



Building Armenia's Rural Communities: One Cluster at a Time

Imagine a village with a new school, but no paved roads for children to reach it. Imagine another school with paved roads, but no library, supplies or internet to stay competitive.

Imagine another village with irrigation water for its farms, but no drinking water for its farmers. Or a village with access to natural gas, but no pipelines to deliver it to homes and schools for heating.

For over 16 years, Armenia Fund has tackled a whole range of infrastructure initiatives.

One valuable lesson learned from this long journey is that even the most ambitious infrastructure restoration project implemented alone, may be a momentary remedy only, a short-term relief that will cure the symptoms but not the root of the problem.

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Providing upgraded agricultural technologies to clusters of villages has been an essential part of the Rural Development Program

This means that renovating just one road or rebuilding only a school will not bring the fundamental and lasting change that every village in Armenia needs.

With the launch of the Armenia Fund Rural Development Program, we embarked on a daring quest to tackle poverty and turn the dangerous tide of emigration from the vitally important border regions of Armenia and Artsakh by meeting infrastructure needs comprehensively and responsibly.

Our Cluster Approach

The time had come for a new vision, a new approach to the development strategy. This approach will group tiny and scarcely populated villages into development clusters that will widen the impact and diversify the spectrum of Armenia Fund activities.

Apart from the necessary infrastructure upgrade, we will also tackle the economic development in the border communities. The impact of creating jobs or providing updated agricultural techniques will thus go beyond the limits of one community and instead bring change to several communities at once. The cluster approach has proven to become a valuable method to save costs and capitalize on the competitive advantage of each village.

The villages will be grouped into clusters based on a number of criteria: their geographic vicinity, common infrastructure needs and their economic potential. This

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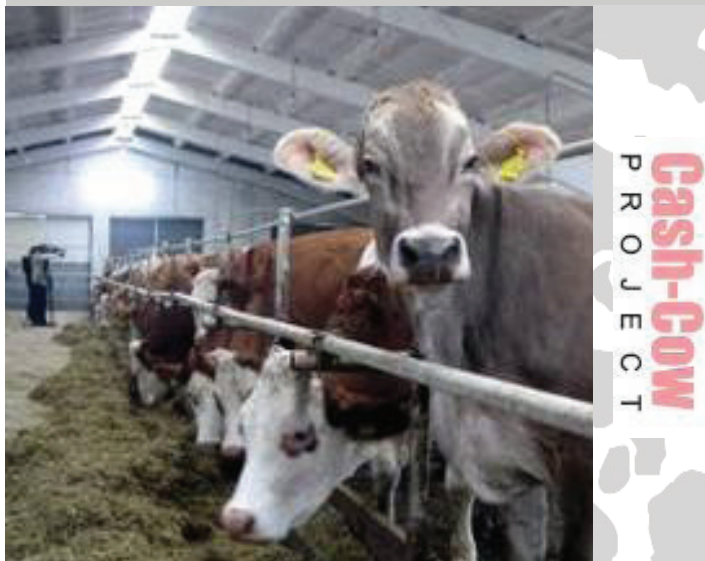
Cash-Cow Project

Livable Income for a Family per Year

Armenia Fund's "CashCow" Project is a back-to-basics formula to help rural families get ahead. In rural border towns and villages of Armenia and Karabakh poverty is business as usual. Yet hope can be seen just by adding one healthy heifer to the family unit.

The CashCow Project empowers rural families: one healthy cow allows a rural family to start a small milk or cheese production micro-enterprise. In some areas, Armenia Fund USA has arranged for the output to be transferred to cooling units and transported to collection centers for distribution to processing plants, food production factories, or larger markets in urban centers.

Armenia Fund USA is also helping farmers obtain micro-financing, enabling them to purchase more



efficient milking equipment, breed more cows and deliver their outputs promptly.

One healthy heifer per family will give 4 gallons of milk per day, 15 lbs of cheese per week and 42,000 drams (about \$150 per month).

To some families, the Fund's "CashCow" Project is a second chance that every Armenian family deserves. In less than one year, one cow can generate the desperately needed income to keep one family in its ancestral home, get back on its feet, contribute to the community and, ultimately take back its future.



A recently opened school in Karabakh that follows the cluster approach and will serve an entire community of villages

way, we will be able to work out optimal and long lasting solutions to the economic and social challenges that the people living in the border communities of Armenia and Artsakh face today.

Armenia Fund's first experience in using this approach is the Rural Development Program pilot cluster that embraces six border communities in Tavush region— Aknaghbyur, Azatamut, Ditavan, Lusadzor, Lusahovit and Khashtarak. While preserving their social autonomy and distinct features, these communities will function as a single economic mechanism. By creating this fabric of cooperation we will enable people to work together and coordinate their efforts in agriculture for more feasible results and a higher income.

An example of such coordinated effort is the establishment of a milk collection unit in the village of Azatamut that will serve the needs of all the communities included in the cluster.

Armenia Fund will use the same approach while addressing the infrastructure issues in the cluster villages. This way, instead of creating a separate healthcare point for each community, we will work on creating one fully functional and equipped facility that will use ambulances to effectively cover the whole territory of the cluster and provide quality treatment to all the people living in the six border communities.

The cluster approach works incredibly well with schools. Instead of time and resource-consuming renovation of every half-empty school in every village, we will focus our efforts on creating one cen-

Greetings from the Executive Director



Dear Friends,

I am pleased to update you with progress on our projects. In 2008, we allocated over \$15 million for projects in the most underserved and remote areas of Armenia and Karabakh. With your help, rural families gained access to agricultural equipment, renovated and furnished classrooms, clean water and new healthcare units.

We are proud of our recent accomplishments, yet know that our mission is far from complete. In times like these, in the midst of a global recession, Armenia Fund offers a practical strategy that prepares subsistence farmers to improve lives of their families and, at the same time, rebuild Armenia's rural economy. Now more than ever, "equipping" people with the necessary tools is the right idea at the right time.

We would like to express our gratitude for your part in helping the Fund bring the Armenian Dream to as many communities as possible. We look forward to working with you in the coming year and beyond, as we help rural families find their individual pathways to prosperity.

Irina Lazarian

tralized educational center that would provide the students with the best possible education in the best possible conditions.

The school buses will ensure the transportation of the children from all the nearby villages. This project is not about closing other schools; it is, however, about giving people a viable alternative, a chance for their children to get the education they deserves today to benefit their village tomorrow.

Overall, we believe that this new approach will ensure comprehensive development both in the clusters as a whole and in each separate community, reaching out to every family living in a border village. The creation of jobs and new economic possibilities in these communities will also ensure the maintenance and the sustainability of the implemented initiatives, and in the long run, will help establish the internal capacity to tackle the various issues in the community without outside help. Cluster village approach to development has proven to be an innovative tool to tackle poverty and bring long-lasting fundamental change for so many families that await help.



A child runs by clutching a bright blue plastic bottle. He is followed by a woman slowly walking with a bucket in each hand and a man with a weathered face that urges on a donkey carrying water jars. While standing in line for water women share news and village gossip. These images cannot be attributed to one specific place as they are very common both in Armenia and Karabakh.

Water is the most basic element of life, and there certainly is no shortage of water neither in Armenia nor Karabakh. The freshwater springs are aplenty: uninterrupted and free, they pave their own paths around towns and cities and eventually end their journey in rivers and lakes.

"The real challenge here is not the absence of water—the real challenge is finding a way of bringing the water from mountains and forest springs to people's homes," says Alexander Baghdasarian from Hadrut who solved his water issue by digging a well in his yard. Alexander says that digging wells cannot be a universal solution as it requires extensive work and resources. "We have a spring nearby called Bear Spring that flows steadily into nowhere. If we could get that water to the people of Hadrut, it would significantly relieve the current water situation," Alexander said these words two years ago when the Hadrut water supply project was still in the design stage.

In 2007, the Armenia Fund launched the construction of the a 22km pipeline that would bring water from Bear Spring to the region of Hadrut as part of the Fund's Rural Development Program.

"The best part of it that all you need to do here is place the pipes. The natural elevation of the spring ensures that the people of Hadrut have uninterrupted access to water via the gravity flow, says Alexander.

Nrnadzor in Armenia Has a New Water Main

Teheran's Armenian community provided support for the construction of a new water main in Nrnadzor village. The first phase of the two-phased drinking water supply restoration is completed, and the newly built water intake station now ensures the smooth and uninterrupted functioning of a 1,200 meter long new water pipeline. The completion of the second phase entails the construction of a water supply inner network, two reservoirs (with 50 cubic meter capacity each) and a pump station that will allow the passage of irrigation and drinking water to each and every household of the village.

"Meghri is considered the southern gate of Armenia, and is, undoubtedly, of great strategic importance for our country. In that sense, Armenia Fund's decision



Water Main brings drinking water to every household in the village

to implement the project in these particular areas was not a random selection, but rather an economically prudent assessment," says Ara Vardanian, the Fund's Acting Executive Director in Yerevan.

Agriculture still remains an important sector of Armenia's rural economy, and a reliable source of income for village communities, especially in the border villages of the country. The adequate supply of irrigation and drinking water is a crucial step towards development in the region. As a continuation of its Rural Development Program, the Fund will undertake further projects in Shvanizor, Alvank and Nrnadzor to provide these communities with up-to-date agricultural machinery and fertilizers to increase productivity and reduce farming costs.

Parallel to the implementation of this initiative, the Fund took up the task of renovating the town's water reservoir and restoring the dilapidated well and pumping networks. All this will ensure that the 10,000 people living in Hadrut will never have to stand in a water line again and the images of people carrying buckets of water will become a distant memory.



Verin Horatagh is a tiny community of 530 in Karabakh's Martakert region. Today, the local school has 100 students with another 70 at preschool age. The old building of the school, deeply scarred by time and war retains little resemblance to an educational center. Despite this, it still holds a very special place in the hearts of the people of Verin Horatagh as the first place to come back to life after the horror of the war was finally over.

"Most of the families had to abandon the village to escape the ravages of war. The village was a ghost town. But then our school reopened its doors and people started coming back with their children," says the principle of the school Naira Arustamian.

The local school brings the community together at Verin Horatagh

This way, the local school was the magnet that managed to bring the community back together. Today, the war is over and Verin Horatagh is a peaceful place once again.

Yet the future of the village still greatly depends on the community school, and the communities hope that the new, modern school, built thanks to the contribution of the Canadian Affiliate of Armenia Fund, will stop many families from moving out.

The new school will bear the name of Baroness Caroline Cox. Verin Horatagh was the community where the Baroness launched her daring humanitarian mission reaching out to the most distant and isolated communities of Artsakh. Yet this is not the only reason for naming the school after Baroness Cox.

A good friend of Karabakh, Baroness Cox's enthusiasm and devotion have touched many hearts. The initiative was the school of Verin Horatagh and the benefactor's suggestion immediately resonated with the community ensuring it a wide support. Many individuals set out on individual fundraising campaigns. Internationally renowned pianist Serouj Krajjan gave a solo recital donating all the proceeds to the construction. He was joined by cyclist Massis Kesisyanyan who rode his bicycle from Toronto to Montreal, covering a staggering six hundred kilometers in a fundraising event for the school.

Today, the school is already a heartwarming reality: The Baroness Caroline Cox School opened its doors to students in the fall of 2007, extending the gift of education to the children of Verin Horatagh.

I support because...

May 15, 2009

I choose to help through Armenia Fund USA because I believe in their diligent approach to putting Armenia back on its feet.

Their carefully planned projects are focused on long-term development. The goal is to not only provide immediate help but to lay the foundations that rural areas in Karabakh and Armenia need in order to blossom as strong functional communities.

I am not Armenian myself but have always had great respect for Armenia and its culture. Throughout its long history, Armenian people have made endless

significant contributions to the world's arts, sciences and technologies.

Today, while Armenians are scattered around the world, they continue to play an integral part in its development. The Armenians I am privileged to know are very charismatic, bright and talented individuals.

I would like to do everything on my part to help give all those living in their homeland the opportunity to thrive and explore their true potential. As a contributor to this cause, I am always confident that Armenia Fund USA directs my efforts where they are most effective.

Mikhail Shraga
Sheepshead Bay, NY

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