
Ifad Starts Implementation Of 'Marketing Opportunities For Farmers' Programme In Armenia Priced At \$32 Mln

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The International Fund of Agriculture Development (IFAD) starts implementation of a credit programme 'Marketing Opportunities for Farmers' priced at \$32 mln, specialist for foreign relations of the coordination office of IFAD programmes in Armenia Alexander Kalantaryan told ArmInfo. He said that the total cost of the programme (\$32 mln) includes a loan by IFAD at the rate of \$11.9 mln. Besides IFAD, the International Development Fund of OPEC will participate in its financing and will extend credit to \$10 mln for the programme implementation. \$5 mln more will be received from Armenia's budget, and \$2.9 mln will be provided by other participants - financial organizations of the programme. The rest 10% of the total sum will be charged from clients as contribution. Moreover, the government of Denmark will grant \$2.2 mln for trainings among the borrowers.

He also said that the programme is aimed at improvement of the social-economic state of farmers. Within the frames of the programme, Kalantaryan said, the financing will be carried out by three key directions. The matter concerns, in particular, such components as 'Rural financing', 'Rural infrastructures', 'Organization and implementation the programme'. Each component consists of subcomponents. The first component, including three subcomponents, envisages creation of a rural joint-stock fund (Armenian Villages Economic Development Fund) purposed to assist the enterprises which are unable to become the banks' full members but have a big potential. The funds will be given to the private processing enterprises, especially OJSC under the condition of receipt of their shares at the rate of 20-40% of the capital with possibility of their further sale. Within the frames of the second component, which envisages financing of infrastructures, the maximum amount of the credit being extended will expectedly make up \$250,000.

The interlocutor recalled that IFAD has already carried out four similar programmes in Armenia totally priced at about \$65 mln. Moreover, the first programme of IFAD started in 1996 and was aimed at recovery of irrigating systems. The Fund implements programmes in the remote villages of Armenia, and the majority of credits (to \$1.4 mln) have been extended to Vanadzor region. In particular, IFAD carried out crediting through 7 Armenian commercial banks, the most active of which is Ardshininvestbank - over \$1.5 mln. IFAD grants the funds to the banks at 2-4% rate per annum with repayment term to 7 years, he said. Talking of the problems of agriculture development in Armenia, A. Kalantaryan marked, among the primary ones, absence of insurance of agricultural risks and small scale of farms which number today about 300,000. Moreover, absence of knowledge in the area of use of modern technologies and developments in agriculture, is also a serious problem. He added that the XV international symposium on apricot cultivation, to be held in Armenia, may play a considerable role in solution of this problem .

By the data of National Statistical Service of Armenia, the gross volume of agriculture over May, 2008, grew by 39,1%, and in Jan-May, 2008, the annual growth made up 1,9% to 95 bln drams (\$307 mln).
