

## MGs 2018-2022 results analyses

One of the most important tools in this project is the “Marketing Group” model.

A marketing group (MG) is an association of people with the same interest (fruit growing or fruit selling) who collect, buy, and store or process fruit together and sell it.

MG are tools for serious economic development for small farms in the regions.

MGs are also interesting for buyers and processors, as they are able to supply high quality, large quantities of fruit. The buyer does not have to deal with many small farmers in this regard, but by working with the group he can save time and resources.

The project provides small grants to MGs in the following areas:

- Through small grants, groups acquire equipment for refrigeration, dry food production, and recycling.
- Gain knowledge in terms of marketing, post-harvest storage, effective sales, business planning, business organization, and finding new markets.
- Get acquainted with new technologies, experiences, innovations, establish relationships with buyers and suppliers
- Collaborate with each other and sell together, becoming more interesting for large buyers, even supermarket exporters
- Today we can state that the "Marketing Group" is an established model of group cooperation of producers for Shen NGO.

During 2018-2022, 29 marketing groups were established within the framework of the program, 18 of which in Gegharkunik and 11 in Vayots Dzor region.

Below is information about the marketing groups established in 2018-2022.

1. MGs as fruit, vegetable collection units during the last 4 years involved in purchasing fruits for drying facilities, processors. Even some MGs in GK and VD are involved in the production of dried fruits (Alvkus LLC, Lchashen MG, Areni MG, 2 MGs in Vardenis). But the main portion of fruits goes to other dried fruit producers in Armavir, Ararat, Aragatsotn regions. Table 01 shows that in both regions you can see the positive dynamics and year by year from target regions fruits valued from dried fruit producers. From GK it is very much connected with pear, in VD it is apricot, peaches, plum, etc. *In 2020 in GK and in 2022 in both regions* there was a low purchase of the fruits, due to war and pandemic situation, *also due to escalation from neighbour country to Armenian territory especially in Vardenis and Jermuk*. Totally MGs from two regions already purchased 1226.16 tons of fruits and sold them to dried fruit producers.

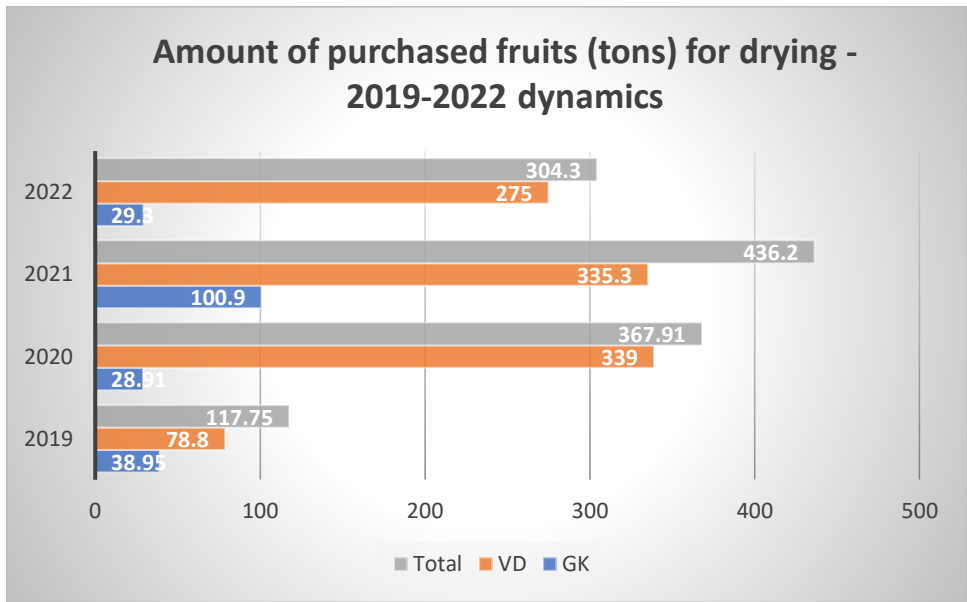


Table 01

2. Storing the fruit in Cold storage is a crucial factor for MGs development especially in the GK region. As you can see in Table 02 there is very much obvious that in GK the main part of MGs purchased fruits for storing and in 2020 the quantity was reduced due to war and hard economic situation. The numbers increased in 2021 and continue to grow in 2022 as well. In the case of VD they reducing the number, because they work mainly with processors, exporters and cold storage of fruit are not of high interest. Also, it is coming from fruit type, because apricots and peaches you cannot store in long term, but for pears, it is very much effective and economically viable.

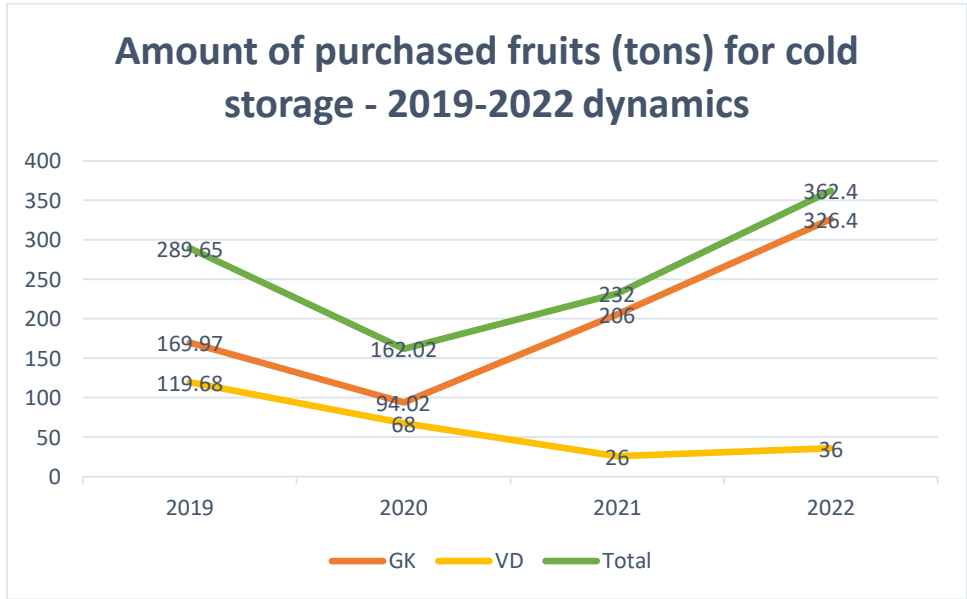


Table 02

3. MGs purchased fruits for juice, jams, even fruit alcohol processing. The main fruit for processing especially in GK is sour cherry. In Vardenis town one of our MGs procures from 18-22 tons of cherries each year and sold to different big processing companies (like Noyan, Grand Candy, etc.). On the other hand, about 40 tons of apples were purchased in 2020 for fruit vodka production. In VD there are one MG that in 2022 started production of fruit alcohol. In Table 03 we can see dynamics and it is obvious that in VD the increase of volumes from 2019 to 2020 and stability in 2021 and growing steps in 2022.

In GK the pick was in 2020 it was a good year for cherries and apples for alcohol. But in 2021 alcohol producers didn't buy because they need to bottle the existing alcohol. If you compare with fruits purchased for storing or for drying the fruits numbers for processing are relatively low and that indicates that low-quality fruits (3-rd grade) quantity decreasing.

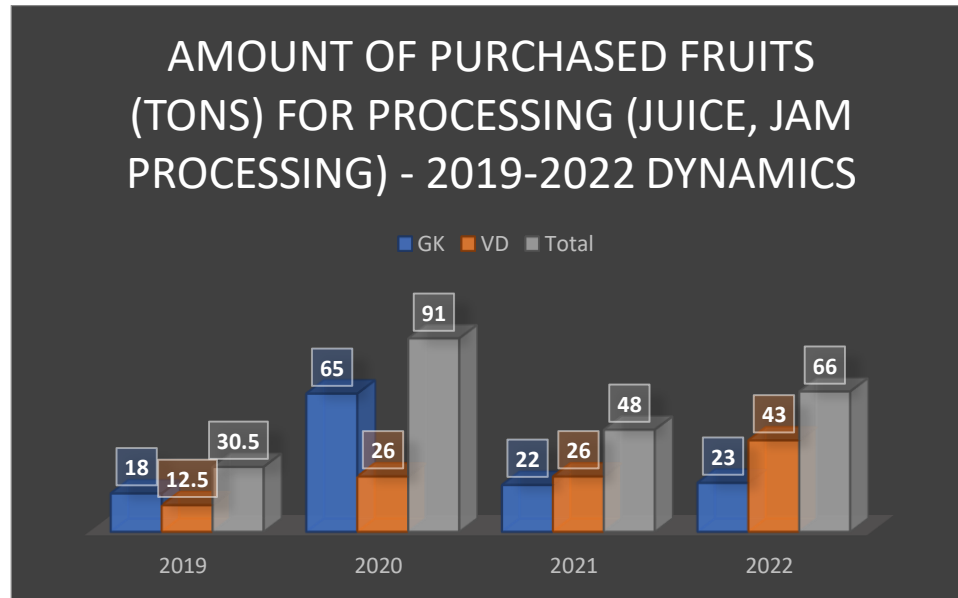


Table 03

- MGs are collecting fruits from farmers and that is the main idea of the HMDP project. Because the project does not support one farmer, the project support farmers groups. In GK fruit growers are mainly smallholder farmers for that MGs worked with a lot of farmers (for example cherry, pears, apple producers). MGs year by year starting work with the farmers that produce good quality fruits. It is also a very good sign, that MGs create requirements of good quality, marketable fruit, and farmers starting to use new technologies. On the other hand, there is one practice that middlemen from other regions used, they purchase all grades of fruits from one orchard. So our MGs starting work in these schemes also, for that number of farmers decreasing but fruit volumes increasing. In 2022 due to conflict near border and war in Ukraine many farmers cooperate with MGs because they couldn't sell product and middlemen from other regions didn't come to the region as regular. The MGs helps the farmers to collect, store and sell fruits.

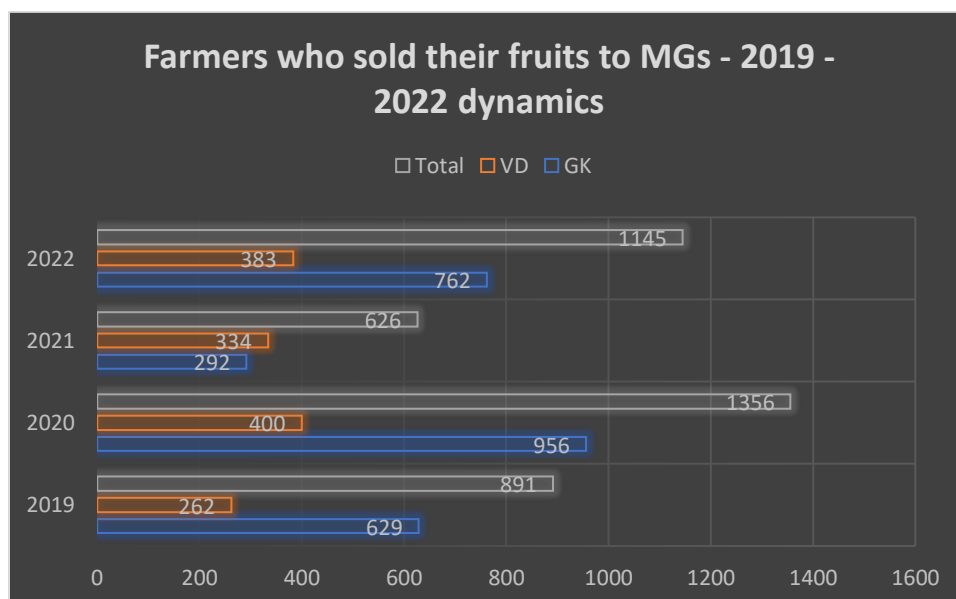
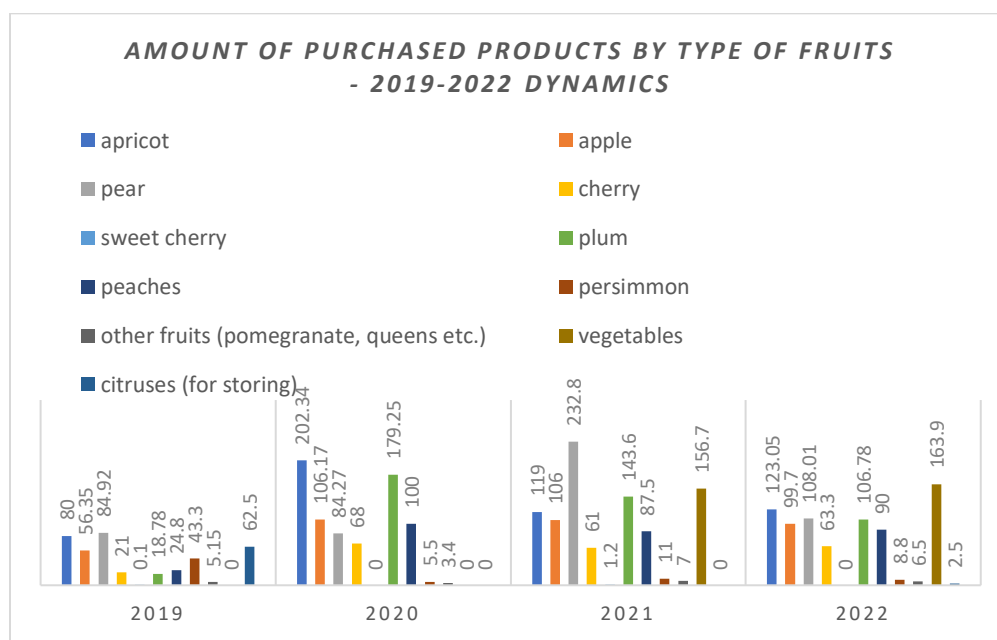


Table 04

5. Regarding purchased fruits totally by species, we can emphasize positive dynamics, year by year fruits numbers increasing. (Tables 05, 06) If we compare with 2019 already in 2022 almost 2 times more fruits purchased by MGs. (396.9 tons in 2019 and 772.54 tons in 2022). Some amount of purchased fruits decreased in 2022 due to above mentioned factors including climate change (spring frost, hail, extreme drought). Very good numbers show pear from 2019-2021(from 84.92 tons to 232.8 tons), also apples, plum, apricot cherry quantities increase shows that MGs working effective they have markets, and they work as the local market for smallholders. Regarding persimmon, we can see a decrease in number due to closing border with Artsakh and a decrease in number purchased citrus refer on closing border with Georgia during the pandemic time. We would like to mention that in Gegharkunik we are working with 18 MGs. (Table 07) There is no competition between MGs, they only take a share of middlemen who comes from another region. And they mostly cooperate with each other and that was also the initiation of the HMDP project.

Fruits	2019	2020	2021	2022
apricot	80	202.34	119	123.05
apple	56.35	106.17	106	99.7
pear	84.92	84.27	232.8	108.01
cherry	21	68	61	63.3
sweet cherry	0.1	0	1.2	0
plum	18.78	179.25	143.6	106.78
peaches	24.8	100	87.5	90
persimmon	43.3	5.5	11	8.8
other fruits (pomegranate, queens etc.)	5.15	3.4	7	6.5
vegetables	0	0	156.7	163.9
citruses (for storing)	62.5	0	0	2.5

Table 06



**Table 07 MG “The Marketing Groups founded in Gegharkunik”**

CD	Marketing group and members	Facility	Leader					
				2018	2019	2020	2021	2022
1	“Lchashen” 3 farmers	Fruit dryer	Garnik Ghazaryan	V				
2	“Vardenis” 3 farmers	Cold storage	Levon Hovhannisyan	V				
3	"Karchaghbyur", 4 farmers	Cold storage	Nairi Yerosyan	V				
4	“Tsovak “, 5 farmers	Cold storage	Eduard Sargsyan	V				
5	“Lchavan”, 4 farmers	Cold storage	Roland Khachatryan		V			
6	“Vardenis” 3 farmers	Cold storage	Garsevan Boyakhchyan		V			
7	“Vardenis” 3 farmers	Cold storage	Khachatur Khachatryan		V			
8	"Khachaghbyur", 5 farmers	Cold storage	Lilit Muradyan		V			
9	“Martuni” 3 farmers	Cold storage	Ruben Davtyan			V		
10	“Martuni” 3 farmers	Cold storage	Norik Avetsiyan			V		
11	“Vardenis” 3 farmers	Cold storage	Karen Khachatryan			V		
12	“Vardenis” 4 farmers	Fruit Alcoholic Beverages Production	Henrik Karapetyan			V		
13	“Martuni” 3 farmers	Cold storage	Khanum Ghazaryan				V	
14	“Akunq” 3 farmers	Cold storage	Artyom Aghoyan				V	
15	“Vardenis” 3 farmers	Fruit dryer	Armine Ziroyan				V	
16	“Tsovinar” 3 farmers	Cold storage	Sahakyan Mihranush				V	
17	Vaghashen 3 farmers	Cold storage	Avetiq Harutyunyan					V
18	Vardenis 3 farmers	Fruit dryer	Davit Yegikyan					V
	<b>Total</b>	14 cold storages						
		3 fruit dryers						
		1 Fruit Alcoholic Beverages Production						

**Table 08 MG “The Marketing Groups founded in Vayots dzor”**

CD	Marketing group and members	Facility	Leader					
				2018	2019	2020	2021	2022
1	Dried fruit Yeghegni/3 members	Fruit dryer	Anahit Asatryan	V				
2	Yeghegnadzor Dried fruit factory/4 members	Fruit dryer	Narek Sargsyan	V				
3	Khachik marketing group /6 members	Cold storage	Vardan Nersisyan	V				

4	ALVKUS LLC/ Yeghegnadzor	Fruit dryer	Khazhak Ohanyan		V			
5	Storage facility in Yeghegnadzor	Cold storage	Armen Adamyan		V			
6	Juice Production	Juice production equipment	Hopsep Khachatryan		V			
7	Input shop in Getap	Input shop	Aram Hakobyan			V		
8	Water pump system	Installing water pump system	Hunan Ohanyan			V		
9	Orchard establishment	Orchard establishment/25 ha	Armen Harutyunyan, Karen Petrosyan, Stepan Khachatryan, Norayr Harutyunyan, Vanik Shavarshyan				V	
10	Input Shop	Input Shop	Marine Hakobyan					V
11	Fruit vodka production	Fruit vodka production	Rafik Gasparyan Erik Poghosyan					V
	<b>Total</b>	2 cold storage						
		1 Orchards Establishment (5 farmers)						
		3 fruit dryers						
		1 Water pump system						
		2-Input Shop						
		2-Juice production, fruit vodka production						