
Small Businesses In Armenia To Receive Boost From UN Rural Development Fund

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ROME, JANUARY 9, ARMENPRESS; A new US\$32.2 million Farmer Market Access Program in Armenia, supported by a US\$ 11.9 million loan and a US\$500,000 grant from International Fund for Agricultural Development (IFAD), will provide innovative financing for poor rural and peri-urban people to develop profitable on-farm and off-farm small businesses.

IFAD said in a press release that the program will provide loans to people who develop rural microenterprises that have the potential for rapid growth but are held back because they can't qualify for conventional bank loans.

The loan agreement was signed January 8 at IFAD headquarters by IFAD's President Lennart Bage and Armenia's Ambassador Extraordinary and Plenipotentiary to Italy Ruben Shougarian.

The OPEC Fund for International Development will co-finance the program for US\$10 million. Other co-financiers will contribute US\$2 million; the Government of Armenia US\$5 million; participating financial institutions US\$900,000; and project participants US\$2 million.

"Once they are able to access credit, poor rural producers will have many more opportunities to develop profitable and commercially viable products and services all along the market value chain," said Henning Pedersen, IFAD's country program manager for Armenia. "More rural enterprises will also mean new jobs for people who have not been able to find work."

The programmer's main financing instrument will be a venture capital fund - the Fund for Rural Economic Development in Armenia (FREDA) - which represents an innovation for both rural Armenia and IFAD.

Those applying for financing under the program will have to show that their enterprise will foster sustainable income growth among the program's target groups, which include farmers and unemployed, under-employed and self-employed people. Applicants for FREDA support who engage women as suppliers and employees will be given preference.

The program will also help participants gain access to the knowledge, technology and infrastructure they need to enable them to profit from domestic and export markets.

Improved access to roads, small-scale irrigation and village gas supplies are also part of the program.

Participants will contribute a minimum of 10 per cent in cash or in kind to overall infrastructure costs, and participate in infrastructure design, supervision, operation and maintenance.

IFAD has financed five programs and projects in Armenia since 1995, investing a total of US\$64.2 million. IFAD investments in the country support poor farm families so they can produce a surplus to be sold for additional income. Small- and medium-scale rural service providers such as traders, processors and suppliers also are targeted for support because of their important role as links between farmers and markets.

IFAD was created 30 years ago to tackle rural poverty, a key cause of the droughts and famines of the early 1970s. Since 1978, IFAD has invested almost US\$10 billion in low-interest loans and grants that have helped more than 300 million very poor rural women and men increase their incomes and provide for their families.

IFAD is an international financial institution and a specialized United Nations agency. It is a unique partnership of OECD, OPEC and other developing countries. Today, IFAD supports more than 200 programs and projects in 84 developing countries.
