of trust toward inputs suppliers among beekeepers, which may indicate that the market is poorly regulated and monitored by the government.
- *Uncertain access to market:* Armenian beekeepers sell their products via their relatives rather than to formal retail market channels.
- *Lack of access to inputs*: inputs suppliers are located mainly in Yerevan and beekeepers from remote villages have low access to beekeeping inputs, medicines and equipment. High price and poor access to the transportation hamper the transhumance of beehives as well.
- *Lack of information:* there are few good information sources (*www.beejournal.ru* website is the main source of disseminating information on beekeeping in Armenia) providing relevant information to beekeepers. E.g bee diseases and treatment. The beekeepers have low awareness of international standards and requirements regarding honey. As in Georgia, beekeepers and honey market actors believe that main constraint of honey export is absence of reputable laboratories.

Key Market Actors

Table 5: Stakeholders involved in the honey sector

Company	Location	Profile	Production	Supply	Sales market	Additional Info
Honey House LTD	Yerevan, Armenia	The specialized store with more than 20 kinds of various high quality Armenian honey.	Classifies and sells products according to their origin, flavor, price and quality.	The honey producers all around Armenia supply: honey, honeycomb bee venom and milk	Armenia-through its shop located in Yerevan. Kuwait-through the honey intermediaries	Honey is labeled and packed under the brand name of the Honey House Ltd. The buyers are mainly tourists. The company plans to export its products to Kuwait, Qatar and UAE
Beekeepers of Lori	Lori, Armenia	NGO unifying 80 members	Polyfloral Honey 30 tonnes/year	Their own beehives	Relatives, neighbors, and honey shops based in Yerevan	Lack of certification, packaging, branding of their product and absence of good marketing.
Tavush Spiritual Revival Foundation (NGO)	Yerevan, Armenia	Supporting creation of favorable conditions for farmers	Organizing honey and Berries festival	N/A	Producers, Exporters, NGOs, Donors, Tourist Agencies	Popularizing and promoting honey & other local products. Funding is partially raised from the USA embassy. NGOs and people pay symbolic participation fees for farmers in Armenia.
Eco Glob Company	Lori, Armenia	Certifying organization	Issuing organic certification of honey	N/A	Local market	The certificates issued by the company are accepted in various countries including US, EU, Caucasus, Canada.
MERSARER Holding LLC	Yerevan, Armenia	Honey producer	Honey	95%-purchased from beekeepers, 5% its own production	N/A	The company supports the local beekeepers by providing them with new beekeeping techniques, advanced natural and organic medical treatments for the bee colonies
AND LLC	Yerevan, Armenia	Engaged in horticulture and bee-keeping	Promoting & popularizing honey	N/A	Foreign Markets	With the mission of restoring the reputation of Armenian honey and exporting it, AND LLC has initiated a bee keeping development program in Armenia. It has invested 68,5 million AMD into production of honey and apple vinegar.

Summary Market Analysis

More market research to firm up cross border trade entry points will be required. The table below indicates main areas of programme intervention:

Table 6: Honey Summary Market Analysis

Honey		
Systemic Constraints	Drivers & Pro-Poor Opportunities	Entry points
Inputs: Poor quality/value for money and outreach.	Quality affordable inputs and agri information will help restore confidence of beekeepers and result in them applying inputs and enabling them to change practices that will results in increased production	Potential supply through veterinary pharmacy partnership to input suppliers in Georgia or suppliers of key market player direct.
Information: Poor outreach and weak content for beekeepers on key issues such as bee diseases and new inputs		Agri networks with improved capacity and understanding of rural market will supply information See Table 12, Information Provision
Core: No cross border trade in honey	A new export market would stimulate demand from suppliers of key market players	Highly specialized and sophisticated market player who may enter the Georgian market and stimulate regional trade
Key players with lack of awareness of inputs, information and support available	Key players aware of advocacy, technology and market opportunities can expand sales and increase supply from LHP's.	Peer to peer regional network including inviting relevant players to Honey Festival in Ajara.

DAIRY

General Overview

Livestock husbandry is a main component of the Armenian agricultural sector. Over the last few years almost 40% of the country's gross agricultural product has come from livestock production. 95% of milk and almost 55% of meat in Armenia are produced locally; 93% of the cattle raised here are milk and beef category Brown Caucasians which are well adapted to the local climate conditions[19]. Armenia is a country with a developing dairy industry. There are a considerable number of relatively large dairies who work with a large number of farmer suppliers who supply milk collection centers in the regions. See Table 7.

Production & Export

The price of milk during the peak season in Armenia is 0.22$/l which is about 0.08$/l less than in Georgia. Cheese production volumes in Armenia amounted to 22.3 thousand tonnes in 2016, increasing by over 20% to 2015. According to official data Armenia imported 1,200 tonnes of the dairy products and exported 1,500 tonnes in 2015. Following the accession to the Eurasian Union, Armenia has significantly increased the volume of the cheese export to Russia, which was 5,600 tonnes in 2016. Armenia's amplified export volume was mainly triggered with the significant work done on the harmonization of sanitary norms with the Eurasian Union (EAEU) in various sectors, including food manufacturing which has been underway since 2015. At present, more than 60 cheese manufacturing companies operate in Armenia. The sector unifies both large and medium-sized enterprises, small factories and family farms. Almost all the cheesemakers are engaged in the production of Lori and Chanakh cheese types. The cheese production sector underwent serious reforms in recent years; new technologies have been introduced, due to which various new cheese types are produced in Armenia in addition to traditional ones. The dairy and cheese production sectors are under the constant spotlight of the Armenian Government, with necessary measures undertaken to improve the legal framework governing the sector and bring it in line with international standards[20].

In Armenia traditional string[21] cheese is prepared from goat or sheep's milk. This type of cheese is very popular among locals as it is an excellent source of protein and calcium. The price of goat and sheep cheese (2.65$/kg) in Armenia is cheaper than in Georgia (6.00 –9.50$/kg).[22] Native goat breeds[23] have a lower milk yield and poorer milk quality than other breeds, but the sector is considered to have a high potential for development. Cross breeding of Armenian goats with international breeds has combined the genetic strengths toward resistance of local disease and increased milk yields thus enabling farmers to process a wide variety of flavorful cheeses for domestic consumption and export. The marketing and branding of cheese is better developed in Armenia than in Georgia, most of the cheese is packaged and labeled with well-designed logos and packaging[24].

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[19] Information is obtained from export

[20] Source: see the link

[21] Same as Georgian Chechili cheese

[22] See Figure 4 and Figure 5 Ensuring sustainability in the Dairy Market Sector for more details

[23] Information is obtained from CARD

[24] Source: see the link I and link II

PROFILE OF KEY MARKET PLAYERS

Table 7: Market Actors interviewed during the market research.

Company	Location	Start Date	Production	Supply	Sales	Additional Info
Daughter Melania LLC	Tashir, Lori region	Founded in 1996	Dairy products like butter, cheese, sour cream, Matsun,& milk	The enterprise collects milk from farmers	Armenia	N/A
IGIT Milk Factory ltd	Azatan village, Shirak Region	Founded in 1995	Cheese and other dairy products like butter, curds, kefir, milk, sour cream, etc.	The enterprise collects milk from farmers	Armenia	The Enterprise is equipped with the latest technology, the entire range of all kinds of lab tests and checks.
TAMAR A Ltd	Abovyan, Kotayk Region, Armenia	Founded in 1988	Produces 15 types of dairy products, 90 sorts of ice-cream & 30 sorts of pastry	The enterprise collects milk from farmers	USA & RF	The Company is retooled with new, high-grade equipment & with licensed laboratory. It is ISO certified - ISO-9002-98 and ISO 9001-2002.
Ashtarak Kat company	Village Agarak, Aragatsotn region	Founded in 1995	Produces 50 types of dairy products & 45 types of ice cream	Cooperates with 6000 farmers to source milk	Armenia	The whole production is certified by the American medical Association
MASTAR ACHEDO	Mastara village, Aragatsotn region	Founded in 1999	Cheese & other dairy products	The enterprise collects milk from farmers	Armenia	N/A
Doustr Marianna LLC	Yerevan Haghtanak District (Chorord Gyugh)	Founded in 1997	Cheese, milk and other dairy products excluding ice cream, ice milk and frozen yogurt	The enterprise collects milk from farmers in the surveyed villages	Armenia	It cooperates with the State Agrarian University of Armenia and a number of other higher educational institutions, preparing specialists who are later hired by the company.
SIS-ALP Dairy factory	Sisian Syunik Region	Founded in 2007	Produces milk and dairy products: Cheese, Curds, Sour Cream, etc.	The enterprise collects milk from farmers	Armenia	N/A
MASTAR ACHEDO LLC	Mastara village, Aragatsotn region	Founded in 1999	Produces 35 types of cheese: briny cheese assortment and blue cheese /Roquefort cheese varieties for Stand-up Meal, caterings & various events.	The enterprise collects milk from farmers	Armenia	The quality of the production corresponds to different countries' standards and they are competitive.
ELOLA	Verishen village, Syunik Region	Founded in 1999	Dairy products like butter, cheese, curds, sour cream, etc. and milk	The enterprise collects milk from farmers	Armenia Russia & Dubai	The company is faithful to the chosen policy and makes high-quality dairy products only from pure milk

POTENTIAL ENTRY POINT

More in-depth research is required. Indications are that there could be potential for the cross border trade from Armenia to Georgia of Lori and sheep's cheese. However, no one entry point was identified during the research.

Table 8: Dairy Summary Market Analysis

Dairy Core cross border trade		
Systemic Constraints	Drivers & Pro-Poor Opportunities	Entry points
Milk products: - Informal cross border trade of milk products, especially cheese. - Lack of promotion of Armenian cheese in Georgia and vice versa	Increased export of dairy products will enable dairy processing companies to increase their capacity and reach more milk supplier farmers	Information campaign of branded dairy products and facilitate to formalize cross border trade

SUPPORTING FUNCTIONS

Combined Feed, access to hay making machinery and Business Consultancy Services are the three main supporting functions that have been targeted for cross border outreach to Armenia. Table 9 provides a S*ummary Market Analysis*. Agri-Information is discussed separately. Please see the Information section.

Table 9: Summary of Cross Border Outreach Supporting Functions

Cross Border Outreach Supporting Functions		
Systemic Constraints	Drivers & Pro-Poor Opportunities	Entry points
Combined Feed: High price of combined feed lack of access to an affordable choice for farmers. High transaction costs for imported inputs for small and medium manufacturers. Access to Hay Making Machinery: - High price and restricted choice -High cost of agricultural machinery import to Armenia. -Informal/unregistered cross border trade of agricultural machinery inputs BDS (& FSH consultancy services) - Lack of planned business development reduces growth and increases risk. - Low demand for consultancy services from private sector actors due to lack of understanding of importance of business supporting services and regulatory framework	Purchasing of cheaper inputs, will help combined feed producers to reduce the price of their product and make it more available for farmers. Formalizing cross border trade of machinery and improvement of machinery input distribution from Georgia to Armenia will reduce the price of machinery and will be more affordable for machinery service providers Better planned businesses are more sustainable (reduced risk) providing a more stable market for farmers. Key market players developing product for medium and small business to reach more clients	Potential supply of inputs and ready combined feed to combined feed producers, through Agro Trading LTD Business expansion of Georgian based machinery input supplier Mar-Mot to Armenia and formalizing relationship with all Armenian partners Promotion and business expansion of business development & FSH services

COMBINED FEED

GENERAL OVERVIEW

Combined feed, after hay, is the predominant nutriment for livestock in Armenia. However, domestic production only covers up to 68% of Armenia's total consumption. According to the statistical data[25] in 2015, 383.4 thousand tonnes of wheat was imported in Armenia out of 1,310.6 thousand tonnes of wheat totally consumed there. The picture is very similar in the case of other crops such as maize, 59.1 thousand tonnes of maize was imported out of 86.1 thousand tonnes totally consumed.

There are several large-scale combined feed manufacturing factories in Armenia namely AR&ANE, Yeghvard and Yerevan combined feed factories. In addition, several small scale combined feed manufacturing companies operate in the regions which import feed production additives like crops, vitamins, minerals, etc. mainly from Russia, China and Holland. Big companies produce on average 50 tonnes of combined feed/month and the small scale ones produce up to 10-12 tonnes/ month mainly for pig, poultry and fish markets out of which 2-3 tonnes is cattle feed.

Combined feed prices vary based on the company's volume of production, the level of competition, the company's access to markets for the feed ingredients, financial stability, name, reputation and so on. The average price of combined feed for cattle in Armenia fluctuates between 0.35-0.40 USD/kg which is beyond the reach of small farmers. Small farmers mainly use bran for feeding their cattle at 0.15-0.20 USD/kg, while middle and large scale farmers add maize, barley, wheat, bran, sunflower meal, soybean, marble powder and calcium phosphate to the cattle feeding ration. Average shelf life of the pure combined feed produced by Armenian manufacturers is 6 months, while feed containing oil is valid for less than 6 months. Regular consumption of this feed increases milk yield by 25% on average.

A detailed description of the combined feed manufacturers is provided in the table below.

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[25] Source: National Statistical Service of the Republic of Armenia, *National Food Balance of the Republic of Armenia*

MARKET PLAYER PROFILE

Table 10: Combined Feed manufacturing companies in Armenia

Company	Profile	Production	Price	Market	Additional info
Agro Impulse Ltd Since 2005	Producing combined feed mainly for poultry cattle and pigs.	10-12 tonnes of combined feed per month out of which 2-3 tones is the feed for cattle	0.37 USD/kg	Meddra, Stepanavan and Alaverdi	The feed additives are mainly imported from Russia, China and Holland
Agrofutter Ltd Since 2012	Production and sales of combined feed for pigs and other small animals	Imports feed additives from Holland already for three years, earlier imported it from Germany	N/A	.N/A	Cooperation between the Agro Futter & Agro Trading is in the process of facilitation
Sonimol LLC Since 2001	Producing flour, animal feed and premixes	N/A	N/A	N/A	The company is in full compliance with European standards. It has a modern laboratory.
Yeghvard Combined Feed Factory Since 1993	Industrial branches of Manana Grain Holding producing high-quality combined feed for poultry and animals	The productive capacity of the factory is 500 tonnes per day (in the case of three consecutive shifts)	N/A	N/A	The factory has approximately 4 km long railway connected to "Yeghvard railway station", storage spaces appropriate for different types of feeds, the laboratory and modern drying system.

CONSTRAINTS

Small scale farmers lack awareness of the benefits of the combined feed as well as lacking trust in its composition. However, feed price fluctuation is the main factor constraining farmers' access to feed and making it unaffordable for the poor.

Key constraints for the cattle feed manufacturers:

- High transaction costs for small and medium manufacturers buying smaller amounts of imported inputs or from larger manufacturers.
- High dependence on orders mainly made by the middle and large scale farmers and low interest/confidence in attracting new clients;
- Lack of marketing resulting in difficulties for penetrating new markets and increasing number of customers;
- High dependence on imported materials/ingredients for the feed production and price fluctuation resulting in increased product price;
- Unfair competition between the small and large scale combined feed manufacturers.

POTENTIAL ENTRY POINT

Georgian company Agro Trading Ltd has the capacity, experience of more than 12 years and the potential to exclusively supply combined feed to its Armenian partners. Agro Trading Ltd currently produces four types of combined feed: Poultry feed (0.28USD/kg), Pig feed (0.28USD/kg), Cattle feed (0.28USD/kg), Universal feed (for all animals, 0.22USD/kg), also many types of staple ingredients (maize, barley, wheat), Sunflower and Soya granules, vitamins and premixes. The company sees and opportunity of providing affordable staple ingredients for making combined feed to small and medium manufacturers.

MACHINERY

GENERAL OVERVIEW

According to statistics of the Strategic Development Agency (SDA), hay is the main fodder type for cattle in Armenia, together with adding small amounts of combined feed, bran, cops, vegetables and silage to the cattle feeding is also common. However, access to quality machinery services are still a constraint for Armenian livestock producers. Farmers use private machinery operator services to produce hay, but the vast majority of the machinery operators own out of dated Soviet tractors and agricultural machinery implements that need frequent maintenance and which generate high running costs and this high service fees for farmers.

CROSS BORDER TRADE BETWEEN GEORGIA AND ARMENIA

Armenia has limited overland accessibility to import markets, especially with Turkey (Turkey is one of the main manufacturers of agricultural equipment) and Azerbaijan. Armenia's conflict with Turkey excludes it from the closest market for agricultural machinery, however, Armenia has opportunities to access Turkish products through Georgia. The research has revealed that in the beginning of 2016 Armenian machinery retailers and wholesalers started to import agricultural machinery inputs (mainly produced in Turkey and China) from Georgia. It was initiated by their proximity and competitive prices compared to Russian inputs. The import of agricultural machinery inputs from Georgia to Armenia initially started with importing inputs in small amounts and mainly unofficially. Armenian machinery retailers and wholesalers were trying to minimize the cost price of the product by randomly visiting agricultural machinery input supplier company Mar-Mot Ltd when travelling to Georgia.

PROFILE OF THE AGRICULTURAL MACHINERY RETAILERS AND WHOLESALERS

The key findings with regards to the agricultural machinery inputs supply to the machinery shops in Armenia and the sales market is summarized in Table 11 below:

Table 11: Agricultural machinery input supply in Armenia

Company	Location	Profile	Supply	Sales market	Additional Info
Sev-Agas Ltd	Sevan	Machinery retailer	Georgia & EU	1 shop in Sevan and via online www.list.am	In April 2017, Sev-Agas officially signed 1 year contract with Georgian company *Mar-Mot* Ltd & imported tractor-drawn implements and spare parts for hay making worth of $120.600[26].
I.E. Ashot Martirosyan	Stepanavan	Machinery shop	Georgia & Russia.	4 shops in Erevan & 2 in Sevan	The only shop in the region selling hay making machinery implements: rakes and mowers.
I.E. Grair Artunyan	Gyumri	machinery shop	Russia & Georgia	1 shop in Gyumri	The shop sells spare parts for tractors, mowers, balers, etc. It imports spare parts from Mar-Mot Ltd.
Garik Muradyan	Vayots	Machinery shop	Russia & Georgia	1 shop	The shop sells spare parts for tractors, mowers, balers, etc.
I.E. Garik Vartanyan	Yerevan	The largest machinery shop in RA	Russia & Georgia	N/A	Sales/distribution of machinery spare parts in Armenia is informally controlled by IE Garik Vartanyan.
Grisha Kazaryan	Ijevan	machinery Shop	Georgia & Russia	1 shop in Ijevan	The shop sells spare parts for tractors, mowers, presses, etc.
Rake factory	N/A	Rake producer company	N/A	N/A	Needs more investigation
Belarus Shop	N/A	N/A	N/A	N/A	Needs more investigation and key informant interview to be held.

SURVEY FINDINGS

During the survey it was revealed that:

- Armenia's current market in terms of agricultural machinery availability and supply is weaker than Georgia's due to lower investments made in the sector, weaker direct cooperation and trade links with leading machinery exporter countries and possessing monopoly power by the certain powerful groups in Yerevan in terms of supply (high price and lack of choice makes the service poor);
- Informal negotiations and violation of the customs rules with regards to the import of agricultural machinery encourage unofficial flow of machinery inputs by certain powerful groups, create uncompetitive environment and increase unit price;
- High transportation costs from distant countries (when importing the production in small in quantities) result in the big share of machinery service providers still attached to the old Soviet machinery though having strong incentives to upgrade them with the modern ones. On the other hand, this encourages Armenian machinery retailers and wholesalers to establish trade links with Georgia and import machinery inputs and spare parts from there;

[26] Import from Georgia for the company in 2016 comprised $50.000.

- Small and medium scale machinery shops in Armenia prefer to keep low operational visibility due to which they stay excluded from the benefits of the government tax free import policy.
- When officially importing goods from any country other than EEU[27] it's obligatory that goods are delivered to the customs terminal in Yerevan and only after this taken to the shop, this results in delayed delivery of the goods;
- Official taxes (customs, terminal and brokerage service fees) applied to the import of agricultural machinery implements and their spare parts in Armenia are quite reasonable, however informal duties hamper the import of the inputs and raise unit cost.

Below are given state exemptions and taxes applied to the import of agricultural machinery implements and their spare parts including customs, terminal and brokerage service fees.

In case of importing tractor drawn implements for hay making (mowers, rakes and balers):

- All types of tractor-drawn mowers and rakes, which fall under HS code 8433 (Harmonized Commodity Description and Coding System) are exempt from VAT and the Import Fee in Armenia. However, 5-8% Import Fee applies to balers;
- The main import related expenses include: Customs service fee (around $25), Terminal service fee (storage, scales, loading/unloading), Brokerage service fee (starting from $52 and additionally $4.15 charged for each variety).

When importing agricultural machinery spare parts:

- Spare parts designated solely for hay making tractor-drawn implements are exempt from VAT and Import Fee in Armenia. However, if a spare part also fits other type of equipment, VAT 20% and Import Fee 5-18% applies;
- Import from EEU countries is exempt from Import Fee, only VAT 20% is applied;
- Brokerage fee for one variety of the good is $52 and additionally $4.15 must be paid for extra item, which finally generates a quite high cost;
- Brokerage service is not required when import is done from EEU countries.
- Armenia's import regimes allows successful trade opportunities in terms of import of agricultural machinery inputs and their spare parts from Georgia to Armenia. However, there is still a room to improve the terms of the trade, strengthen cooperation and make it more formalized and profitable for both countries.

ENTRY POINT: ONGOING INTERVENTION

ALCP is facilitating Mar-Mot LTD to establish agricultural machinery inputs export to Armenia. From the beginning of 2017 to date Mar-Mot Ltd supplied agricultural machinery for hay making and its spare parts to 5 machinery shops in Armenia which sold them to 116 individual machinery buyers. 70% (81) of their customers are machinery service providers who serve about 1053 farmers per season, the rest 30% are large scale farmers who use machinery only on their own land.

[27] Eurasian Economic Union

BUSINESS SUPPORTING SERVICES

FOOD SAFETY AND HYGIENE (STAR CONSULTING)

According to the rules of the EEU (Eurasian Economic Union) of which Armenia is a member, HACCP has been mandatory for Armenian producers since 2016. According to the 'food safety of products' law there is a schedule according to sectors for the implementation of HACCP, from the riskiest e.g. meat and milk producers until 2018 to less risky businesses e.g. bakery – until 2021. The food safety consulting company *Star Consulting* and its consultant Ekaterine Burkadze, has been working in Armenia since 2016. The company's partner is Mrs. Ara Karapetian, who is the Food Safety Management Systems Consultant at *Signum LLC*, Armenia. Ara Karapetian together with Ekaterine Burkadze has implemented some activities:

Together they have made assessments and implementation of food safety and hygiene systems in dairy enterprises:

- *Echmiadzin Cat LLC*, Armenia, Armavir Marz, Echmiadzin,
- *Borisovka LLC*, Armenia, Syunik Marz,
- Ara Kapetian has used materials prepared by Ekaterine Burkadze for training the staff of dairy enterprises:
- *Selim Ltd* - cheese production. Training for management and staff. (11 employees)
- *Dustr Melania LLC*, Lori Marz, Armenia. Training for management and staff. (26 employees)
- *Echmiadzin Cat LLC*, Armavir Marz, Armenia. Training for management and staff. (18 employees)
- Implementation of the GLOBAL GAP Version 5 standard, for a mushroom producer Arokhch Sunk LLC in the Abovyan city, Armenia.

Ara is going to cooperate with Ekaterina Burkadze in future because their cooperation was very fruitful and they intend to continue and deepen it throughout Armenia. More research is needed in meat and dairy sectors in Armenia, to find out constraints, that will help ALCP in planning and future facilitation of existing consulting companies in both regions.

BUSINESS DEVELOPMENT SERVICES (FIRST CONSULTING)

There are existing BDS services in Armenia (e.g. AM Partners Consulting) which have orders from local businesses and even from businesses located in Russia. ALCP supported *First Consulting Company* tried to enter the Armenia market and approached these players to cooperate, but currently they do not need support from others seeing the Georgian company as a competitor.

First Consulting Company is developing a web portal www.business.org.ge, where they have gathered practical information for entrepreneurs and gives detailed information how to start business, how to decrease the risks of business managing, to make right decision and make enterprises more profitable. This web portal will help them find clients in Armenia and Azerbaijan thought this web portal. It will be translated into Russian. More research is needed to sound out demand for business development services and to ascertain what scope there is for cooperation between Georgian and Armenian business development services.

AGRI INFORMATION

INFORMATION

Georgia, Armenia and Azerbaijan have some linkages among media associations and universities. Last year representatives of the Media Initiatives Centre in Armenia visited the Georgian Association of Regional Broadcasters in Georgia to observe the process of transformation to digital broadcasting. The head of the Journalism Resource Centre Natia Kuprashvili, who is an associate professor of Tbilisi State University often shares teaching methods with her colleagues at Yerevan and Baku state universities. Journalists from Armenia, Azerbaijan and Georgia have common trainings on the ways of reporting on gender, conflicts, social issues etc.

AGRO REPORTING IN GEORGIA

The ALCP has worked extensively in Georgia in the provision of agro information as shown in the table below. 35% of farmers impacted by the interventions noted below have adopted new practices, which have been beneficial for their production. Farmers feel that they are in a better bargaining position and feel that they have more competitive production. Of the interventions noted below all are sustainable and operating independently. The quality of agro reporting has improved in terms of improved content, coverage and innovative methods of delivery. Eleven instances of crowding in have been noted in the sector, one university, four radio stations and six newspapers. Increased competition is also being observed with a new Agi Journalist Association being founded this year and copying in the form of agri journalism training to journalists.

Table 12: Agri Information in Georgia Facilitated by ALCP

TVs / Newspapers	Online Sources	Universities
ALCP facilitated media organizations are the main source of agricultural information for 279,217 individuals and their households throughout Georgia[28]. 614,277 people watch / read agro information per household and they share new information with 335,060 people outside the family. 35% of the individuals have adopted new practices and majority of them find these new practices beneficial for their production. To date 20 TV journalists trained in agri journalism have presented more than 520 videos; 25 press journalists have written more than 750 articles on animal health, Brucellosis, Mastitis, Anthrax, Foot and Mouth, farm hygiene, milking hygiene, proper nutrition, animal registration and EU regulations related to Georgia since February, 2014	Agro video lessons produced by Mosavali have 794,000 views on Facebook and 130,000 on YouTube.[29] 114,563 people have visited Roki's revamped website http://agro.ge/ with daily updated agro news, information on inputs and services in Georgian, Azeri and Russian from a baseline of 100 visitors a month, since August 2015.	7 universities have already added agri-journalism module to the journalism curriculum - a new discipline, lasting for one semester with a total of 15 credits hours. 346 students have already attended the course and showed their interest in continuing agriculture reporting after their graduating from universities.

[28] Public Broadcaster Ferma, Adjara TV Me Var Fermeri, Akhaltcikhe TV Imperia, Marneuli TV KK newspaper Adjara PS, Newspaper Trialetis Express KK, newspaper Samkhretis Karibche SJ, Georgian Association of Regional Broadcasters Agri New covering 21 regional TVs, Mosavali online videos

[29] Programme has facilitated 9 livestock and 23 beekeeping related videos. Based on these videos Mosavali has developed more than 113 videos about each sector of agriculture --- it is not clear there

AGRO REPORTING IN ARMENIA AND AZERBAIJAN

There are significant similarities in agro media coverage in Armenia and Azerbaijan. These countries suffer from stagnancy in media and agri information. Media is present but weak- with patchy coverage and the agricultural community is poorly served in terms of dedicated agricultural topics and information. Almost every region in Armenia has local TVs and newspapers, however provision is mostly urban centric with no emphasis on SME's and issues of real note for the majority of small scale livestock producers such as those related to animal disease, livestock nutrition or Food Safety and Hygiene laws. TVs report only short agro items included into the daily news that are related to activities of the Ministry of Agriculture. Journalists have low capacity and relevant experience to serve rural audience.

In *Armenia* one of the main sources of information for farmers is television, online agencies are on the second place, and newspapers take the third place. Media content is frequently controlled by the government and political parties. There are no agriculture programmes on regional TVs, however regional TV's are popular among rural audience due to broadcasting soap operas and different TV shows. The only agri TV Programme *Agri Time,* financed by the Armenian Ministry of Agriculture, used to stream through the Public Broadcaster with 15 minutes agri news on Saturdays, but it was cancelled in October, 2016. One of the leading NGOs in Armenia, the Media Initiatives Centre, supports TVs, newspapers and radio stations in the whole country to improve media reports on human rights, civic conflict, migration, elections, national minorities, gender and many other issues to report it to a wide range of target audiences; Yerevan based Caucasus Institute works also on media development and cross border integration, however they have never had any activity related to improving of agro reporting or agri journalism. In Armenia one of the sources of online agro information is *AgroWeb* Armenia facilitated by the Food and Agricultural Organization.

In *Azerbaijan* there are 17 national and 6 regional TVs. Almost every region has local TVs and newspapers, however as in Armenia they report only short agro items included into the daily news, related to activities of the Ministry of Agriculture. Journalists have low capacity and relevant experience to serve rural audience. Media content is frequently controlled by the government. One national TV *AZTV* Public Broadcaster, has an agricultural TV programme named *Rural Hour*, which is broadcasted once a week for half an hour. Among regional TVs only *Kapaz TV* in Ganja has an agricultural TV programme *Agronom,* which is broadcasted once a week for half an hour. The Minister of Agriculture has its newspaper *Rural Life*. The Agrarian University in Azerbaijan has its own 4-page newspaper, published once a month with 4350 editions and distributed to Ganja. The only online source of agro information is the *website of the Ministry of Agriculture* with information on livestock production, sheep, poultry, horse breeding, beekeeping, animal identification and forage production.

GENDER SENSITIZED ASPECTS

The market research has shown:

- Women's participation in knowledge and information sharing in agriculture and rural development is low.
- Women's perspectives and knowledge are absent while developing agro policy.
- Male-dominated channels fail to reach and mobilize women farmers;
- Recognition of men as "heads of households and holdings": as a result, women tend to be seen as "wives of farmers" instead of farmers with full rights;
- Lack of self-confidence in women in areas that are not socially attributed to them due to gender roles and stereotypes

Table 13: Systemic Constraints, Drivers and Pro-Poor Opportunities

Agri Information		
Systemic Constraints	Drivers & Pro-Poor Opportunities	Entry Points
- The main sources of information for livestock and honey producers are often from neighbors and friends passed through informal ways; farmers don't have access to information about key services such as veterinary medicines and advice, breeding, nutrition, information and finance and in improved and sustainable access to markets for the sale of dairy, meat and wool to robust food safety and hygiene compliant businesses. - Weak media and information services with appropriate rural content or tailored for farmers in Armenia and Azerbaijan, means that the farmers have little or no formal access to appropriate information on market prices, services' and inputs suppliers, new production techniques etc. hampering them to make sound decision. - Media practitioners and journalists in Armenia and Azerbaijan have knowledge gaps on crops, livestock and agricultural management and lack of interest to report specifically on rural issues and news. They do not know very basics in agriculture and thus information provided by them are often not reliable. They focus mainly on the events from the Ministry of Agriculture with no emphasis on farmers and small producers' needs and feedbacks.	Quality agri information will help instill confidence and enable producers to change practices that will results in increased production. Media players will understand the scope of the rural market for agri information and the expansion opportunities.	Facilitate improved linkages between countries and fostering of initiatives to improve cross border opportunities and entry points. Including creating peer to peer network between journalists from Georgia, Armenia and Azerbaijan. Expansion of agri information activities in Armenia and Azerbaijan and creating regional reports. Enhance vocational education services & capacity building to media sector practitioners & journalists in Armenia and Azerbaijan. Agro web portal operating regionally as an online resource for farmers in Georgia, Armenia and Azerbaijan with information, linkages, hot line, online consultation and contacts/database

TRANSVERSAL THEMES

Gender & Governance

For the full research and discussion of transversal themes related to gender and governance and bio security and animal disease control see *Governance Interventions in the ALCP*.

Armenia

Armenia ratified the Convention on the Elimination of All forms of Discrimination against Women (CEDAW) in 1993, and the Optional Protocol on Violence Against Women in 2006. Armenia is a member of the Council of Europe and ratified the European Convention on Human Rights in April 2002. In Armenian Society Gender roles and stereotypes are determined by 'tradition' and accepted as natural. Women and men have distinct gender roles, with women taking primary responsibility for the household, and men engaging in income-earning activities outside of the home. Gender stereotypes present barriers to achieving gender equality in the country

In recent years a disturbing trend has emerged as a key constraint to the improvement of gender equality. In 2013, before the adoption of the Gender Equality Law an anti-gender campaign swept the country. The opponents of this law started using the term 'Gender' to describe anything perverted and sinful, which aimed to undermine traditional Armenian values, families, and even history. The reaction was allied to Russian centric conservative politicians who also opposed moves towards the European Union. As the response to this the government replaced the word "gender" with "men and women" in law No. 57 a law almost unanimously adopted—108 for, and not a single against.[30]

Azerbaijan

Azerbaijan signed the UN Convention on the Political Rights of Women in August 1992 and in 1995 became a party to the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and signed its Optional Protocol in 2000. In 2001 Azerbaijan joined the Council of Europe, actively participating in the work of its Committee on Gender Equality. In 2006 the Law of the Republic of Azerbaijan on guarantees of gender equality was adopted.

The full functioning of civil society organizations has been hampered by the government provisions restricting civil society activities. Women's organizations and groups in Azerbaijan have problems gaining state registration

Azerbaijan enacted local self-government as one of the corner-stones of its constitutional system. The government established several laws aimed at increasing the powers of the municipalities. However, local self-authorities do not have sufficient capacity, training or knowledge to carry out such responsibilities

[30] A key informant Director of State University Centre for Gender and Leadership stated that they had been attacked verbally and threatened and been forced to take an Armenian MP to court for defamation. They won their case. Also see Armenianweekly.com.

ANIMAL DISEASE CONTROL

Armenia

The State Service for Food Safety under the Ministry of Agriculture of Armenia is responsible for veterinary issues through its structural division – State Veterinary Inspection. The inspection has its representation in each 11 administrative unit of the Country. Each year under the 'Agricultural livestock vaccination program' Ministry of Agriculture pursues activities for preventing the following infectious animal diseases[31]: brucellosis, tuberculosis, anthrax, brad sot, murrain, pasteurellosis, blackleg, malarial fever, classical pig plague, Newcastle avian disease, Varro destructor of bees.

Brucellosis in Armenia

FAO has been supporting Armenia in controlling Brucellosis and several project has been carried out since 2007 in the country to eliminate and control the brucellosis disease. Technical and institutional support to veterinary services in Armenia was one of the projects implemented in 2013-2016 by FAO. Under the project four vaccination campaigns in 109 communities of Syunik Marz were carried out and in total 40 534 heifer calves and 154 568 sheep and goats were vaccinated, capacity building trainings were provided to network of laboratories in the country and awareness raising campaign on brucellosis and other zoonotic diseases were conducted.

Animal Identification and Registration in Armenia

In Armenia cattle identification-registration process started in 2014 but the system failed. The country was not prepared for this process in terms of legislation and technical capacity. The cattle were registered but there was no mechanism to exclude them from the data in case of slaughtering, exporting etc. Currently, the FAO Georgia is providing experience sharing to Armenia and the country's work is ongoing to move this process forward. According to the new Government Programme 2017-2022 of Armenia the RA Government plans to carry out activities for the development and preparation of the programme for farm animal registration and numbering by the end of 2017 and introduce a digitized system and ensure risk identification and infectious diseases monitoring control for farm animal identification, registration and numbering during 2018-2020.

Treatment against External Parasites

There are old soviet time sheep dipping facilities that are used for treatment of sheep against parasites in Armenia.

Azerbaijan

The State Veterinary Control Service under the Ministry of Agriculture of Azerbaijan is a responsible for animal disease control in the country. The service has its representative in each 59 districts (rayon) of Azerbaijan who is responsible for veterinary issues, including provision of vaccinations. Each local unit of the state veterinary control service has their annual plan of vaccinations. Anthrax and FMD (cattle and sheep are vaccinated), Rabies (only dogs are vaccinated) and Brucellosis vaccination are free compulsory

[31] The information obtained from the following source: http://minagro.am/vet services

vaccinations provided throughout the country by the state veterinarians. In case when the farmer asks for a visit to state vet, the service fee is 5 Manat.

Brucellosis in Azerbaijan

In Azerbaijan measures against brucellosis is one of the priorities in veterinary. The country launched activities against brucellosis disease in 2007 when started seromonitoring[32] and vaccination against brucellosis in several districts of Azerbaijan[33].

- In May 2017, sheep and goats' vaccination was launched;
- In 2008-2010 a pilot program of vaccination with eye drops began in four districts of the country (Sheki, Balakan, Qakh, Zaqatala) and was funded by the World Bank;
- Since 2011 the vaccination (with (eye drops) is carried out all over the country;
- Since 2015, the World Banks conducts 4 year programme (till 2019) encompassing technical assistance on prevention and surveillance on brucellosis

Treatment of the Livestock against External Parasites

Usually all farmers treat their cattle against external parasites mainly with Creolin. There are private sheep dipping facilities in Azerbaijan and sheep are treated against parasitizes there. The state vets receive insectoacaricide from the state to disseminate it to farmers for free of charge, however the amount of chemicals is low-5 liters per district and not all farmers benefit from it. There is no animal identification and registration system implemented yet in Azerbaijan. For more in depth information on Animal disease related facilitation in Georgia please see *Transversal Themes in the ALCP*

[32] The monitoring of the presence or absence of specific substances in the blood
[33] Information is obtained from the following source: http://web:oie.int

Table 14: Systemic Constraints, Drivers and Pro-Poor Opportunities

Equitable Public Goods: Rural Women's Access to Decision-Making & Access to Finance			
	Systemic Constraints	Pro-Poor Opportunities	Entry Points
Georgia	Rural Women/Girls: Lack of involvement in new local decision-making fora Information, time and cultural constraints prevent women's access to finance/entrepreneurship Local Self Government: Lack of knowledge, self-confidence and ability to respond to & implement changes in the law regarding citizens' participation	By involvement of rural women in local decision-making they will be able to voice their need in support of their rural livelihoods Rural people can better influence local politics to ensure full knowledge and access to available public goods.	Facilitate with the Gender Equality Committee of Parliament for implementation of equitable citizens' participation in Local Self Government based on programme facilitated Guidelines[34] and expansion of the Women's Rooms to the rest of Georgia (including ongoing facilitation with MOLI in Kakheti for establishment of WR's) Facilitate Chamber of Commerce of Georgia, Batumi Business Womens Association and EBRD, Georgian Farmers Association & GoG 'Starter programme for young entrepreneurs' to hold the *First National Entrepreneurs Forum* in Tbilisi 2018 (building on from the 1st Adjara Business Women's Forum held in Batumi in January 2017)[35]
Armenia	Rural Women/Girls: Lack of access to decision making: Lack of networks and contacts outside their family; rarely or never cooperating with other women on business or political issues. Lack of public spaces where rural women can meet in the villages and no influence and voice at local decision-making Limited access to essential information and resources restricts their income generating activities		Facilitation of pilot Women's Room in Alaverdi municipality Facilitate making of gender guidelines for LSGs with cooperation the SDC funded Armenian NGO Strategic Development Agency (SDA)

[34] Developed in conjunction with the Parliamentary Gender Equality Council of Georgia and endorsed by the Ministry of Rural Development and Infrastructure. The *Guidelines for the Implementation Gender Equality Policy of Georgia by Local Self Government* (2016) includes a detailed section on the new forms of citizens participation P8. These Guidelines are an update to the 2012 produced Guidelines and include necessary amendments in light of the new legislation affecting local decision-making.

[35] The forum facilitated by the programme was organized through the Ajara Chamber of Commerce and Industry, Batumi Business Womens Association and included potential funders or resources such as EBRD and business training organisations.

Azerbaijan	Rural Women: Lack of education and frequent early marriages; Lack of influence and voice, cultural norms and current laws do not encourage women's participation in the decision-making process. *Government:* Government's role is decisive with the lack of support women's involvement any decision-making at the local level		Investigation of viability of peer to peer exchange particularly to Azeri areas of Georgia where equitable LSG practices are ongoing.
Animal Disease Control & Bio Security Initiatives			
Georgia	Farmers: Lack of interest & knowledge about benefits and rationale of animal identification and registration process in terms of animal disease control Farmers & Local Government: Poor LSG carcass disposal system and facilities increases risks of spreading various dangerous diseases including Anthrax and diseased meat entering food chain. Undermining meat value chain. Government: Less than optimal management of BSP's and ongoing issues on AMR currently and lack of clear future planning hamper the sustainability BSP's and National & Regional Bio Security Control	Well-informed farmers understand and fully use the benefits of the process and will be in compliance to the new regulations and market requirements Farmers safe from new sources of dangerous animal diseases; healthy animals means increased milk/meat yield and more income More sheep & cattle farmers are able to benefit from BSP's and treat their animals against diseases	Facilitation to develop a comprehensive public information provision campaign on animal identification & registration process with NFA & FAO/NAITS Facilitation of safe carcass disposal practice by implementing pilot of the first ever municipal incinerator in Bolnisi Municipality Facilitate the NFA to improve BSPs management and network to underpin the development of cross border trade and export, promote Georgian sheep/sheep products at international markets. Including presentation of *Critical Analysis* at Advisory Committee Meeting in early 2018.
Cross-Border	Lack of coordination between Armenia, Azerbaijan and Georgia to ensure safe epizootic status of the whole region, that is pivotal to the livestock sector development, cross border trade and export prospects Lack of transparency on animal disease issues in Armenia. Dangerous animal diseases such as FMD still takes place in Armenia however officially it is denied. Data on animal disease outbreaks are not available online, no information is submitted at World Organization for Animal Health OIE Lack of new infrastructure. The farmers in Azerbaijan and Armenia still using soviet sheep dipping facilities	Livestock farmers in cross-border municipalities will benefit with synchronized prevention measures of animal diseases; Increased transparency and enhanced communication will improve epizootic status of three countries and reduce barriers to cross border trade and export	Facilitation of consultation fora between peer to peer actors of state institutions responsible for animal disease control in three countries to address livestock health related issues and improve coordination (in coordination with FAO NAITS/SDA) Facilitation of study tours / regional meetings between cross border stakeholders Facilitation of bio security initiatives including introducing best practices of animal disease management and the BSP model in Armenia and Azerbaijan