



USAID | **ARMENIA**
FROM THE AMERICAN PEOPLE

YEAR 1 ANNUAL REPORT

July 2014 – June 2015

Innovation for Agricultural Training and Education
in Armenia

(InnovATE/Armenia)



Management Entity Contacts:

Angela M. Neilan, Program Manager

InnovATE/Armenia

aneilan@vt.edu

Keith M. Moore, Director

Innovation for Agricultural Training and Education (InnovATE)

Office of International Research, Education and Development (OIREd)

keithm@vt.edu

Virginia Polytechnic Institute and State University (Virginia Tech)

526 Prices Fork Road (0378)

Blacksburg, VA 24061 USA

540-231-6338

This report was produced for review by the United States Agency for International Development. It was prepared by InnovATE/Armenia Project implemented by Virginia Polytechnic Institute and State University (Virginia Tech) and its USAID/InnovATE partners. This project was made possible by the support through the United States Agency for International Development Mission in Armenia in response to USAID/Armenia RFA-111-14-000001 through USAID Cooperative Agreement No. AID-OAA-L-12-00002.



Table of Contents

InnovATE/Armenia's RESULTS FRAMEWORK	1
Progress Report for InnovATE Armenia Year One-2014-5.....	3
Activity 1: Design a Comprehensive Business Plan	3
Activity 2: Increase Capacity of ICARE to Increase Revenue and Decrease Costs	7
Activity 3: Increase Linkages between the ATC and the Armenian Agricultural System	14
Activity 4: Redefine ICARE.....	22

InnovATE/Armenia’s RESULTS FRAMEWORK

The InnovATE/Armenia PMEP is designed to reflect and respond to USAID Armenia’s Country Development Cooperation Strategy. The following Results Framework reflects key program directions and their linkages with USAID Intermediate Results (IRs) and Sub-Intermediate Results (Sub IRs). The PMEP is structured to realize the Mission’s goal of a more engaged, prosperous and well-governed Armenian society. Key program directions are laid out, expected results are closely linked, and refined to mission directions. The InnovATE/Armenia impact pathway through USAID/Armenia’s Results Framework is highlighted in italics in Figure 1 below.

InnovATE/Armenia outputs and outcomes fall within two Sub-Intermediate Results: Workforce improved to meet market demands (Sub-IR 1.2.2); and Productivity and sophistication of enterprises strengthened (Sub-IR 1.2.3). Figure 2 details how the results of each activity will be measured. The purpose of this cross-cutting set of four InnovATE/Armenia activities is to ensure the financial and programmatic sustainability of ATC/ICARE’s agribusiness education and training programs. The objective of the project is to develop human and institutional capacity in instruction, research, outreach, and program administration. In this way, InnovATE/Armenia contributes to the achievement of increased competitiveness of the agricultural sector for more inclusive and sustainable economic growth.

Figure 1: USAID/Armenia’s Results Framework Chart

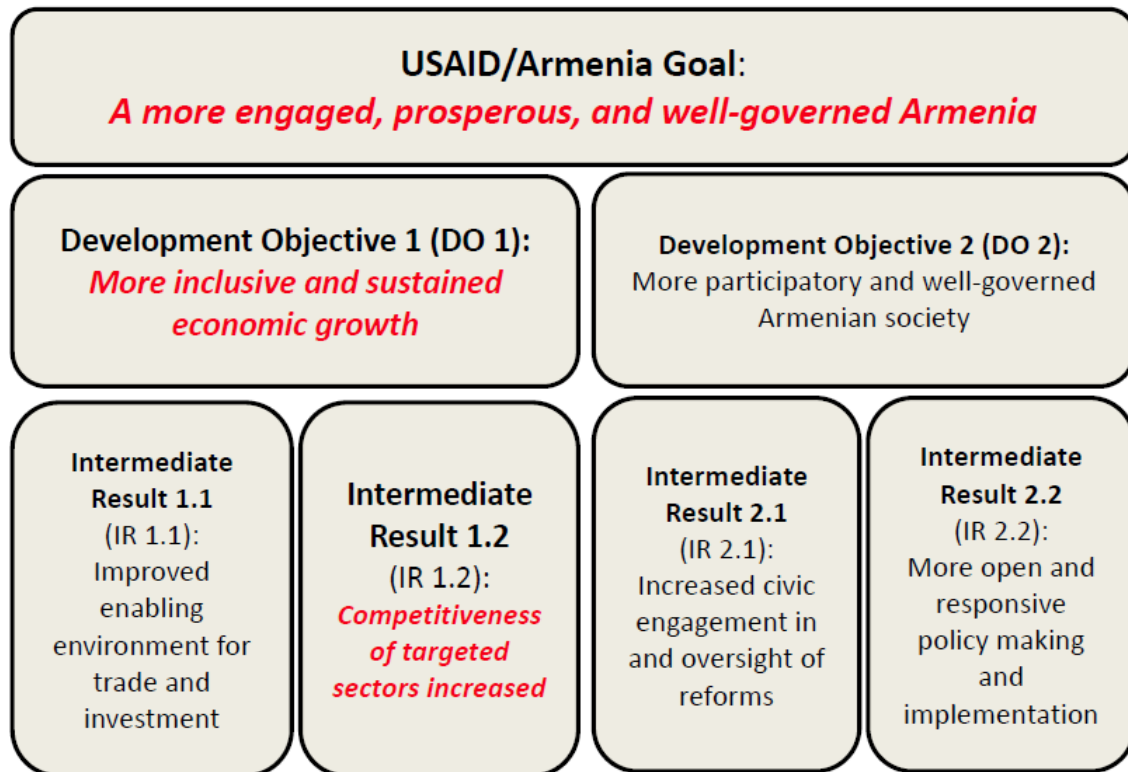
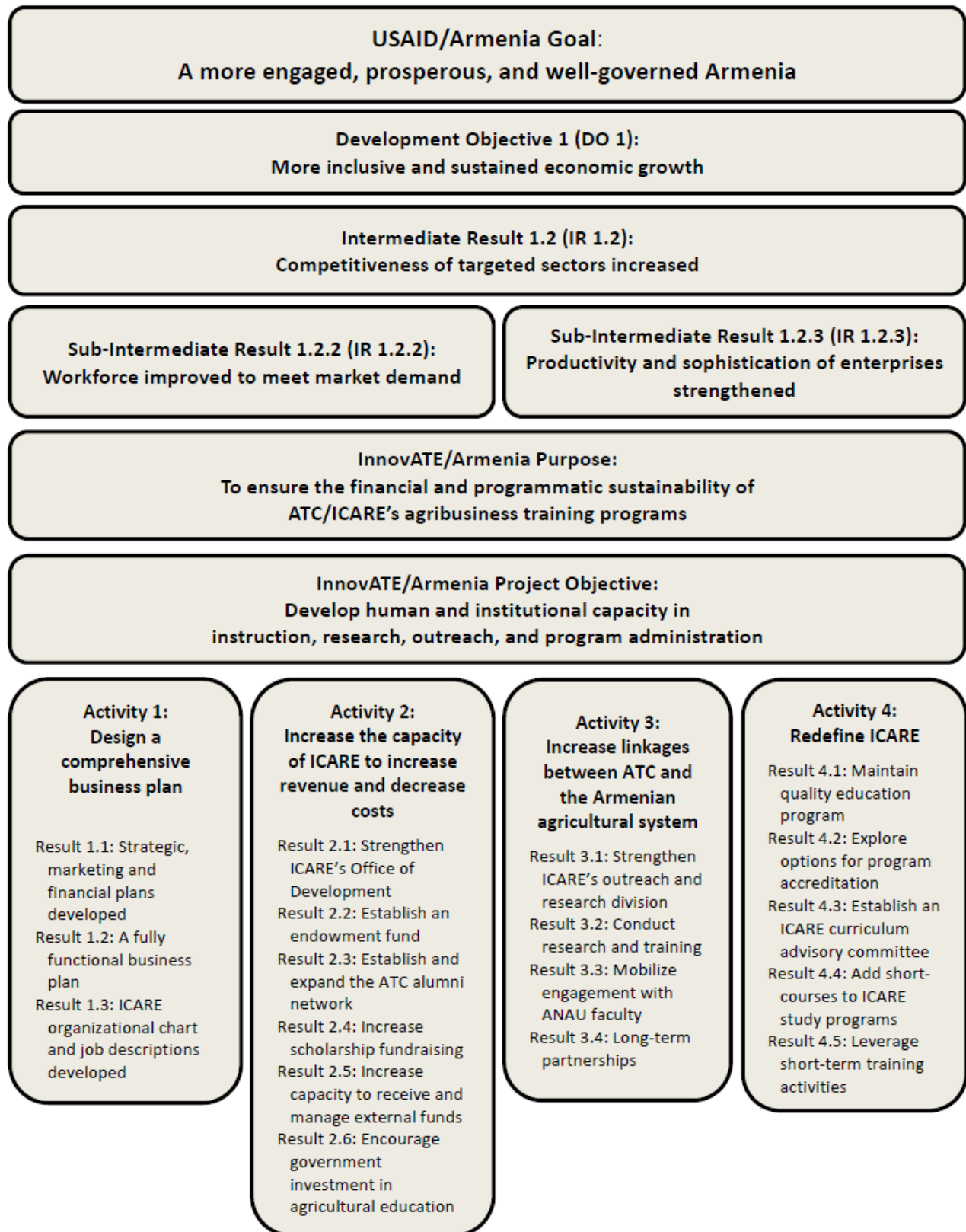


Figure 2: Measuring Activity Achievements



Progress Report for InnovATE Armenia Year One-2014-5

A narrative explanation of progress made on each of the 4 major project activities during 2014-5 is followed by a detailed activity implementation table with timeframe, milestones and status of deliverables . The last table for each Activity shows PMEP indicators for each of 5 years.

Two columns are marked “2015 Target” and “2015 Actual” for the sake of comparison between original targets and results accomplished this year. The first shows the approved targets and second shows successful progress achieved or lack thereof.

Start up and administrative tasks were completed by InnovATE at Virginia Tech (VT) prior to arrival of project manager in Armenia. These tasks include mobilization of management team, developing sub award with ICARE, and other policies and procedures including invoicing and record keeping.

The activities described below are jointly implemented by VT and ICARE/ATC unless otherwise noted.

Activity I

Design a Comprehensive Business Plan

During the past year, we were able to begin development of and compile several sections of the overall business plan for ICARE. These include a participatory situation analysis with qualitative interviews of all staff and some stakeholders, ICARE Foundation asset analysis, marketing and development plan and updated ICARE Strategy Document with action plan for 2015-2020.

New position descriptions were developed for Research Director, Development Director, and part time InnovATE/Armenia Project Accountant and the organization chart was revised to reflect these new positions. All employee contracts (including service and labor contracts) were reviewed. ICARE Foundation Human Resource policies were translated and reviewed and major remuneration issues discussed with ICARE Board of Directors. The Board approved these new positions and new organization chart at their last Board meeting.

A financial plan was drafted and is currently under review.

Constraints and Unresolved Issues in Developing a Comprehensive Business Plan

The business plan was not completed as expected due to challenges in collecting and collating the relevant information. ICARE/ATC does not appear to be in control of its financial resources. A major part of the ATC budget is derived from student tuition and is held by accountants at ANAU to be drawn down on for teacher salaries according annual agreements with the Rector. In addition, each faculty member has a work contract, either a long term labor contract or a short term service contract. Some of these contracts have not been revised since the beginning of employment in 2000. Work contracts are adjusted through annexes as needed to reflect change in work assignments and compensation changes and not all personnel records are readily available for review.

Information requested was received, however it is difficult to know specifically what to ask for. Organizational information flow is highly vertical. Work on information gathering and plan development will be extended into the next project year. Part of the challenge depends on formalizing and institutionalizing an organizational management plan that is functional, transparent, and sustainable providing a succession mechanism.

ICARE/ATC is both a Foundation and a department of the larger agrarian university ANAU. As a Foundation, they can control the Foundation finances. As the Agribusiness Department of the ANAU, they are not in control of a great portion of their revenues from student tuition paid to the University. Despite the fact that ATC teaches modern western business practices, ICARE/ATC is not able to follow these practices due to their dependence on the larger university ANAU as the bursar for student tuition and as the provider of their UAB and MAB degrees. A major portion of basic operational funds are controlled by ANAU. This dependence also restricts management flexibility.

Policy issues: There are several over arching policy issues that deal with the relationship between ANAU as the overall university and ICARE/ATC as the Agribusiness Department of the ANAU. It may be possible to increase tuition and/or give ICARE/ATC more control over the tuition paid by their ATC students to ANAU. As it stands now, about 65% of that tuition money is used to pay for teachers' salaries through a draw down system with the ANAU accounting department. The other 35% remains at ANAU as a type of overhead or indirect cost. Those funds do not pass through the ICARE/ATC accounting system. A major portion of basic operational funds are controlled by ANAU. It is difficult to develop a business plan for an institution when the resources and income stream are not under their control. The dilemma could be addressed at the ministry level.

Activity 1: Design and Implement an ICARE/ATC Comprehensive Business Plan

Targeted Result (no.)	Task Description	Projected Month of completion	Task Leaders	Status of Deliverables
1.1 Incorporate Strategic, Marketing and Financial Plans into Fully Functioning Business Plan				
	Complete Situation Analysis	Jan-Mar 2015	ICARE Director, InnovATE/ Armenia Manager	Completed
	Update current Strategic Plan	Jan-Feb 2015	ICARE Director, InnovATE/ Armenia Manager	Completed
	Incorporate action plan into business plan	Feb-Mar 2015	ICARE staff, InnovATE/ Armenia Manager	Completed
	Stakeholder Validation Meeting	Feb 2015	ICARE Director	Not yet – business plan not completed
	Asset Analysis	Feb 2015	ICARE Director, Accountants, VT staff	Completed
	Draft Marketing Plan	Feb-Apr 2015	PR specialist, Development Director, Research Director	Completed
	Draft Financial Plan	Feb-May 2015	ICARE Director, Accountants	Completed
	Business Planning workshop	March 2015	VT to ICARE staff	Completed
1.1.1	Implement Pilot Business Plan	May 2015	ICARE	Not yet – Plan not completed
1.1.2	Revise Business Plan based on input and present to ICARE Board	May 2015	InnovATE/Armenia and ICARE Board	Comprehensive Business Plan not completed
1.2. Revise Organization Chart and Job Descriptions				
	Present new Job Descriptions and Organization Chart to the ICARE Board	Feb 2015	ICARE Director, InnovATE/ Armenia Manager	Completed

Results	Indicators	Disaggregation	Baseline Value	Target	Actual	Target Values			
				FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Result 1.1: A fully functional business plan	1.1.1: Complete draft of business plan balancing revenue generation with operational expenditures and investment for growth approved	None	0	1	0	0	0	0	0
	1.1.2: Updated business plan incorporated into ICARE annual work plans	None	0	0	0	1	1	1	1
	1.1.3: Business plan revised for FY 2020-2024	None	0	0	0	0	0	0	1

Activity 2

Increase Capacity of ICARE to Increase Revenue and Decrease Costs

A Development Office was formally established and Director hired. Training was provided for the new Development Director during his visit to Virginia in November, 2014. Fund raising experts from 12 different departments and colleges were involved in sharing strategies that work in the field of philanthropy and donor relations. With expert assistance from the VT Foundation and several of Virginia's Community College Advancement professionals, the new Development Director created a plan for raising funds at ICARE/ATC and involving alumni in revenue generating events. This included establishing contact and building relationships with potential donors. From the research on philanthropy, it is evident that the first visit with potential donors is not the time to ask for donations. The first visit is to establish contact and subsequent visits or calls will build to the "ask" or the request for donations.

Upon returning to Armenia, the Development Director conducted a workshop on the new development plan, emphasizing the roles and responsibilities of the entire staff. Fund raising is the responsibility of everyone at ICARE/ATC, not just the Development Director. A computerized donor database was initiated using contacts from alumni, diaspora Armenians and other stakeholders.

Supporting promotional materials for both undergraduate and masters level recruitment have been developed and an interactive secure donation platform and webpage were created within the widely used ICARE/ATC website. A searchable alumni database was created and the first alumni fund raising campaign was begun.

Promotional materials in electronic format and glossy bi-fold brochures were professionally designed and produced. Two promotional videos were filmed and beta tested with various audiences. Short term funding for student sponsorships were received from 6 donors for a total of \$30,000. However, this was under the targeted goal of \$75,000 for individual student sponsorships. A donor packet was created which included creative opportunities for giving to ICARE (such as naming classrooms or educational programs for a loved one or supportive donor) to support the ICARE Director in his meetings with potential donors in the eastern United States.

The Director used the new searchable alumni data base to organize meetings with the ATC alumni living in the eastern USA. Alumni gathered in Florida, Boston, NY and DC for an update by the Director and an overview of the donation and sponsorship opportunities at ATC in Armenia.

The Director was successful in making contacts and updating alumni and stakeholders about the ICARE/ATC. He was hosted in Boston by one major donor to ATC who had donated \$25,000 to pay for solar panels on the roof. This family agreed to donate another \$25,000 to provide lab space and equipment for the EVN Wine Academy. This brings the total contribution from this one family to \$50,000. The solar panels on the ATC rooftop now provide a majority of the electricity for the ICARE/ATC building thus saving on utilities every month. These new funds for the wine academy have not been received yet but the pledge is in place and purchasing of equipment will begin shortly.

The potential for developing an endowment fund was explored and legal counsel is currently being sought for advice on establishment and management of long range investment for ICARE/ATC. A conventional endowment fund allows the interest to be spent during current year but the principal must remain untouched for continued growth. This type of account is not recognized in Armenia. It is doubtful that an investment account in Armenia can qualify for tax deductions for diaspora

Armenians in the US. Work with the ICARE Board could help to resolve this dilemma by involving Board Members and Texas A&M University (TAMU) in the search for an appropriate financial institution to manage the endowment fund.

Attorneys in Glendale, California are being asked for advice about the establishment of an ICARE/ATC endowment through a 501 C3 non-profit organization such as the Texas 4-H Foundation. This is affiliated with TAMU, the founders of ICARE and original curriculum developers for ATC. The ICARE Board will discuss this issue and hopefully help to craft a solution this next year. An interactive donor platform was designed and launched on the ICARE/ATC website. A total of \$1,300 was received from on-line donations and an additional group of scholarships were donated by Hovnanian Foundation for a total of \$6,000. Since the Endowment fund has not yet been established, the target of \$300,000 was not met.

In the area of best accounting and financial practices, the VT Financial office provided training for ICARE/ATC accountants and also conducted several technical assistance sessions via Skype or phone conference. Both Virginia Tech and ICARE/ATC staff have been involved in the discussion of indirect costs. ICARE/ATC has incorporated the newly approved 10% overhead in all new proposals including the PEER project. NICRA has been discussed and will be researched at a later date since the 10% rate has been approved for use on USAID projects and is currently being used by ICARE/ATC. If an increased overhead rate can be approved, there is the potential for additional revenue from agribusiness research grants. An internal audit of indirect costs was conducted. At this point, almost all expenses are operational costs. An asset analysis for ICARE/ATC was also conducted. Both of these are sections of the overall financial plan. Cost structure optimization will be a priority for year two of the project.

Board policies for ICARE Foundation were collected, translated and discussed. ICARE Foundation has an approved document containing operating policies and procedures. Additional policies or changes must be approved by the Board. A new Conflict of Interest (COI) policy was developed in collaboration with the VT InnovATE financial office which was approved by USAID and approved by the Board at their January meeting. Training was provided on this new policy and all employees are expected to complete and sign individual forms annually. The ATC Deputy Director for Academics will maintain these records.

Constraints and Unresolved Issues in Increasing Capacity of ICARE to Increase Revenue and Decrease Costs

Conflict of Interest policy and procedures are standard operating practice. However, the entire concept was new to individual ATC employees and there were many questions during the training. Clarification was provided that the policy requires employees to disclose *potential* conflicts in their own lives and work. For example, the Research Director's husband serves on the ICARE Foundation Board. This is a potential conflict of interest and she was able to indicate that on her personal form. She is not in violation of a conflict of interest, but if there were to be a decision before the Board which might affect her, her husband should recuse himself from that Board action. There were many questions from both teaching and administrative employees so this is an area for future follow up.

The cultural issue of asking for money is presenting challenges. It is difficult to ask for money and if this happens, folks jump to the conclusion that there is trouble. The concept of charity and the financially better off donating to various causes in a free market system is not common in Armenia. Development, institutional advancement, coaching and technical assistance will be strengthened during the next year to support the Director and Development Director in their fund raising trips to

the US west coast this next winter and in subsequent on line and event based Development activities.

Policy Issue: There is a definite misunderstanding of the terms “scholarship” and “endowment” so a decision was made to use “Student Sponsorship” for short term development and “Investment Fund” for long term development which adds more clarity. It could be possible in the future to work with financial institutions to initiate an endowment fund where the principle stays in tact and only the interest is available for expenditures.

Activity 2. Increase the Capacity of ICARE/ATC to Increase Revenue and Decrease Costs				
Targeted Result (no.)	Task Description	Projected Month of completion	Task Leaders	Deliverables
2.1. Strengthen ICARE Office of Development				
2.1.1	Development office formally established and functioning	Oct. 2014	Development Director, ICARE Director	Completed
2.1.2	Training of Development Director	Nov. 2014	Development Director, ICARE Director	Training report presented Completed
	Conduct workshop on Development Strategy for ICARE staff	Nov 2014- Feb 2015	Development Director, ICARE Director, PR spec.	1 Workshop Completed
	ICARE Development Strategy	Nov-May 2015	Development Director, ICARE Director	Strategy completed
2.2. Establish Endowment Fund				
2.2.1	Assessment of alternatives for establishment of Endowment Fund	May 2015	Armenian Legal Expert	Legal analysis in progress. 501C3 non-profit status is important to US donors but ICARE does not have this designation. Texas A&M could manage the endowment fund through the 4-H Foundation or Board Chair is exploring other possibilities with community foundations
2.2.2	Document relationships with existing and potential donors (in and outside Armenia)	Apr-Jun 2015	Development Director	Donor development data base has been developed
2.2.3	Create the endowment section of the ICARE/ATC website	Sep. 2015	Development Director	Completed
2.2.4	Develop and conduct fundraising campaigns (i.e. gather and publish highlights of successful grads who have had agribusiness impact, develop brochures and web content)	Sep 2015	Development Director (collaborating with all ICARE staff and alumni)	Alumni Fundraising campaign brought in \$1,300 on the fund raising website other alumni donor events are planned
2.2.5	Facilitate Endowment Fund in both US and Armenia	Sep. 2015	Development Director (collaborating with all ICARE staff and alumni)	Value \$ 300,000 not reached. Raised \$1,300 in donations.

2.3. Establish and Expand ATC Alumni Network				
2.3.1	Upgrade and maintain searchable alumni database	April 2015	CDCC Director	Completed
	Facilitate contributions by alumni to ICARE; adapt ICARE communication materials to alumni audience; alumni section created in ICARE Newsletter.	June-Aug 2015	Development Director, CDCC Director; PR Specialist	Alumni page established on ICARE website and new promotional brochures have been posted
2.4. Increase Scholarship Fundraising				
2.4.1	Produce communication and promotional materials (electronic and paper)	May 2015	Development Director	Completed Electronic 3, Paper 3
2.4.2	Promote funding for scholarships	Sep. 2015	Development Director, ICARE Director	Amt \$75,000 not reached. Raised \$6,000 of scholarship funds from Hovnanian Foundation and from donations through the on line donation platform.
2.5. Increase Capacity of ICARE to Receive and Manage External Funds				
2.5.1	On-the-job training in accounting and USAID financial reporting requirements	April 2015	Accountant, InnovATE VT financial staff	Training conducted
2.5.2	Internal audit of indirect costs conducted	Apr-Jul 2015	Accountant, InnovATE financial staff	Report produced 10% indirect allowed for all projects
2.5.3	Begin discussion of NICRA for cost recovery and pre-award audit for USAID funding eligibility	Apr-Jul 2015	Accountant, VT staff, ICARE Director	Under discussion, NICRA to be determined
	Policy and procedures compiled	Apr – July 2015	ICARE Director, ICARE staff	ICARE Policies and procedures collected and compiled
	Communication with government of benefits and social return on investment of ICARE/ATC	Sep. 2015	ICARE Director, ICARE staff	Not yet completed. Market Analysis of demand for ATC type education has been suggested

Results	Indicators	Disaggregation 1	Baseline Value	Target	Actual	Target Values			
				FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Result 2.1: Strengthen ICARE's Office of Development	2.1.1 Workshops on development office strategy and objectives, as well as on writing for promotion and development conducted	None	0	1	1	0	1	0	0
	2.1.2: Development Office formally established and functioning	None	0	1	1	0	0	0	0
Result 2.2: Establish an endowment fund	2.2.1: Prepare legal documents for establishing endowment fund	None	0	1	0	0	0	0	0
	2.2.2: Documented network of relations with key ICARE stakeholders (in and outside of Armenia)	None	0	1	1	1	1	1	1
	2.2.3: Endowment website Upgraded	None	0	1	1	0	1	0	1
	2.2.4: Number of fundraising campaigns conducted	None	0	1	1	2	2	2	2
	2.2.5: Value of endowment fund (thousands of \$)	None	0	300	0	1,000	2,000	3,500	5,000
Result 2.3: Establish and expand the ATC/ICARE alumni network	2.3.1: Upgrade and maintain a searchable alumni database	None	0	1	1	1	1	1	1

Results	Indicators	Disaggregation 1	Baseline Value	Target	Actual	Target Values			
				FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Result 2.4: Increase scholarship fundraising	2.4.1: Communication and promotional materials produced (such as brochures, letters, reports, webpages, announcements, facebook postings, video, etc.)	Electronic Media	2	3	3	4	5	5	5
		Paper media	2	3	3	4	4	4	4
	2.4.2: Amount of scholarship funds raised (thousands of \$)	None	5	75	30	125	200	275	300
Result 2.5: Increase capacity of ICARE to receive and manage external funds	2.5.1: On-the-job training in accounting (GAAP) and USAID financial reporting requirements completed	None	0	1	1	0	0	0	0
	2.5.2: Internal audit of indirect costs completed	None	0	1	1	0	0	0	0
	2.5.3: Cost structure optimized	None	0	0	0	1	0	0	1
	2.5.4: Policy and Procedures (POP) Manual drafted and approved by ICARE Board	None	0	1	1	0	0	0	0
	2.5.5: NICRA established for ICARE	None	0	0	0	1	0	0	0
Result 2.6: Encourage increased government investment in ATC/ICARE	2.6.1: Increased government contribution to ATC/ICARE	None	0	0	0	0	15%	25%	35%

Activity 3

Increase Linkages between the ATC and the Armenian Agricultural System

The Research and Outreach Center was reorganized at the June ICARE Foundation Board meeting separating the two functions. Research is now a Center and the outreach efforts are responsibility of the overall Foundation. There are now only three centers including Academics-Agribusiness Teaching Center (ATC), Agribusiness Research Center (ARC) and the EVN Wine Academy. Other functions including Development Office, PR and Communications, Finance and Accounting are no longer treated as centers but now report directly to ICARE. Training function has been dismissed by ICARE/ATC because the 20% revenue tax and additional 20% VAT implications mean that training and outreach are not revenue generating activity. Training will only be provided as required by various funded grants received by the Research Center and to involve key stakeholders when needed.

The Research Director and the Development Director worked together with the InnovATE Armenia project manager to respond to a call for proposals from National Science Foundation and USAID Partnerships for Enhanced Engagement in Research (PEER). The pre-proposal on Fisheries and Water Quantity and Quality in the Ararat Valley was approved and ICARE was asked to write a full proposal for submission. Several new concepts were introduced during this process, including the buy-out of faculty time, as opposed to salary top off for building the proposal budget. The PEER project proposal helped the Research and Development Directors to work together and the result was a very good proposal. The actual writing of the proposal was a good experience in and of itself and if funded and will give them a chance to learn to administer a larger amount of money. The guidelines for each section of the grant were clear and fully explained. Actually the process served as a hands-on training in writing grants for US funding sources. If the proposal is funded, work will begin on "Fisheries and Water Quality and Quantity in the Ararat Valley" which will employ several Armenian faculty and fund several Armenian students to conduct the research. They will be given technical assistance by the VT Water Resources Center.

A training was conducted by InnovATE VT Staff on proposal development using the USAID guidelines. Five additional trainings and follow-up sessions were conducted throughout the year. One training focused on responding to proposals from the EU. Another focused on building proposal budgets. Because of the integrated nature of these research development activities, it is difficult to disaggregate these staff development efforts by categories of Research, Training and Proposal Writing as in the original PMEP. Consequently the overall goal of 7 total programs was almost reached as 6 trainings were completed. Selected individuals who might be involved in future proposal writing were also invited to attend the sessions.

The value of gross revenue from research proposals awarded to ICARE/ATC this year was \$48,000 which exceeded the target goal of \$ 35,000 but fell far short of the \$130,000 received in 2014. Ten percent overhead was charged on research projects this year, bringing in \$4,800 to ICARE for operating expenses. The income from training conducted was targeted at \$6,000 which was not achieved due to the legal and tax constraints only discovered late in the year. Several of the proposals had training components as part of the larger project deliverables, but disaggregating income received for training functions was difficult. One reason that training and outreach could have been downplayed as an opportunity for ICARE/ATC is that other organizations are conducting trainings in the rural areas, such as CARD at their Farm and Vet centers. No training was delivered to micro, small and medium enterprises because this audience was not a target of any of the grants

received. The objective of increasing linkages between the ATC and the Armenian agricultural system is consequently more constrained than originally expected. This relationship will need to be re-examined during the next year.

The outreach centers originally planned for providing ICARE consulting services for MSME's were not developed. This was a function of the decision to do outreach when required by funded projects. Also because the CARD Farm and Vet Centers were growing throughout the country and the opportunities for collaborating on use of their facilities were great. Actually 10 ATC graduates were employed by CARD this last year. They are the major employer of ATC grads and it is hoped that these well trained employees with Agribusiness background will be able to help the farmers and small entrepreneurs with business planning services.

The Research Director participated in International Agricultural Extension Conference in the Netherlands and met with researchers and extension professionals from many other countries. She attended sessions where research was presented by others both in person and by poster session. As a result of her experiences, she encouraged ATC students to submit presentations at various conferences and professional association meetings. Four research studies were published, 6 conference presentations and 2 poster sessions were given for a total of 12, exceeding the original target of 6. The reputation of ICARE/ATC in Armenia was spread to many other colleges and universities during these academic meetings at venues such as the International Conference of Agricultural Economists in Italy and the Vine and Wine Congress in Germany.

Involving faculty and professors from other universities in the research process has been a challenge. Nevertheless, 4 ANAU research and outreach faculty have been actively involved. The original target was 3 faculty so this target was met. The idea of salary buy out is not a generally recognized practice. Most faculty have wanted to do the research work in addition to their full time academic assignments. AUA faculty who were recruited to work on the PEER proposal were given a choice of how they wanted to include their time on the project. AUA has a policy in place and this will be explored further for incorporation into the ICARE Foundation policies.

The Board Chair explained that ICARE employees can earn consulting fees up to 20% of their salaries. Anything over that should go to the Foundation for operating expenses. This is consistent with the VT policy that faculty may use one day per week for consulting and research. Currently, the rewards for research accrue to the individual but not to the institution. When doing consulting work the researcher must take vacation days and cannot be paid by two sources for the same hours. This double payment is an issue that ICARE/ATC are aware of and ICARE/ATC will implement accurate time tracking project by project in the next year.

Memoranda of Understanding have been signed with two Universities this year, Geisenheim University in Germany and VT in Virginia. A signing event was held in December at ANAU and many faculty, deans and department heads attended. The goal of 2 MOU's was met. Also illustrative of the linkages with Armenian Agriculture and Agribusinesses are the 5 industry sponsored internships for students. The goal was 8 but gaining 5 was a good step towards linking agribusiness employment more closely with the academic experience. All students take field trips to several agri-industries each year. More of these agribusinesses will support on the job internships in the next year.

Constraints and Unresolved Issues in Increasing Linkages between the ATC and the Armenian Agricultural System

Current understanding is that fee based training is not possible due to the ICARE non-profit charter that prohibits the Foundation from charging and receiving fees. This needs to be explored more deeply because the potential for industry participation in training is a possible revenue generation stream. It might be possible to initiate a for profit arm of the Foundation, but this remains to be determined.

The Center for Agribusiness and Rural Development Foundation (CARD - the original parent organization of ICARE/ATC) as a major employer of ATC graduates and competitor for outside agribusiness research, has both a positive and a potential negative impact on ICARE/ATC. The employment of ATC grads is good for all involved. However, CARD has announced that it will now have a research division and has hired a top ATC grad to direct the effort. The potential for conflict with ICARE Research Center is obvious could lead to competition for grants and contracts in the future. Opportunities to collaborate will be explored in the next year.

The issues of double billing, double pay and time tracking by project continues to be discussed regarding the level to which the individual is remunerated and the institution supported. If research is only used to motivate salaried employees, the opportunity for income to pay operational expenses is lost. Currently, the rewards for research accrue to the individual but not to the institution. Time should be tracked by project. Leave should be used when researchers are working on funded projects and receiving buy out from other projects. The difference between salary buy out and salary top off should be clear and individual financial benefit capped at 20% of base salary according to ICARE Foundation policies.

An officially approved NICRA is not in place yet so all project proposals include 10% overhead to benefit the organization. Once a NICRA is established, a higher overhead or indirect cost can be used on research projects. Even a 5% increase to 15% would add to the income stream for ICARE/ATC.

Incentives for ANAU and other Armenian university faculty to participate and collaborate on research projects need to be identified. There is no incentive for a researcher to collaborate if the project involves salary top off which would have to be shared if additional faculty are involved. Salary buy out is a much more fair and transparent practice and would bring some additional predictability to the institutional budget. How extensive this practice is in Armenia will be explored and the ICARE Foundation Board will be asked to review the process of funding individuals from research projects.

Policy issues: A stronger linkage with Agriculture in Armenia has been difficult to develop based on Higher Education requirements related to both enrollment and curriculum. Curriculum is driven by national legislation. Restricting students to one discipline precludes providing students with multi-disciplinary problem focused curricula. Students who begin freshman year in agribusiness or marketing or finance can continue on to compete for enrollment in the ATC program in their Junior year. However, a student who has a more agriculture related curriculum for freshman and sophomore years will not qualify to enter ATC in spite of the closer relationship of their curriculum to agriculture. If the difference in courses is 20 credits, then students are not permitted to enroll in ATC. This has implications for the elective Food Safety Systems Management Certificate program proposed for ATC students during senior year. Those students have been tracked through agribusiness but have had no science classes. More options for students to choose and change

their course of study would allow more students from differing backgrounds to enter ATC at the Junior year.

A market analysis of the demand for ATC type higher education has been suggested. This will be explored next year.

In addition, as the courses for Food Safety are developed, more direct work with ANAU will be important for course approval and elective course success. What subjects are given up in order to take the new courses needs to be clear and if all students opt for the electives, how should subject matter from core courses be covered. Also the lack of basic science classes in the curriculum leading to ATC admission will be addressed by including the required science concepts within the 4 food safety courses. And the number of students in the optional FSSM Certificate program could require more expenditures on faculty.

Activity 3. Increase Linkages between ATC and the Armenian Agricultural System				
Targeted Result	Task Description	Projected Month of completion	Task Leaders	Deliverables
3.1. Strengthen ICARE Research and Outreach Development office				
3.1.1	Update approach for research and outreach	Nov 2014- Apr 2015	InnovATE/Armenia Manager, Research Director	Update of RODC approach developed which included call for experts and salary buy outs.This western based model was used for PEER proposal submitted in April-no award announcement yet
	Develop local contact points for ICARE consulting services using Virginia's Small Business Development format; locations identified and contact points developed	March 2015	Research Director; innovATE/Armenia Program Manager	Research and Outreach center was divided by Board action and Outreach became a function of the total organization-approved by ICARE Board. Thus there is no need for local contact points for ICARE outreach consulting services
3.1.2	Provide business development services to 30 small and medium enterprises, 200 male farmers and 25 female farmers	Jul- Sep 2015	Research Director	Bus. Dev. Services – 0 MSMEs Although Research revenue goals were met, none of these research projects included trainings to MSMEs, thus 0 MSME's were serviced
3.2. Conduct Collaborative Research and Training				
3.2.1	Establish and conduct research and training programs	Jan- Sep 2015	Research Director, InnovATE Consortium	2 research projects conducted and 1 is ongoing from last year for total 48,000 USD <ul style="list-style-type: none"> Contract with Swiss Cooperation Office in South Caucasus for composing an Investment Guide in Agriculture for 12,720,000 AMD Contract signed with BFC consulting for implementing data collection within the scope of feasibility study Agricultural Insurance in Armenia and Georgia for 18,500 Euros Ongoing project – AGRICISTRAD

	Conduct videoconference training on basic research methodologies, abstracts, articles and poster sessions	Jan-Feb 2015	Research Director, VT staff	<ul style="list-style-type: none"> • 1 videoconference from VT on developing proposal budgets • 1 training conducted for ICARE research team on proposal writing techniques and budgeting.
	Conduct trainings on interviewing, job searching and resume writing (outside Yerevan)	Feb- Apr 2015	Research Director, CDCC Director	Training / career development counseling conducted for 240 beneficiaries from Syuniq and Aragatsotn regions.
3.2.2	Generate gross revenue from research and training activities	Sep 2015	Research Director	\$48,000 revenues from 2 new research projects covers cost of project activities and a small amount for ICARE operating expense (18,500 EURO+12,720,000 AMD) training does not generate income because the tax status of the ICARE Foundation requires not only income tax but VAT, for a total of 40% tax.
3.2.3	Generate indirect costs from sponsored research and training	Sep 2015	Research Director	10% included in new proposals. Received \$4,800 from 2 new research projects, training does not generate income
3.2.4	Publish research studies and give conference presentations	Sep 2015	Research Director	<p>Poster presentations – 2 Conference presentations - 6 Publications - 4</p> <p><i>Poster Presentations:</i> 2 at AGRICISTRADe workshop, International Organization of vine and wine congress in Germany</p> <p><i>Conference Presentations:</i> 4 publications were presented by 3 ATC Masters students plus ICARE Director at IAMO (topic: Food Waste and Loss), TED Talks, International Conference of Agricultural Economists in Italy (topic: agri-food trade of Armenia: impact of EEU inclusion</p> <p><i>Publications:</i> 3 MAB students published thesis-papers on Armenian Economic Association web-site, plus ICARE Director and EVN Director presented a joint paper to International Organization of Vine and Wine Congress in Germany.</p>

3.3. Mobilize Engagement of ANAU Faculty				
3.3.1	Involve ANAU faculty in collaborative research and outreach projects	Jul-Sep 2015	Research Director, Development Director	3 Males (1 research and 2 outreach) 1 Female (outreach)
3.4. Increase Number of Long-Term Partnerships				
3.4.1	Establish new paid agribusiness internships opportunities	Jun-Aug 2015	Research Director, CDCC Director, Development Director	5 industry partners paid for ICARE students' internship including CARD Foundation, Sis Natural, Markets for Meghri project (CARD/IFAD), Pepsi, Viva Cell
3.4.2	Develop linkages with other universities, international organizations and businesses	May 2015	InnovATE/Armenia Manager, ICARE Director, Research Director	2 total: 1 signed with ANAU and VT 1 signed with Geisenheim University

Results	Indicators	Disaggregation 1	Disaggregation 2	Baseline Value	Target	Actual	Target Values				
					FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	
Result 3.1: Strengthen ICARE's outreach and research division	3.1.1: Update strategy on RODC/ICARE approach for research and outreach	None		1	1	0	0	1	0	1	
	3.1.2: Number of micro, small and medium enterprises (MSMEs), including farmers, receiving business development services from USG/InnovATE Armenia project assisted sources (4.5.2-37)	MSMEs		20	30	0	30	30	30	30	
		Farmers	Men		180	200	0	250	250	250	250
			Women		20	25	0	50	60	70	80
Result 3.2: Conduct research and training	3.2.1: Number of research, training and proposal writing programs conducted	Research		2	3	1	3	4	4	5	
		Training		3	4	4	4	6	6	6	
		Proposal writing		0	0	1	1	0	0	0	
	3.2.2: Value of gross revenue from sponsored research or training (thousands of \$)	research		30	35	48	45	50	60	60	
		training		5	6	0	8	10	10	10	
	3.2.3: Value of indirect costs from sponsored research or training (thousands of \$)	research		0	3.5	4.8	4.5	5	6	6	
		training		0	.3	0	.4	.5	.7	.7	
	3.2.4: Number of research studies published or conference presentations given	Research studies published		3	3	4	4	4	5	6	
Conference presentations/posters			3	3	6	4	4	5	5		
Result 3.3: Mobilize engagement with faculty members at ANAU	3.3.1: Number of ANAU faculty collaborating on research and outreach projects	Men		1	2	3	3	3	4	4	
		Women		1	1	1	2	2	3	3	
Result 3.4: Long-term partnerships	3.4.1: Industry-paid agribusiness internship relationships established and functioning	None		5	8	5	10	12	15	15	
	3.4.2: MOUs signed with partner Universities and other Colleges	None		1	2	2	2	3	3	3	

Activity 4

Redefine ICARE

Academic programs have been very successful in reaching young women. This year, 25 men and 62 women were enrolled in the undergraduate Agribusiness curriculum. The goal was 27 and 55 respectively. At the Masters of Agribusiness level, 23 men and 30 women were enrolled. The goal was 25 and 32. Enrollment came within two students of reaching the goals. However, total enrollment meets the target with the additional women in the undergraduate program.

The Masters curriculum is more recent, beginning in 2012, and a major campaign to recruit new students for the fall semester utilized all the new promotional materials developed by the public information and development staff. One huge poster was displayed on the wall of the subway stop where many students would see it as they waited for their train.

Despite this promotional activity, the quality of the student body has declined recently due to several factors.

- a. The only students who may apply after completing their second year at ANAU are those in the business, accounting and finance majors. They do not have much exposure to agriculture and agribusiness or food processing and safety.
- b. As the entrance requirements are tightened, the student body is less connected to agribusiness and a major effort was made to increase the AGRI in the Agribusiness curriculum this year. The end product of students depends greatly on the quality of students who are able to pay tuition, who pass the rigorous summer qualifying and remedial courses, and choose to enter the ATC program.
- c. All classes are taught in English and the curriculum developed by TAMU is based on the course content and sequence of that land grant university, a western model. When students lose their English speaking ability due to military service or some other life event such as marriage where they speak only Armenian, it is difficult to return to rigorous classes in English.

Maintaining the quality of the faculty is also a challenge. Qualified experts with both technical knowledge and English language skills are hard to find and at a premium. Most will only teach part time which creates a lack of individual commitment to the overall organization.

Completing this curriculum provides students who maintain a 3.0 grade point average with a TAMU certificate signed by the ICARE Board Chair and awarded separately from the diploma which is awarded by the ANAU Rector. ANAU is the degree granting institution and as such, is the only entity that can award the Bachelor's of Agribusiness and the Master's of Agribusiness. The relationship with ANAU is critical for the success and continuation of the ICARE/ATC academic program. The university provides the building space and if more students are recruited according to the draft financial model to increase the income from tuition, more space will be needed. These issues will be addressed in the next year as ICARE/ATC and the ICARE Board implement the provisions of an improved business plan.

Income must be generated by all of the Centers for the institution to be sustained. Increasing the number of students increases the amount of tuition paid to the ANAU and all of the tuition money is transacted through the ANAU accounting system. A fund is established each year for the payment

of salaries to the faculty teaching at ATC. All faculty, including outside experts, are considered ANAU faculty and are paid from the tuition account by the ANAU accountant. A long term agreement needs to be made with the Rector about what percentage of the tuition funds may be used for ATC faculty salaries and other small items such as paper and printing. At this point, the percentage for ATC is 65% and for ANAU is 35% but this appears to vary and is negotiated each year. ATC/ICARE has little control over those funds which have been used to pay teachers' salaries in the past.

Career placement is an area of pride for the ICARE/ATC Career Development Specialist. The target for employment for undergraduate men was 90% and the actual employment was 100%. For undergraduate women the target was 80% and the actual employment was 86%. At the Masters of Agribusiness level, the target for employment of students was 90% for men with actual employment at 100%. For women graduates the target was 90% and the actual was 92%.

A confidence survey was informally conducted by asking all graduates if they felt their confidence was higher as a result of their studies at ATC. The result was a unanimous 100% "yes" in both undergraduate and graduate programs.

Although not in the work plan for this year, an effort was made to identify the possibilities for a double degree from a US or European university. The certificate program from TAMU is a definite incentive for students to enroll in ATC, but a dual degree would make international student recruitment much more successful. The ANAU was accredited this past year and is working on some of the issues identified by the accreditation committee led by the ICARE/ATC Director. An international diploma coupled with a degree from an accredited Armenian university could increase enrollment at ATC. One possibility is a technology enhanced Masters from VT College of Agriculture. Other Consortium Partners including Penn State and University of Florida are also exploring the possibility of offering dual degrees. This is difficult to negotiate with the major universities due to differences in curriculum, language, tuition and residency requirements for at least one year in the US.

An ICARE Board Curriculum Advisory Committee is in the work plan for 2016, however, due to the new courses being developed by InnovATE Consortium Food Science faculty for the new Food Safety Systems Management (FSSM) Certificate program, a curriculum review committee will be asked to review the classes. This committee could be aligned with the ANAU as an academic body and not with the ICARE Board.

Although 5 short courses were targeted to complement the curricula and open to business, NGO's and other faculty, a total of 4 courses were offered. There is the potential for the Food Safety Systems Management Certificate program could be modified and offered to agribusiness and food processing stakeholders in the future. A total of 2904 person hours were accomplished, far above the target of 2600. And 23 of the 27 firms trained in these courses indicated in a post training phone interview that they had improved their management practices based on what they learned in the course at ATC.

Short term training for agriculture sector on food productivity or food security was not offered this year. Thus it will be moved to 2016 work plan. The four courses in FSSM Certificate program could be offered to stakeholders once the courses are developed. The Consortium expects that the series will be initially offered to ATC Seniors beginning in September, 2016. A certificate program could be offered to private sector food production industries once the courses are developed. The target for this task was 250 men and women, which was not met.

One joint certificate program was developed with Geisenheim University for the EVN Wine Academy. The target was 2 joint certificates.

Constraints and Unresolved Issues in Redefining ICARE

In the participatory situation analysis, several respondents suggested that ATC begin their curriculum at the freshman year and offer a 4 year program instead of a 2 year program for upper classes. The advantages noted include the higher quality and more focused basic education of students from the beginning of their studies in agribusiness. This approach will be explored in the next year, noting that many constraints have already been identified including space and faculty salaries. The benefit would be higher quality students who studied in English for 4 years not 2.

Policy issues: Many more young women are enrolled at ATC than young men. Men fulfil their obligatory military service and apply to ATC when they return, reporting that they lose their English speaking abilities over those two years and do not feel confident and competent enough for rigorous study in English. Potentially, the military obligation could be relaxed until the students finishes his education. With more young men enrolled at ATC a more equitable gender balance could be achieved. However, it is noted that the women students have successfully graduated and found good jobs.

A remedial English training program could be developed for these young people returning from their military service. An English language program could also be offered for agribusiness professionals and other targeted groups such as food processing employees which could possibly generate some additional funds, if the issue of charging fees can be resolved. With 20% revenue tax and 20% VAT imposed on training revenues, it is obvious that training programs cannot provide a realistic revenue stream for ATC.

Recruitment of additional students, both Armenian and International, creates issues such as control of the tuition money by ANAU, degree granting powers, and access to ATC classroom space, which means that the Rector must be more involved in recognizing and resolving some of the issues over which he has control.

The Certificate from TAMU is not guaranteed well into the future. Although TAMU will provide the certificate as long as the original faculty are in place, the changing of the guard at retirement could present some challenges since the new folks were not involved in the curriculum from the beginning. Some type of long term agreement or MOU related to awarding of the certificate needs to be obtained in the next year.

Obtaining a dual degree from another university other than the one that developed the curriculum is a challenge. The degree granting off campus, and in another country, presents problems related to tuition and safeguarding the quality of the degree. Any university other than TAMU would need to review the curriculum and craft it as close as possible to the stateside degree. TAMU has been asked and they are under restrictions from their state legislature prohibiting dual degrees. This dual degree is considered to be an important factor in student recruitment and will require further examination this next year. Technology enhanced degrees offered partially on line and partially in person are a possibility. Another option would be a sandwich type program whereby US faculty would travel to Armenia for several courses and research would be conducted in Armenia. Variations of these sandwich type degree programs will be explored with InnovATE consortium universities and potential European Universities. A certificate elective in Food Safety Systems Management is under development and could help in student recruitment.

Activity 4. Redefine ICARE/ATC				
Targeted Result	Task Description	Projected Month of completion	Task Leaders	Deliverables
4.1. Maintain Quality Education Program for Workforce and Enterprise Development				
4.1.1	Maintain quality of ICARE/ATC educational programs	July-Sep 2015	ICARE Deputy Director	Report on number and gender of individuals receiving the training UAB 25 Male 62 Female MAB 23 Male 30 Female
4.1.2	Conduct career development sessions	July-Sep 2015	ICARE Deputy Director	Summary of employment records 389-total ATC grads 329-total ATC grads employed 225-total ATC grads employed in Armenia 2014 graduates-25 total - 14 employed, 9 continued studies
4.1.3	Develop and test Confidence Survey for use to poll female graduates	Sep 2015	ICARE Deputy Director, CDCC Director	Phone survey conducted by Career Development Director shortly after graduation in June, 2015 All interviewees indicated increased knowledge and self confidence as a result of their studies at ATC (as evidenced by a 4 or 5 on Likert scale survey).
4.2 Explore Options for Double Degree Programs				
4.2.1	Assess possibilities for double degree program	Nov 2014-Sep 2015	ICARE Director and staff; InnovATE Armenia Program	Exploring technology enhanced Masters from VT and other universities including PSU and FSU consortium partners, and Cal State Fresno We've learned that it won't be easy and not likely a diploma from a major university but efforts continue in exploring sandwich degrees

4.3. Establish ICARE/ATC Curriculum Advisory Committee				
4.3.1	Present proposal for Curriculum Advisory Committee to ICARE Board	March-Apr 2015 Completion due in 2016	ICARE Director, ICARE Deputy Director, InnovATE Armenia Manager	Will be done when Food Safety Systems Mgmt courses are developed
4.4. Add Short Courses to ICARE/ATC Study Program				
4.4.1	Develop short courses based on Course Expansion Plan - Food Safety Certificate for implementation in Sept 2016	July-Sept 2015	ICARE Director, ICARE Deputy Director	Short courses developed - 4. Audience - mostly representatives of businesses but some NGOs and academia Topics: 1. Models for Point (Deterministic) and Interval (Stochastic) Forecasting, 2. Application of Econometric Models Using STATA for Addressing Economic Questions, 3. Systems Thinking Approaches for Change Management Projects, 4. Non-Market Economic Valuation Methods.
4.4.2	Increase hours of training in private sector productive capacity (through external funding)	July-Sept 2015	ICARE Deputy Director, Research Director	Person hours of training received was 2904 which surpassed the target goal of 2600
4.4.3	Survey private sector firms to determine level of Improved Management Practices	July-Sept 2015	Research Director	27 firms participated in 4 trainings and phone survey 6 months later reported improved level of applied management practices: 56% high level, 37% medium level, 7% low level
4.5. Leverage Short-Term Training Activities into Courses for Continuing Education				
4.5.1	Conduct short-term training on agriculture sector productivity or food security conducted for agribusiness	July-Sept 2015	ICARE Director	Began development of 4 course curriculum on Food Safety Systems Management with Penn State and Virginia Tech experts
4.5.2	Create Joint Certificate Program	July-Sept 2015	ICARE Director, InnovATE Armenia Manager	Discussions underway with Penn State, Cal State Fresno and Virginia Tech.

Results	Indicators	Disaggregation 1	Disaggregation 2	Baseline Value	Target	Actual	Target Values			
					FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Result 4.1: Maintain quality education program for workforce and enterprise development	4.1.1: Number of individuals who have received USG/InnovATE Armenia project supported long-term agriculture sector productivity or food security training (4.5.2-6)	Undergraduate	Men	27	27	25	27	30	28	28
			Women	54	55	62	57	55	55	56
		Master's	Men	19	25	23	24	26	25	26
			Women	35	32	30	33	32	34	32
	4.1.2: Percentage of graduates from USG/InnovATE Armenia project supported tertiary education programs reporting themselves as employed (3.2.2- 37)	Undergraduate	Men	100	90	100	90	90	90	90
			Women	63	80	86	80	80	80	80
		Master's	Men	100	90	100	90	90	90	90
			Women	92	90	92	90	90	90	90
	4.1.3: Percentage of females who report increased self- efficacy at the conclusion of USG/InnovATE Armenia project supported training/ programming (Cross-cutting Indicator for Gender: GNDR-3)	Undergraduate		0	85	100	90	95	98	100
		Master's		0	85	100	90	95	98	100
Result 4.2: Explore options for program accreditation	4.2.1: New accreditation program explored and established	None		0	0	0	0	1	0	0
Result 4.3: Establish an ICARE curriculum advisory	4.3.1: Advisory Committee(s) established and functioning	None		0	0	0	1	1	1	1

Results	Indicators	Disaggregation 1	Disaggregation 2	Baseline Value	Target	Actual	Target Values			
					FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Result 4.4: Add short-courses to ICARE study programs	4.4.1: Number of short courses in ICARE study programs	None		4	5	4	6	6	7	7
	4.4.2: Person hours of training completed in private sector productive capacity supported by USG/InnovATE Armenia project assistance (4.6.2-11)	None		2000	2600	2904	2800	2800	3000	3000
	4.4.3: Number of private sector firms that have improved management practices as a result of USG/InnovATE Armenia project assistance (4.6.2-9)	None		17	20	23	22	25	25	25
Result 4.5: Leverage short-term training activities	4.5.1: Number of individuals who have received USG/InnovATE Armenia project supported short-term agriculture sector productivity or food security training (4.5.2- 7)	Men		180	200	0	250	250	250	250
		Women		20	25	0	50	60	70	80
	4.5.2: Number of joint certificate programs created	None		2	2	1	2	3	4	4